BoardPro Webinar
Board and Director Skills Matrix Report

April 2024

Board Benchmarking

Contents

BoardPro Webinar Participants
Board and Director Skills Matrix Report,
April 2024

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1. Introduction

Survey participants

All participants who registered to attend BoardPro's webinar, *How to get your Board Skills Matrix right*, were invited to complete our Board and Director's Skills Matrix Survey. Over 100 people completed the survey, and the results were presented at the webinar on 18 April 2024.

Survey participants came from organisations of different industries, sectors, and sizes.

This report provides more detail about the survey responses received while protecting respondents' anonymity.

The Board and Director Skills Matrix Survey

The survey asked participants to provide three different ratings to 11 different areas of expertise (skills, knowledge and experience) as follows.

	Importance to your board							Self-assessed expertise							Overall board expertise						
	Not important 1	2	3	4	5	6	Extremely important 7	No expertise 1	2	3	4	5	6	Deep expertise 7	No expertise 1	2	3	4	5	6	Deep expertise 7
Leadership	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Governance	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Core business of the organsiation	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○

Survey participants also provided three ratings in relation to four behaviours as follows.

	Importance to your board							Self-assessed behaviour							Overall board behaviour						
	Not important 1	2	3	4	5	6	Extremely important 7	Highly undesirable 1	2	3	4	5	6	Highly desirable 7	Highly undesirable 1	2	3	4	5	6	Highly desirable 7
Integrity and ethics	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Strong teamwork	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Highly reliable/ committed	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Rigorous/ challenges others	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○

Participants were asked to advise of important attributes for their next few directors to exhibit. A summary of their responses are included in Section 4.

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1. Introduction

The Board's overall strengths and gaps

Section 2 shows the average of the responses of all survey participants. The content of the table is sorted from the most important area of expertise and behaviours to the least.

During the BoardPro webinar on 18 April, we pointed out the following.

- This Board and Director Skills Matrix Survey would normally be done for a single board.
- It is important to only include the most important areas of expertise to your board in your Board's Skills Matrix.
- Ideally only around 10 of the most important areas of expertise are included.
- The most important areas are those required to support your organisation's current and future strategic needs.

For example, supply chain and logistics expertise may not be important to your organisation, but it might be in the top few areas of expertise for others. The same goes for technology and digital business models.

This highlights the importance of not just copying the content of another Board's Skills Matrix or sourcing the areas of expertise from the web. The areas of expertise must be those determined as the most important by your board.

Section 2 shows that the most significant gaps in expertise were governance and strategic focus, aligning with our experience. The importance of the Board having substantial knowledge of the organisation's core business received significant emphasis at the webinar.

The most significant gaps in the behaviours shown in Section 2 are being highly reliable/ committed and exhibiting strong teamwork and rigour. This aligns with our experience.

Your biggest individual contributions to the Board

Section 3 shows the cumulative self-ratings of survey participants to the expertise required by the boards they represent. The content of the table is sorted from the most important area of expertise and behaviours to the least.

This Board and Director Skills Matrix Survey would normally be completed for a single board. When it is completed for a single board, the following occurs.

- A Board Skills Matrix is populated based on the self-assessed responses of each director.
- The biggest gaps in the cumulative self-ratings and the importance of each area to the board are shown just like in Section 2. This gives an additional perspective on the extent of the skills gap.
- Each director receives their report, which shows their biggest contributions to the board (i.e. where their self-rating equals or exceeds the importance to the board).
- Where a peer rating component is included in the survey, the report for each director shows their self-ratings compared with the average ratings of others.

The largest gaps in Section 3 are for governance, leadership, strategic focus and technology and business models. which aligns with our experience. The most significant behavioural gaps are in exhibiting rigour and teamwork, which aligns with our experience.

The webinar discussed the importance of adding rigour to the self-ratings. This can be achieved in the following ways.

- By adding a peer rating component to the survey. This enables the average peer rating to be compared with each director's self-rating. This allows directors to reflect on their ratings and those that others believe are exhibited by that director.
- By the board discussing the self and/or peer ratings in a workshop.
- By a committee of the board reviewing the self and/or peer ratings and determining which ratings require further review.
- By asking an independent consultant to discuss each director's self-ratings with them.

