

Taking It Onboard

推行評估

by Dr Iain McCormick

Board evaluation leads to improvements in boards' focus, strategic planning, efficiency and time management. But how does a board undergo evaluation?

董事會評估有助改善董事會的專注性、策略規劃、效率和時間管理，但董事會應怎樣進行評估？

Director and board evaluation involves board members undertaking a constructive but critical review of their own performance, identifying strengths, weaknesses and then implementing plans for further professional development.

There was a time when directors were reluctant to pass any critical comment about fellow directors. They were uncomfortable with peer evaluations because of concerns of damaging boardroom harmony. But over the past few years boards have become more concerned about demonstrating accountability and good governance.

Concerns about the need to maintain a degree of harmony and collegiality in the evaluation process are easily addressed. This is achieved because the reviews are typically positive in nature and ask questions such as how can the directors do better, rather than focusing on what they may have been doing wrong.

Director evaluations have become increasingly recognised as important with organisations such as the New York Stock Exchange now saying that listed companies must perform annual performance evaluations of the entire board and its key committees.

In a US survey of more than 1,100 directors from 2,000 large public companies which was conducted by Corporate Board Member magazine and PricewaterhouseCoopers, 77 percent agreed that individual directors should be evaluated regularly on their performance.

According to Anthony Griffiths, the 2006 Hong Kong Director Of The Year Awards winner in the Non Executive Director category: "Director and board evaluation is now being recognised as increasingly important for Hong Kong boards as they see the value that can be gained from a constructive review of corporate governance."



Director evaluation typically involves 'multi-rater feedback'. This simply means that more than one person undertakes ratings to provide the feedback for directors. Multi-rater feedback allows directors get input from a range of people. This often makes it easier to understand the complete picture, to fill in the gaps that can exist between how an individual sees him or herself and how others see him or her. The purpose of the feedback is to gain a clearer understanding of how we as directors, and others, see our performance and, secondly, to reinforce and accelerate the need for continuous professional development.

There are two main types of board evaluation. The first involves a face-to-face consulting approach. A suitably qualified consultant is selected and this person will take the time to understand the unique factors in the organisation,

interview the board members and then present a report on the findings. Typically the interview and report will be based around a well recognised best practice governance model such as the Hong Kong Institute of Directors reference book *Guidelines for Directors* or the London Stock Exchange's publication *Good Governance - A Practical Guide*.

Having recently completed a consulting based board evaluation, Vincent Lo Hong Sui, Chairman of Shui On Construction and Materials Ltd, said: "The process was very helpful and provided a structured and balanced approach to evaluation of the whole board as well as individual directors. The unique governance environment in Hong Kong was clearly understood by the consultant and this produced a very positive result." Mr Lo is a past Awardee of the Directors Of The

Year Awards in the category of Listed Company Executive Director.

The second approach involves using a web-based evaluation system. The company registers for the service, the directors then complete online questionnaires and the system collates the data and generates a report. Again, the best systems base their questions on a recognised best practice model. A full range of questionnaires can be used including:

1. A Full Board Evaluation
2. Chairman Evaluation
3. The Non-Executive Director Evaluation
4. The Executive Director Evaluation
5. Chief Executive Officer Evaluation
6. Management's Feedback to the Board
7. The Audit Committee Evaluation.

The online service saves a great deal of administrative time and typically provides a simple and cost effective approach for a board.

There are many benefits to be gained from director evaluation. The process identifies areas for skill development and also strengths that can be built upon. Evaluation enhances board relationships, encouraging open communication amongst board members and management. It increases performance by clarifying roles and responsibilities and through facilitating goal setting.

Increased performance leads to increased board productivity and this has been validated by a survey of 3,000 of the largest US companies by the search firm Heidrick & Struggles and *The Corporate Board* magazine. Nine out of ten companies who undertook director evaluation said that evaluation made their boards more productive.

Board evaluation leads to improvements in boards' focus, strategic planning, efficiency and time management. For individual directors benefits include better leadership, role clarity, teamwork, accountability, decision making, communication and board operations.

Director evaluation can enhance the quality of the board, which has >



become an increasingly important factor for investors. It demonstrates commitment to effective governance and to enhancing integrity and accountability.

