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"Why Should I Care About Doing Evaluations When No One Requires Me to Do Them Well?"

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Article Highlights:

- All board members have benefited from constructive feedback throughout their careers.
- If board work matters, it must be measured.
- Specificity allows the board to ensure that it lives up to its own expectations.

At XCEO, we believe that there is a direct correlation between receiving constructive feedback and improving performance outcomes. Further, we are also convinced there is a causal relationship between constructive feedback and improved outcomes. This means that a concentration of effective mentoring and robust constructive feedback will likely result in higher levels of personal and collective performances. We believe the inverse is also likely to be true.

However, many directors do not appreciate the value of a robust board evaluation process. Because it is required by their listing agencies, directors will readily agree they must complete board and committee evaluations on an annual basis. Even so, during regular discussions with board members, we are frequently asked why we believe boards need to have a robust evaluation process. They are quick to remind us that no one has challenged the frequency or robustness of their evaluation process. In fact, many directors have said specifically, that board evaluations and committee evaluations are not really that important. Some have gone so far as to say, "Why should I care about doing evaluations when no one requires me to do them well?"

Although the listing agencies do require boards to complete evaluations, they never inspect them. In addition, investors rarely inquire about the thoroughness of a board's evaluation process. So if neither the regulators nor the investors demand a thorough process, why do we believe this is important?

We start with the premise that if something is worth doing, it should be done well. Furthermore, how do you know how well you are doing something if you do not measure its outcomes? It is well understood that in business what matters gets measured. Therefore, if the work we do as board members is valuable (it matters), then we must have some way of evaluating our overall effectiveness to make sure that we're living up to our own expectations.

This is a familiar concept for directors. As a

baseline for being considered board member candidates, individuals are expected to have earned substantial achievement, resulting in significant personal career advancement. Consequently, those who are selected to serve will have benefited during their career by people who were willing, able and caring enough to provide them with the information that enabled them to improve their performances. In fact, all board members are selected to serve based at least partly on the success and benefits gained from a process of constructive feedback.

Directors clearly understand the importance of providing constructive feedback to help improve personal and collective performances. One of our most significant responsibilities is to provide oversight of the Chief Executive Officer's personal performance and the combined performance of the organization's leadership team. At a minimum, we are accountable for reviewing the CEO's performance on an annual basis. However, the process is much more effective when constructive feedback is shared with the CEO throughout the evaluation period.

Given this responsibility for overseeing the CEO's performance, it is unfortunate that many of us, as directors, do not believe we need to receive similar constructive feedback regarding our personal performances. After achieving significant success, many no longer see the need for constructive feedback in order to substantiate our contributions to the board's overall effectiveness.

During hundreds of discussions with individual directors, I have concluded that even those directors who state that they value evaluations are reluctant to engage in a robust constructive feedback process regarding the board's overall effectiveness. This is true for committee effectiveness as well as individual director performance. So why are the directors who have benefited so significantly from constructive feedback regarding their own personal performance reluctant to continue that process in their pursuit of delivering the most effective levels of support for their shareholders?



"When done in a secure, confidential and helpful manner, most of us will graciously accept feedback, whether good or bad."

After several efforts to truly understand this phenomenon, I have developed a hypothesis which I believe pinpoints the reasons that directors are reluctant to engage in robust discourse within the boardroom regarding improving individual and board effectiveness.

First, directors are overly sensitive to the potential exposure that may exist if there are any areas that are deemed to be underperforming or deficient in any way. In other words, we are being held hostage by the threat of being discovered as having weaknesses in our efforts to deliver effective oversight of the companies we serve.

Second, directors are simply uncomfortable providing and receiving feedback. Some are concerned that they may have to tell a colleague that he or she is deficient in some area, or that someone will do the same for them. Some directors fear that such feedback could negatively impact the congeniality of the group.

However, I suggest that most individuals appreciate direct constructive feedback from people they trust who are willing, knowledgeable and caring enough to help them improve or maintain their high levels of contribution to the board.

When done in a secure, confidential and helpful manner, most of us will graciously accept feedback, whether good or bad.

