

## Media Release

### Four improvements recommended for board chairs

**21 May 2010** - Insync Surveys and Board Benchmarking have today released a study called *Chair leadership: An inside look at how well board chairs perform*, based on the views of 778 directors who sit on 92 different Australian and New Zealand boards.

The research report looks at eight main issues that relate to the effectiveness of board chairs. Boards and their board chairs have passed just half of these tests.

Mr Nicholas Barnett, Insync Surveys' Chairman, said: "Having an effective board chair is a fundamental prerequisite for having an effective board. An ineffective board chair not only holds back a board, but can also hinder the CEO and the entire organisation.

"Pleasingly, most boards gave their board chairs high marks for:

- having a constructive working relationship with the CEO (79% agree)
- having an effective personal leadership style (78% agree)
- conducting an effective decision-making process (72% agree)
- ensuring the board's workload is dealt with effectively (64% agree)

"However, the most disappointing result of the research is that only 43% of directors believe the performance appraisal of the CEO is handled well.

"It is a major role of the chair to set and maintain high expectations for organisation performance and this includes ensuring that the CEO's performance appraisal is handled well.

"The performance appraisal of the CEO requires a well planned process which engages all directors. Done well, it can enhance the level of respect and the working relationship between the chair and the CEO.

"Unfortunately the report also shows that only 39% of directors believe their board has appropriate documentation for the role and responsibilities of their chair.

"While most chairs are performing their roles well, a major concern that arises from the research is around what happens when a board believes its chair doesn't undertake important activities well.

"It can be very difficult to remove an ineffective chair and where there are issues with chair performance, it's particularly important for boards to have clear documentation of the chair's role and responsibilities. Without such documentation, an essential input into the effectiveness of the chair is missing."

Measuring chair and committee chair effectiveness are the final two areas where boards aren't up to scratch. Only 16% and 10% of directors respectively agree that chair and committee chair performance assessments are comprehensive.

"Having a regular and formal assessment process of the effectiveness of the board, the board chair, board committees, committee chairs and individual directors can help identify weaknesses and opportunities for improvement and be a catalyst for important changes," said Barnett.

### **About the sample**

Around 20% of the 92 boards are ASX listed, including in the top 10. Aside from ASX listed organisations, the boards included in this study also represent a cross section of organisations ranging from associations, not-for-profits and government entities. As for director gender, 24% of responses are from females and 76% are from males. The majority of directors in the sample are non-executive. Director age revealed the biggest contrast of views compared to the other demographic splits.

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### **About Insync Surveys**

Insync Surveys is a 2009 *BRW* Fast 100 company. With offices in Melbourne, Sydney and Perth, Insync Surveys delivers customer, employee, board and other stakeholder surveys for some of the largest organisations in the Asia Pacific, including: Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Tourism Western Australia, iiNet, Fairfax Digital, QLD Department of Emergency Services, TT-Line (Spirit of Tasmania), Melbourne Cricket Club, many local councils, most university libraries and Mission Australia. This experience allows it to benchmark results. Insync Surveys' organisational psychologists help organisations improve performance and the working lives of their people. Insync Surveys' technology also powers the surveys of Board Benchmarking.

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### **About Board Benchmarking**

Board Benchmarking has two world class measurement tools: its Board Effectiveness Survey and Audit Committee Effectiveness Survey. Both are available globally and are distributed via authorised distribution partners, which include: KPMG Australia, Insync Surveys, Oppeus, Westlake Consulting and Gerard Daniels.

Board Benchmarking has carried out over 100 board and audit committee surveys for organisations ranging from large public companies and government organisations to private companies, associations and not-for-profit entities. Board Benchmarking's surveys are powered by integrated benchmarked stakeholder survey specialists, Insync Surveys.

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