The importance of director evaluation can be seen in a recent *Wall Street Journal* article that quoted Dennis Johnson, senior portfolio manager for corporate governance at the California Public Employees' Retirement System, who said that boards should be able to "articulate" how their review processes work and give examples of the actions taken in response to the evaluations. If they are unable to do so, "there will be hesitancy on the part of shareholders about how rigorous and effective any evaluation process is," he said.

Clearly director evaluation will only become an increasingly important part of good governance.

所謂董事與董事會評估，就是由董事會成員就自己的表現進行具建設性和批判性的檢討，從而辨識優點、缺點，繼而實施計劃以推動專業發展。

過去董事不願意向其他董事提出任何批評。他們不習慣互相評估，原因在於擔心破壞董事會的和諧。但在過去數年，董事會已經愈來愈注重問責和良好企業管治。

至於有人關注到要在評估過程中維持一定程度的和諧及合作性，因為檢討通常屬於正面，加上重點在於如何改善董事表現，而不是他們可能犯錯的地方，因此上述問題不難解決。

紐約證券交易所等機構愈來愈重視董事評估，他們認為上市公司必須每年評估整體董事會及其轄下主要委員會的表現。

根據Corporate Board Member雜誌和羅兵咸永道的調查，他們訪問了美國2,000家大型上市公司的1,100多名董事，當中77%贊成就個人董事的表現進行定期評估。

2006年度傑出董事獎非執行董事組別得獎者祈雅理先生表示：「香港的董事會認為具建設性的企業管治檢討有其價值，因而愈來愈認同董事與董事會評估的重要性。」



董事評估通常包括「多源回饋」，亦即由兩名或以上人士向董事提供回饋評級。多源回饋讓董事得到多方面的意見，往往有助他們更全面地了解情況，以及填補自我觀感與別人對自己觀感的差距。目的在於更清楚認識董事本人與其他人如何看待自己的表現，而且鞏固和加速所需的持續專業發展。

董事會評估分為兩大類。第一種是面對面諮詢，即選定一名具合適資格的顧問。在了解機構的獨特因素、會晤董事會成員後，顧問便會報告調查結果。有關會晤和報告通常都會依循廣受認可的最佳常規管治模式，例如香港董事學會的參考書《董事指引》或倫敦證券交易所出版的Good Governance - A Practical Guide。

瑞安建業有限公司主席羅康瑞先生最近完成了一項董事會顧問評估。他表示：「這項工作非常有用，提供了一個有系統而均衡的方法，藉以評估整個董事會和個別董事的表現。顧問對香港獨有的企業管治環境瞭如指掌，達到美滿成果。」羅先生曾獲上市公司執行董事組別的傑出董事獎。

第二種方法則是使用網上評估系統。公司須登記使用有關服務，然後由各董事填寫網上問卷，再由系統整理數據和編成報告。最理想的系統亦須依循公認的最佳常規模式。全面的問卷可包括下列範疇：

1. 整體董事會的評估
2. 主席的評估
3. 非執行董事的評估
4. 執行董事的評估
5. 行政總裁的評估
6. 管理層對董事會的回饋
7. 審核委員會的評估

網上服務節省大量行政時間，往往能為董事會提供一個簡便而合乎成本效益的方法。

董事評估有多種好處。有關程序能夠辨識有待發展的技能 and 可以加強的優點。評估促進董事會內的關係，並鼓勵各成員與管理層坦誠溝通。評估亦能釐清權責、協助訂立目標，從而提升表現。

隨著表現改善，董事會的生產力亦會有所提升。研究公司Heidrick & Struggles與The Corporate Board雜誌向美國3,000家最大型公司進行調查，證明了這一點。在已實行董事評估的公司當中，有90%認為董事會的生產力因此提高。

董事會評估有助改善專注性、策略性計劃、效率和時間管理。至於個別董事，好處包括增強領導能力、釐清職責、團隊精神、問責性、決策、溝通和董事會運作。

董事評估可以提升董事會質素，這是投資者愈來愈注意的重要因素，反映董事會是否致力推行有效企業管治，以及加強誠信和問責。

董事評估的重要性可見於《華爾街日報》近期一則報導，當中引述加州公職人員退休系統高級投資組合經理Dennis Johnson的意見，指出董事會應該「述明」其檢討程序如何運作，並舉例介紹因應評估而採取的行動。否則，他認為：「股東對於任何評估程序的嚴謹程度和效果都會有所猶豫。」

顯然，董事評估對良好管治的重要性只會有增無減。