



Making the time for strategy

KPMG Board Leadership Centre



As technology, innovation, and other forces continue to disrupt business models, boards are increasingly asking: Are we spending enough time on strategy? To be effective, boards need to have a deep understanding of the context in which the company is operating and that requires a close working relationship with management.

To help identify the challenges and concerns directors face as they seek to deepen their engagement in strategy, the KPMG Board Leadership Centre surveyed more than 120 directors on a range of issues – from the most challenging areas of strategy formulation to how the board will engage in, and exercise oversight over, strategy.

Notably, only half of those surveyed expressed confidence that all board members had a good understanding of the company's strategy – and that compromises the board's ability to exercise effective oversight.

Other takeaways from the survey include:

Most directors want to spend more time on strategy

This is not surprising given the complex business and risk environment and increasing stakeholder expectations for board involvement in strategy. While most respondents said the board, ideally, should spend at least 30 percent of its time on strategy – some said 40 percent or even more – nearly seven out of ten reported that their board currently devotes less than a third of its time to strategy.

Recalibrating strategy is particularly challenging

Nearly half (46%) of respondents described their board as only "somewhat effective" or "not effective" at helping to recalibrate strategy in response to changing conditions. Other areas where the results suggest room for improvement include challenging strategic assumptions (34% somewhat or not effective) and monitoring strategic execution (30% somewhat or not effective).



For more on this topic, read the full report 'Facilitating the board's engagement in strategy'

Reassessing how the board engage in strategy

According to the directors surveyed, the three most productive ways for lead directors (or board chairs) to facilitate board engagement in strategy are:

- working with the CEO to find the right level of board engagement (55%);
- planning the agenda, preparation, and execution of board discussions to drive the right dynamics in the boardroom to focus on strategy (52%); and
- setting clear expectations for how the board will engage in strategy (50%).

When asked to describe the preparation and execution of board discussions, directors identified several practices their boards employ, including:

- viewing strategy as an ongoing process (54%);
- discussing strategy at every board meeting (42%);
- periodic board 'deep dives' into key strategic issues, such as competitive forces, IT, talent, regulation, industry trends, and strategic options (39%); and
- holding an annual, multiday retreat to evaluate strategy (30%).

Individual directors need to be students of the company

While 70 percent of the directors surveyed reported that their board sets clear expectations of management regarding the strategy setting process and the board's related information needs, less than one-third (32%) said that their board sets clear expectations that each director becomes a 'student' of the company and industry.

Individual directors need to be proactive about their own education – employing various means, including reading media coverage of the company, visiting company facilities, and experiencing the business first hand in order to better understand the company's strategy and risks.

So, while ensuring that the appropriate amount of time is allocated to strategy at the board level is essential, the survey findings show that it is just the first hurdle in getting the strategy process right.

The KPMG Board Leadership Centre

The KPMG Board Leadership Centre offers support and guidance to non-executive directors, whether managing a portfolio non-executive career or embarking on a first appointment. Membership offers you a place within a community of board-level peers with access to topical and relevant seminars, invaluable resources and thought leadership, as well as lively and engaging networking opportunities. We equip you with the tools you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business.

Learn more at www.kpmg.com/uk/blc.

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