



# ANNUAL CONFERENCE STRATEGIC GOVERNANCE

# Strategic Governance



**Strategic governance'** means the governance processes that create the future for the better from the present based on the anticipation of the expected future trends, institutional capacities and ability to understand and manage the dynamic and change processes so as to competitively create value -in absolute most in results- for all stakeholders through excellence in creating, formulating and implementation policies, processes and practices for the sustainable longevity of the organization and the long-term interests of the whole society.

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In essence it addresses the strategy behind the governance of an organization in its endeavour to attain the reason for being or purpose for existence, create conditions and build relationships that enable it react to change, make good decisions and remain relevant, legitimate and effective in service and value add to society. Hence it addresses issues relevant to:

- Why good governance?
- What needs to be done?
- How will it be done?
- What will it achieve?

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# Strategic Governance



Essential characteristics of the strategic governance:

- The clarity of the understanding and existence of a governance strategy,
- The clarity and understanding of the institutional reason for existence and its mandate
- Existence of clear governance policies, instruments and guidelines
- Existence clear institutional vision, mission and values to facilitate clarity in organizational culture of ethics and excellence
- Clear long-term and short-term objectives based on the mandate, vision and reason for being ,
- Governance and organizational structures designed to enhance performance excellence
- Governance and leadership processes designed to manage the future from the present with management structure able to manage the present for a more powerful future
- Clarity on strategic outcomes that deliver the absolute most in results to all stakeholders
- Accountability and answerability frameworks that hold all accountable for use of entrusted power and resources with transparent reporting and disclosure

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Effective strategic leadership is considered as a major ingredient for the successful performance of any organization operating in the ever dynamic and complex environment of the 21<sup>st</sup> century. It has five basic components:

**1.PERSONAL PREDISPOSITION:** with creativity and inventiveness that involves innovative and divergent thinking that is concerned with finding alternative ways to compete associated with disrupting the prevailing attitude and understanding, foresight and insight, and the long- term vision that requires creativity and intelligence looking into the future and considering different scenarios.

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This has 5 elements:

- **Systems Perspective:** Strategic thinkers need to have an end-to-end perspective of the value chain of activities in the organization
- **Intent Focused:** being driven by goals and having a sense of destiny. It provides the long-term orientation in that is anchored to the strategic purpose of the firm.
- **Intelligent Opportunism:** The constancy of purpose generated by reason for being has to be balanced with the flexibility to adapt to opportunities in the environment
- **Thinking in Time:** Strategic thinking has to be able to connect the past, present and future to understand the gap between the present and the desired future.
- **Hypothesis-Driven:** Strategic thinkers need to see and formulate future possibilities and plans as hypotheses. No amount of planning can ever be rid of uncertainty.

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**2.CHANGE MANAGEMENT SKILLS** that include Communication. Effective communication skills

Active listening. Good communication is a two-way process. ...

Research and analysis

Strategic thinking

Leadership

Measurement and analysis.

**3.MANAGING POLITICS AND ALLIANCES** Politically skilled leaders are masters of 6 characteristics:

Social astuteness

Interpersonal influence

Networking ability

Thinking before speaking

Managing up

Apparent sincerity

**4.COMPETENCY DEVELOPMENT** through Deliberate Practice, Creation of Experience Density and Reflective Learning

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# Strategic Governance – Reason for being



## Why do organizations exist in society?

It is the common good that inspires the creation, establishment and license to operate granted to economic, legal, political, civil and social institutions so as to spearhead, enhance and improve the wellbeing and quality of life of people the community or society.

This is based on an expectation that the institutions created and licensed to operate will be well governed; efficient, effective and transparently accountable in the use of entrusted power and societal of resources and deliver the absolute most in value and results to society.

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In very broad terms, societies

- **Create Governments** and cede their collective power and authority to provide the parameters for everyday behavior for citizens, protect them from outside interference, provide defense and security, and otherwise establish the conducive environment to enhance their well-being, enjoyment and happiness. In turn, society allows the government the right to use coercive power to maintain public order and security, collect taxes, reallocate societal resources to meet public needs, provide infrastructure, maintain equity and otherwise punish, deprive liberty or property or confiscate assets for non-compliance.
- **License business enterprises** to operate in, on and for society in order to create and produce wealth, provide the goods and services needed by the society -through the efficient, economic and effective use of entrusted societal resources-, generate employment, pay taxes, add value to society and otherwise assist in the alleviation of poverty.

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- Civil society organizations (CSOs) to provide opportunities for self-organization of society; spiritual and faith nourishment; preserve the unique and essential space between the for-profit business sector and government; ensure a balance between total state control and free market, hold the business and government sectors accountable and to take on challenges that the public and private sector simply can't or won't take- either because the risks involved are economically unacceptable to business or unacceptable to political government-; enabling or facilitating experimentation and social change.

All are created, established and allowed to operate, retain relevance and legitimacy for as long they are well governed and operate to deliver the greatest common good in value and results that the society desires to achieve for all of its members.