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1. Introduction

Do's and Don'ts for a Board Skills Matrix

Section 5 includes a list of Do's and Don'ts of Board Skills Matrices that was included in our webinar presentation.

Sample of a traditional Board Skills Matrix

Section 6 includes a sample of a traditional Board Skills Matrix that we discussed with webinar participants on 18 April.

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2. The Board's overall strengths and gaps

Expertise (knowledge, skills and experiences)

Sorted in order from most importance to the Board	Overall Board Expertise [2]	Importance to the Board [1]		Gap
1.02 – Governance	5.1	6.4	🔴	-1.3
1.04 – Strategic focus	5.0	6.3	🔴	-1.3
1.01 – Leadership	5.4	6.3	🟡	-0.9
1.10 – Risk and compliance	5.1	6.2	🔴	-1.1
1.03 – Core business of the organsiation	5.2	6.2	🔴	-1.0
1.06 – Financial literacy	5.1	5.9	🟡	-0.8
1.12 – Advocacy and stakeholders	4.8	5.8	🔴	-1.0
1.07 – People, remuneration and culture	4.9	5.7	🟡	-0.8
1.05 – Commercial acumen	5.1	5.7	🟡	-0.6
1.11 – Brand and marketing	4.3	5.3	🔴	-1.0
1.08 – Technolgy and digital business models	4.2	5.1	🟡	-0.9
1.09 – Supply chain and logistics	3.5	3.4	🟡	0.1

Behaviours

Sorted in order from most importance to the Board	Overall Board Behaviours [3]	Importance to the Board [1]		Gap
2.01 – Integrity and ethics	6.3	6.7	🟡	-0.4
2.03 – Highly reliable/ committed	5.5	6.4	🟡	-0.9
2.02 – Strong teamwork	5.6	6.4	🟡	-0.8
2.04 – Rigorous/ challenges others	5.1	5.8	🟡	-0.7

Legend: 🟢 Gap score is great than or equal to 1   🟡 Gap score is between 1 and -1   🔴 Gap score is less than or equal to -1

Rating scale:
[1] Importance to the Board was assessed on a 7 point scale from '1 = Not important' and '7 = Extremelly important'
[2] Overall Board expertise was assessed on a 7 point scale from '1 = No expertise' and '7 = Deep expertise'
[3] Overall Board behaviour was assessed on a 7 point scale from '1 = Highly undersirable' and '7 = Highly desirable'

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3. Director self-assessed strengths and gaps

Expertise (knowledge, skills and experiences)

Sorted in order from most importance to the Board	Self Rating [2]	Importance to the Board [1]		Gap
1.02 – Governance	5.5	6.4	●	-0.9
1.01 – Leadership	5.4	6.3	●	-0.9
1.04 – Strategic focus	5.4	6.3	●	-0.9
1.03 – Core business of the organsiation	5.4	6.2	●	-0.8
1.10 – Risk and compliance	5.5	6.2	●	-0.7
1.06 – Financial literacy	5.2	5.9	●	-0.7
1.12 – Advocacy and stakeholders	5.1	5.8	●	-0.7
1.05 – Commercial acumen	5.1	5.7	●	-0.6
1.07 – People, remuneration and culture	5.3	5.7	●	-0.4
1.11 – Brand and marketing	4.5	5.3	●	-0.8
1.08 – Technolgy and digital business models	4.2	5.1	●	-0.9
1.09 – Supply chain and logistics	3.6	3.4	●	0.2

Behaviours

Sorted in order from most importance to the Board	Self Rating [3]	Importance to the Board [1]		Gap
2.01 – Integrity and ethics	6.6	6.7	●	-0.1
2.02 – Strong teamwork	6.2	6.4	●	-0.2
2.03 – Highly reliable/ committed	6.3	6.4	●	-0.1
2.04 – Rigorous/ challenges others	5.5	5.8	●	-0.3

Legend: ● Gap score is great than or equal to 1   ● Gap score is beteween 1 and -1   ● Gap score is less than or equal to -1

