

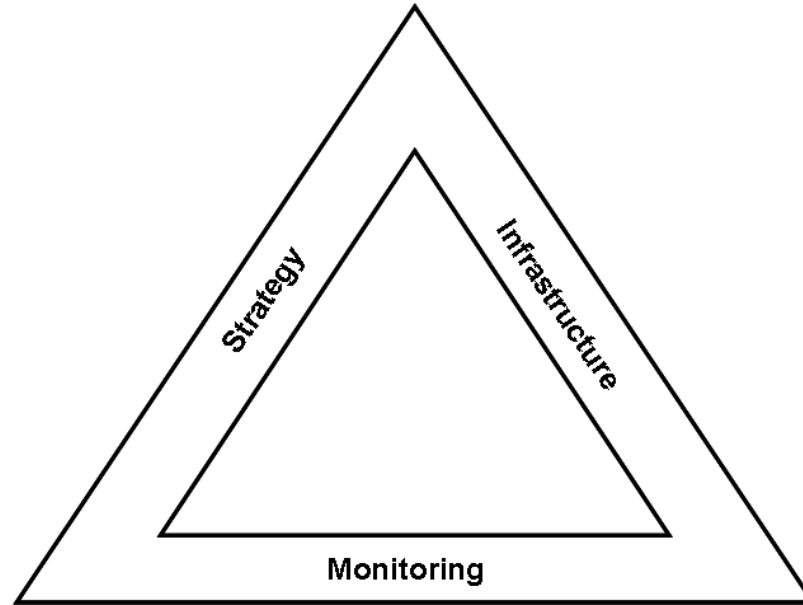
Governance in the SME World

Presentation to Springboard Members

David Irving

September 2009

Governance



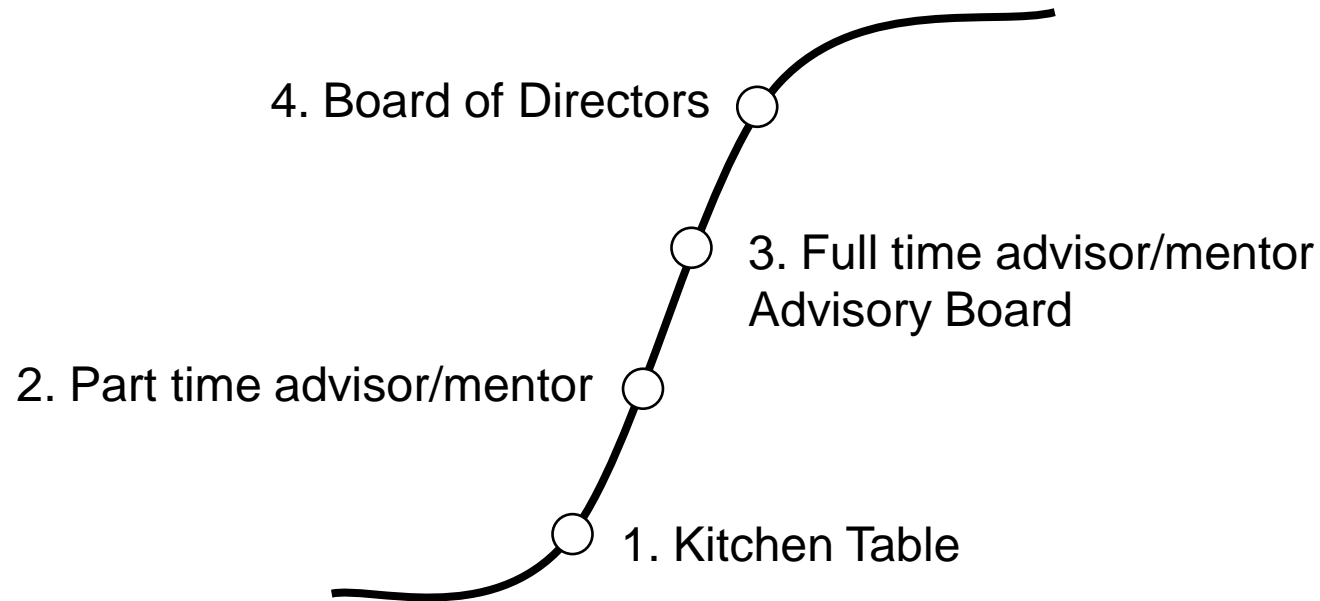
Strategy: The Board decides the firm's strategy and key policies.

Infrastructure: The Board ensures the company is resourced to achieve its strategic goals.

Monitoring: The Board ensures it's properly informed on the performance and state of the company.