At XCEO, we continue to believe that a board that is open and willing to evaluate its own performance according to its own expectations is more likely to deliver long-term value to its shareholders. This process is called "Constructive Analytical Introspection." That simply means providing the board with meaningful data and information that can be used effectively to determine whether or not the board is living up to its own expectations. This provides the board an opportunity to assess whether or not it believes it is performing at the highest level of effectiveness.

Following the analysis, the board is empowered to focus on those areas where it believes it can raise its level of performance in order to enhance its oversight effectiveness. The specificity inherent in a robust, data-driven board evaluation process is the best way to maintain relentless focus on building long-term shareowner value. This allows us to ensure that we are living up to our own expectations, which should never be lower than the expectations of our investors.

About the Author



Dr. Curtis J. Crawford

Dr. Crawford is President and CEO of XCEO, Inc. He is the author of *Corporate Rise: The X Principles of Extreme Personal Leadership, Compliance & Conviction: The Evolution of Enlightened Corporate Governance and Manager's Guide to Mentoring*.

Dr. Crawford currently serves on the Board of Directors of E. I. du Pont de Nemours, Xylem, Inc. and ON Semiconductor. Also, he is a Trustee of DePaul University. He previously served on the Board of Directors of ITT Corporation, Agilysys, Lyondell Petrochemical and The Sisters of Mercy Health Corporation.

He has served as Chairman of the Board of ON Semiconductor; Chairman, President and CEO of Zilog; President, CEO and Director of Onix Microsystems; and Chairman of the Board of ISTAT. Dr. Crawford also serves as a special advisor to several start-up companies.

He began his career as a systems engineer at IBM. Over 15 years, he held executive positions including Vice President of Marketing. During a ten-year tenure, Dr. Crawford was Group President of the Microelectronics Group and President of the Intellectual Property division of AT&T and Lucent Technologies.

Dr. Crawford earned his BA in Business Administration and Computer Sciences and a MA in business from Governors State University. He earned his MBA from the Charles H. Kellstadt Graduate School of Business at DePaul University, and a Doctor of Philosophy degree in Organization and Management from Capella University. In addition, Dr. Crawford has been awarded two honorary doctorate degrees, one from Governors State University and the other from DePaul University.

In 2011, Dr. Crawford was awarded the B. Kenneth West Lifetime Achievement Award from the National Association of Corporate Directors (NACD) for his contribution to corporate governance and for having made a meaningful impact in the boardroom.

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At XCEO, Inc., we believe individual leadership is the driving force for inspiring creativity and ultimately maximizing intellectual capacity. We provide individual and corporate development in the principles of *Extreme Personal Leadership*®. We call this X-Leadership and it is the touchstone of our company.

In today's globally competitive world, intellectual property is a key indicator of long-term success. Corporations and individuals are seeking knowledge intensive solutions to sustain a competitive advantage. At XCEO, we offer *Professional Mentoring and Personal Leadership Development* programs, as well as *Corporate Governance and Board Leadership Development* programs, for high-aspiration individuals and forward-looking corporations.

Through our Professional Mentoring and Personal Leadership programs, we assist individuals in developing personal career and development plans to achieve senior executive-level positions. We also support corporations that recognize the need for a broad array of development options for their high-potential employees being groomed for senior leadership responsibilities.

As part of XCEO's pursuit of enlightened corporate governance, we have created the *Enlightened Corporate Governance Board Performance Evaluation Program* to support boards and directors in their pursuit of excellence. Through our program, we are leading the movement past compliance, toward principled action which maximizes shareholder value. We have designed a set of eight individual and board evaluation exercises which provide an exceptional opportunity for directors to take their boards to a whole new level of effectiveness.

XCEO is a unique research, development and consulting firm. We are committed to excellence and the pursuit of *Extreme Personal Leadership*®. We specialize in inspiration, and endeavor to inspire highly enlightened executives and high-aspiration individuals to pursue maximum personal achievement. We have a leadership team of highly trained and highly motivated colleagues who are eager to serve our clients. Excellence is our goal. We are located in the heart of Silicon Valley and we stand ready to help our clients achieve extraordinary levels of performance and success.

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