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## PURPOSE OF THE BOARD OF DIRECTORS

The **primary purpose** of the board of directors is to ensure the sustainable prosperity of an organization by collectively directing its affairs, while meeting the interests of all its stakeholders. It does this through:

- Ethical, dynamic, and strategic leadership
- Driving competitive, performance and sustainable excellence to deliver the absolute most in best results
- Putting in place an effective management team that manages the present for a more powerful future.

The purpose of a board is to “create and maintain a foundation for relationships among the stakeholders that identifies and implements their goals as effectively as possible.

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## PURPOSE OF CORPORATE GOVERNANCE

The primary purpose of corporate governance is to ensure that organizations are run ethically, in a transparently accountable manner, efficiently, effectively, and responsibly so as to deliver the absolute most in best results and value to stakeholders.

Hence strategic governance aims at ensuring that an organization operates and functions within its mandate, efficiently and effectively and delivers value in absolute most in results to stakeholders.

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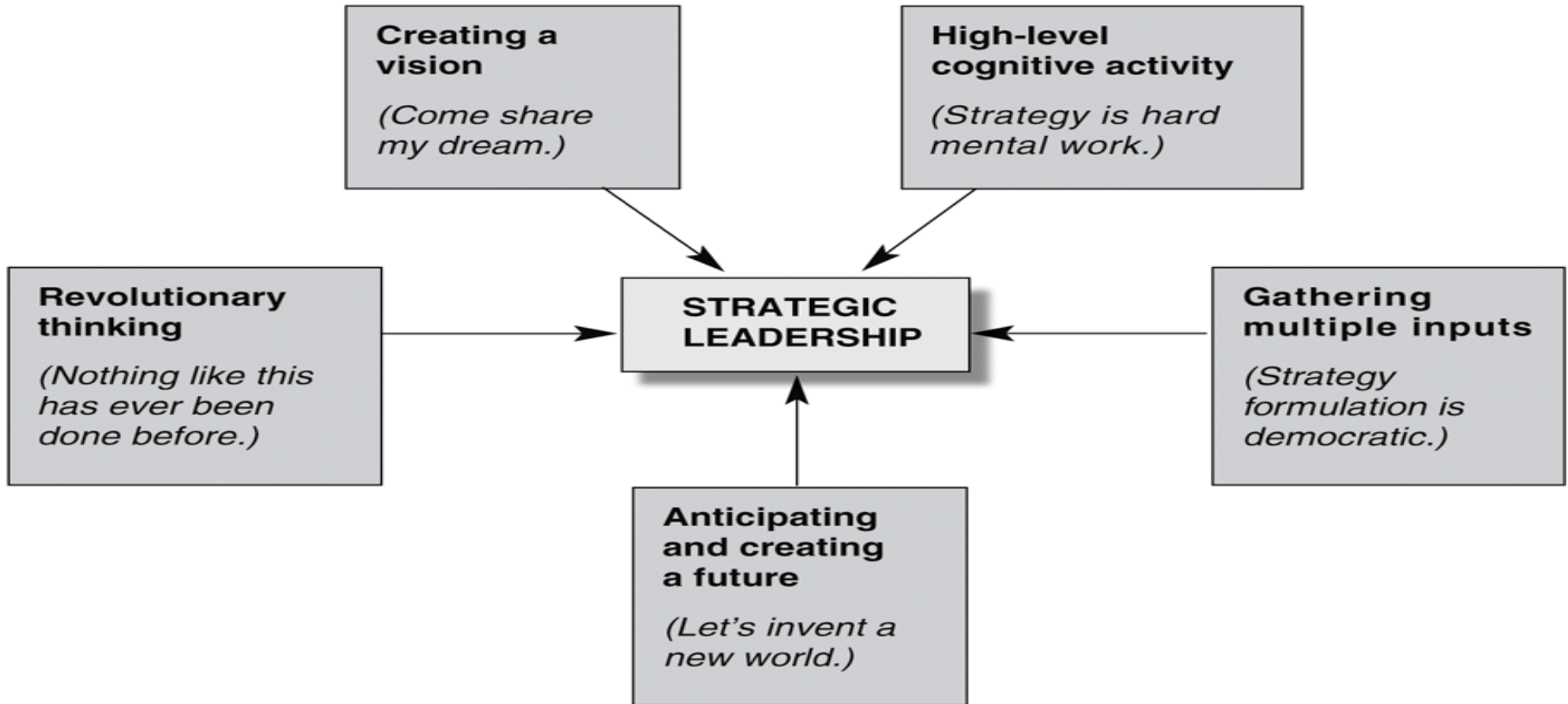
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The **purpose of strategy** is to provide direction and scope for the organization over the long-term enabling it achieve competitive advantage in a changing environment through its configuration of resources and competences with the **aim** of fulfilling stakeholder expectations.

**Strategic Leadership** is the ability to influence others to voluntarily make decisions that enhance the prospects for the organization's long-term success while maintaining short-term financial stability,

# Components of Strategic Leadership



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# Strategic Leadership involves



Defining and understanding why we exist: our reason for being.

Anticipating and creating a vision of a desirable and viable future.

