

## Media Release

# Boards need to understand their organisation's key drivers of profitability

**Melbourne, 17 June 2009** - Board Benchmarking and Insync Surveys have today released a study called ***Strategy development and execution: A boardroom perspective***, based on the views of 625 directors who sit on 79 different Australian and New Zealand boards.

Mr Nicholas Barnett, Insync Surveys' Chairman, said: "Our research shows that only 63% of directors agree their board understands the key drivers effecting their organisation's performance.

"There are three main reasons individual directors may not understand the key drivers of an organisation's performance. Firstly, the relevant director may simply lack an appropriate level of commercial judgement. Secondly, the organisation's industry or activities may be new to the director who may be slow to get up to speed. Thirdly, the board may not spend sufficient time discussing how they can enhance performance in the main areas that impact the organisation's long term profitability.

"Regardless, the chair must take the leadership role in addressing the causes and where necessary bringing on directors with the appropriate commercial judgement and/or industry knowledge.

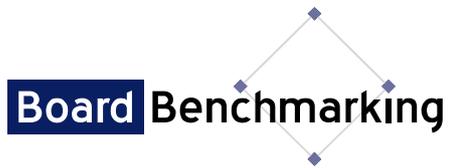
"Board responsibilities can be divided into two main areas: adding value and oversight. Many boards get stuck in the routine of overseeing performance against a budget, their extensive compliance obligations and what many describe as 'box ticking' exercises. Too often little time remains for the important role of adding value through well thought-out strategic plans and other performance initiatives.

"Boards that are overwhelmed with paperwork can also rearrange their board meetings so strategic issues are addressed at the start. Alternatively, a large part of the routine oversight and compliance work may be more effectively dealt with by a board committee."

The report also showed only 38% of directors agree that management present reports on alternatives considered as part of major strategic initiatives, with 9% disagreeing and 52% being neutral.

"Many directors spend, or waste, a significant amount of time discussing the same alternatives that management have previously considered and rejected. Management can present several strategic options to save their board time and also help improve their board's understanding, constructive deliberation and approval of major strategic initiatives," said Mr Barnett.

Positively, the report shows that 77% of directors agree that their board and management are committed to the same long term direction for their organisation. Also, 73% of directors believe that their CEO does welcome the board's constructive input into their organisation's strategy which is a good result.



### **About the sample**

Around 20% of the 79 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, 25% of responses are from females and 75% 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.

-ENDS-

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### **About Insync Surveys**

Insync Surveys has a range of leading edge integrated benchmarked stakeholder surveys. Its surveys are distributed in over 40 countries and in over 15 languages and include surveys for employees, customers, boards, board committees and many other organisation stakeholders.

Insync Surveys has carried out surveys for some of the largest organisations in Asia Pacific and has offices or representatives in Australia, Asia, North America and the United Kingdom. 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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