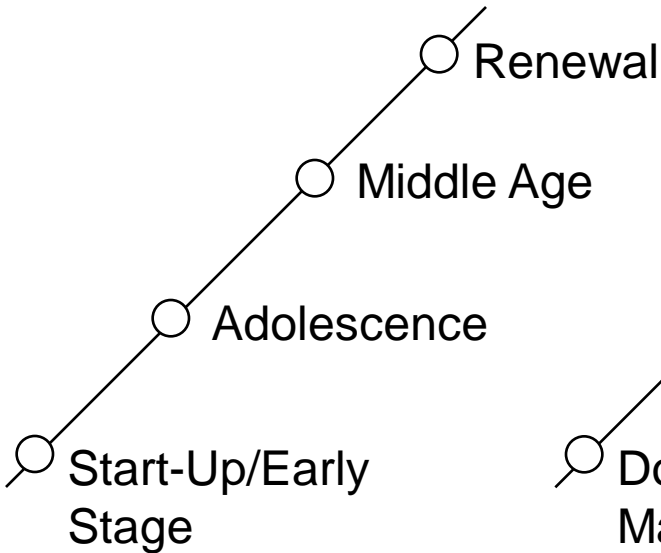
Source: The Dynamic Board (McKinsey)

Stages of Governance

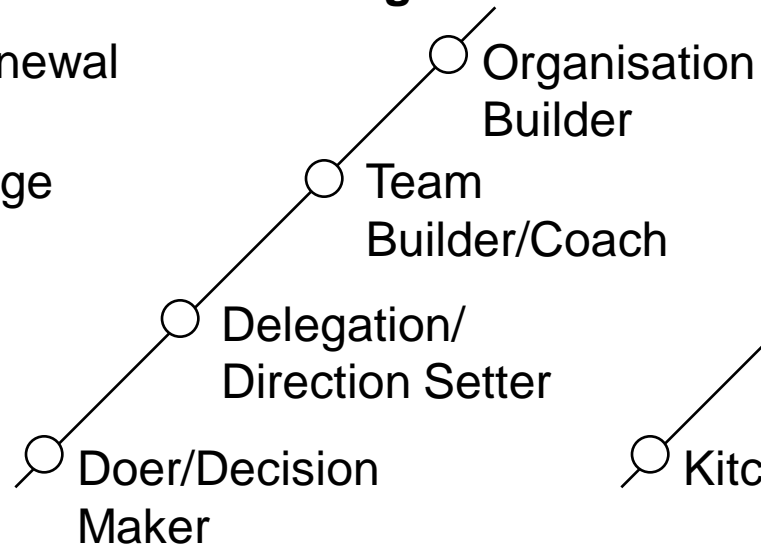


Alignment

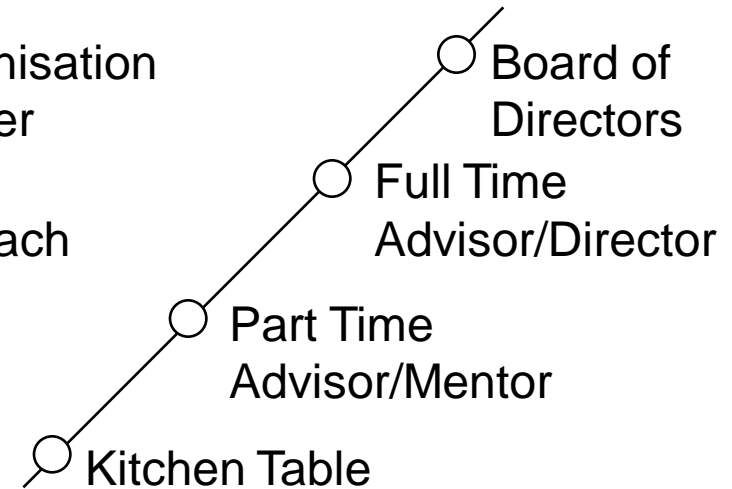
Business



Management



Governance



Owner Managers Don't Know What They Don't Know

- Commercial arrangements
- Legal agreements
- Governance
- Management practices
- Public relations
- Banking arrangements

Lessons for Owner Managers

- Work 'on the job' so that you see the minefield and launching pad
- Know yourself and your business well so that you recognise when you require help
- Have a high propensity to learn and curiosity to enquire
- Create networks and use them
- When in doubt, don't sign, take advice

The Value of Outside Versus Inside Perspective

- 3am versus 7am
- Crowd out the big issues
- Compromised by relationships and what has gone before
- ‘Wise heads’ – been there done that
 - empathy with owner manager
 - trusted by the stakeholders

Lessons for Owner Managers

- Face up to the brutal facts
- Don't withhold information
- Don't employ monkeys for big jobs
- Advisor not always right
- Don't be overwhelmed

Wisdom

“The quality of being wise; knowledge, and the capacity to make use of it; knowledge of the best ends and the best means, discernment and judgement; discretion; sagacity; skill; dexterity.” Webster 1913

“Knowledge is proud that he has learned so much”

“Wisdom is humble that he knows no more”

Characteristics of Wise Advisors

Knowledge and Trust	Relevant, insightful information from someone you trust
Judgement	The ability to translate their experience to your circumstance
Empathy	The ability to relate to your world
Influence	The ability to persuade

Common Board Faults In SMEs

- Overlap with management
- Appoint the business's professional advisors
- Too much focus on money
- Too much formality
- Adjusting to taking a vote

In Conclusion

1. Don't ever under resource a key job. GP's don't do surgery.
2. Match the remuneration to the task.
3. Good partners are better than frequent experts.
4. Don't hesitate to ask busy people.
5. Don't start off by asking them to be a director.
6. Remember directors are legally liable.
7. Recognise you don't know what you don't know.
8. Wisdom is the single word that expresses what you need.

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