Fostering and enhancing future opportunities and influences

Evaluating potential outcomes and impacts

Creating the road map on how to achieve goals



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## Things strategic leaders must learn

1. **Challenge viewpoints.:** Strategic leaders are constantly challenging the status quo.
2. **Interpret ambiguous data.** In order to challenge the status quo effectively, a leader has to be able to make sense of complicated information.
3. **Anticipate challenges.** Leaders have to be ready for challenges before they occur. Look for opportunities or threats on the fringes of your business. In short, learn to be proactive instead of reactive.
4. **Be teachable.** Strategic leadership promotes an inquisitive workplace culture. These leaders search for lessons in successes and failures alike, and they aren't afraid to question long-held beliefs or practices.
5. **Be decisive.** As a leader, you will often be called upon to make difficult choices with very little time and insufficient information. Strategic thinkers must be able to follow an effective process that balances speed with precision and allows them to be confident in their decisions.
6. **Align differing opinions.** Strategic leaders must be able to compromise and bring team members and stakeholders together. This requires strong communication skills, a lot of trust, and regular outreach

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Remember that strategic thinking is the art of outdoing an adversary, knowing that the adversary is trying to do the same to you. Achieving sustainable excellence involves attention to five core elements:

Think big: Create business strategies that meet global challenges.

Use sustainability to drive innovation.

Set the right incentives internally and externally.

Embrace the transparent world and collaborate.

Make consumers your partners.

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# So what has the board done to:



- **Reinforce risk governance and get skilled personnel to ensure adequate risk governance and management**
- **Review the board composition** to focus on evaluating who is on the board, what value they add to the board, the specific competencies now required, and the best skills and qualities that are best suited to address existential and future enterprise risks.
- **Remove over-boarding.** to implement limitations on outside board service that may impact on a director's engagement with the company, its risk, challenges and potential
- **Review committee structure:** evaluating whether the existing committee structure is sufficient to provide effective oversight of risk thew key elements and the future of the enterprise as necessary
- **Examine director development, training, rejuvenation renewal and retention.** Creating an atmosphere of accountability with greater organizational effort to train, support, insure and compensate board members
- **Enhance a culture of imagination and innovative creativity.** inculcate a culture of reasoned imagination into the risk oversight process, innovation, and supporting the ability of board members to think broadly in their analysis of risk. This particularly in context of “black swan” events and “known unknowns and unknown unknowns”.
- **Plan for uncertainty:** Adopt a new approach to financial planning and performance management—one that informs rapid realignment of plans and actions and ensures organizational resilience.

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# And what has the board done to embrace the new normal:



- Transform their governance and leadership practices to remain relevant.
- Structure, strategize, and mirror the ongoing changes and scale up or down resources as required, but with reliable and predictable budgets and costs.
- Focus on customer safety perception, ensuring highest levels of hygiene.
- Understand your customers and the products they require in the new normal.
- Improve and shorten the supply chain and delivery mechanisms.
- Enhance the use of digital technology.
- Reduce on-business travel and physical meetings.
- Build trust and confidence as a business that cares for its people.
- Improve products, processes, and systems, to deliver the best results.
- Manage the consequences and implications of “social distancing” on nationalism, migration, and markets.
- Focus on what customers need, but at a profit to the business.

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The real question remains whether leaders are ready, willing and available to embrace the new normal so as to drive the competitive, performance and sustainable excellence of our respective organizations?

Are they willing, able and available to learn to learn?

The moment to step on to the stage and lead is now, because the world needs them now like it's never needed you before.

But to do so they must:

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- Know how to drive competitive, performance and sustainable excellence in a time of great turbulence and disruption
- Understand and appreciate the depth and length of the disruption.
- Start locking in practices that speed up decision making and execution during and after the crisis
- Stop relying on traditional organizational structures
- Create a new performance mindset and promote a culture of excellence and ethical conduct across all levels of the organization and engage the talent for the organization of tomorrow.
- Embrace a digital and technological mindset and exercise digital leadership
- Embrace and accelerate organizational agility, innovativeness and creativity
- Think critically about supply chains and redesign them to optimize on resilience and speed<sup>[[SEP]]</sup>
- Learn to learn and learn fast

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To what extent are you as the professionals collectively and individually responsible for enhancing financial stewardship in terms of:

- Mission fulfilment
- Financial health
- Financial accountability

Financial stewardship is the act of taking responsibility for the governance management of and accountability for the financial and physical resources of an organization. Good financial stewardship is guided by overarching principles of sound fiscal governance and management as well as analytical tools, and decision rules that an organization can use to accumulate, manage, invest, and spend its resources in support of its mission.

How many of ICPAK members are shown as members in good standing yet they stood by and allowed or participated in the frauds in KEMSA, NYS, Goldenberg and other Scandals?

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## Exercise

Please turn to a neighbour and answer the following questions

-No 1 : What is the reason for being of

ICPAK?

Lapsset?

Agenda 2063?

No 2: What governance strategies should they embrace to deliver the absolute most in results?

No 3: What strategic governance processes should the professional associations adopt before 2022 to ensure good governance in Kenya?



## **Questions and Comments**



**Thank you for listening**

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**BREAK TIME**