



Strategic Effectiveness

Key responsibilities of a board include ensuring that the organization knows what it wants to achieve, that it has a financially and operationally viable plan forward, and that management is held accountable for results. Governance West calls this cluster of responsibilities the board's role in ensuring the strategic effectiveness of the organization.

The importance of this role to the stakeholder and the director should not be underestimated. Countless examples abound in all sectors where directors are being held publicly accountable by stakeholders for their handling of this role when organizations fail.

How can directors seek to avoid these failures and, more positively, to contribute to the success of their organizations by proactively carrying out their responsibility for governing strategic effectiveness?

Here are a few insights from Governance West's experience.

- ▲ **Clarify the key components** - of strategic effectiveness for your organization, such as its
 - △ Planning and resource allocation processes
 - △ Risk assessment, planning and management
 - △ Performance management
 - △ Internal control and information systems
- ▲ **Determine the board's role** - in governing the strategic effectiveness of the organization. Clearly articulate where the board can add value and don't stray from that role.
- ▲ **Develop the dialogue** - (or in more complex situations, the processes) between the board and management in carrying out their roles, and in accounting to the stakeholders.

One perspective on the major components of strategic effectiveness and an example split in responsibilities between the board and management are presented in the chart below.