Rating scale:
[1] Importance to the Board was assessed on a 7 point scale from '1 = Not important' and '7 = Extremelly important'
[2] Self rating of expertise was assessed on a 7 point scale from '1 = No expertise' and '7 = Deep expertise'
[3] Self rating of behaviour was assessed on a 7 point scale from '1 = Highly undersirable' and '7 = Highly desirable'

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4. Written responses to the open question

Common Themes identified from Suggestions to Open Questions – *When we seek new directors, what are the two or three main skills and experiences that we should recruit for?*

These themes highlight the diversity of skills and experiences that are considered beneficial for board members emphasising governance, financial expertise, strategic oversight, industry/sector knowledge and technological awareness as the top five desired skills and experience of directors.

1. Governance and Compliance
- Understanding of governance
- Experience with high-functioning boards
- Governance experience
- Risk & compliance
- Understanding legal and tax requirements

2. Financial Expertise
- Accounting knowledge
- Financial acumen
- Financial literacy
- Financial expertise
- Experience in financial markets

3. Strategic Insight and Acumen
- Strategic focus
- Strategic thinking
- Strategic business acumen
- Ability to add value to business
- Understanding of core business

4. Industry and Sector-Specific Knowledge
- Deep understanding of the industry
- Industry experience
- Experience in health, aged care, financial services, community services sectors
- Knowledge of specific markets or sectors (e.g., educational, financial services)

5. Technology and Digital Transformation
- Technological awareness (cyber/AI/Marketing)
- Digital transformation and digital marketing
- IT & cyber control awareness
- Understanding of AI and cybersecurity

6. Leadership and Management Skills
- Leadership
- Teamwork ability
- People/HR/culture experience
- Health clinical and/or managerial expertise

7. Communication and Stakeholder Engagement
- Communication skills
- Stakeholder management
- Community links
- Networks (Philanthropy / fundraising)

8. Ethical and Cultural Alignment
- Character
- Alignment of values
- Cultural fit
- Ethos
- Integrity

9. Commitment and Contribution Potential
- Commitment to purpose
- Desire/willingness to learn
- Time to commit
- Ability to work as a team
- Complementarity to existing skills

10. Adaptability and Future Orientation
- Ability to be future-focused
- Understanding regulatory environments
- Ability to dive into detail when required
- Experience as a non-executive director (NED)

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4. Written responses to the open question

Common Themes identified from Suggestions to Open Questions – *What two or three personal attributes/behaviours will be essential in the new directors?*

These themes capture a comprehensive set of attributes that are valued in board directors, highlighting a blend of personal commitment, ethical standards, strategic insight, leadership abilities and communication as the top five desired attributes/behaviours.

1. Commitment and Engagement
- Commitment to purpose
- Commitment to the role and tasks
- Ability to commit time and energy
- Understanding the purpose and culture of the organisation

2. Ethical Integrity and Alignment
- Integrity
- Ethos
- Alignment of values
- Ethical work history
- Cultural fit
- Respect for diversity and inclusion (e.g., anti-racist)

3. Strategic and Analytical Abilities
- Strategic focus
- Analytical thinking
- Ability to think strategically
- Strategic acumen
- Strategic thinking

4. . Leadership and Team Collaboration
- Ability to work with other Board members
- Leadership skills
- Teamwork and collaborative behaviour
- Ability to function as a team player

5. Communication Skills
- Strong communication skills
- Ability to speak up and question where required
- Listening skills
- Openness to new ideas and constructive challenge

6. Adaptability and Learning
- Adaptability
- Desire/willingness to learn
- Openness to training and sector issues
- Ability to change opinions and be flexible

7. Governance and Industry Expertise
- Understanding of governance
- Previous governance experience
- Industry experience and knowledge
- Expertise relevant to the organisation's sector (e.g., health, aged care, financial markets)

8. Problem Solving and Decision-Making
- Rational decision-making
- Independent thought
- Critical thinking
- Ability to challenge others and the status-quo

9. Responsibility and Accountability
- Responsible and accountable behaviour
- Trustworthiness and reliability
- Ethical and compliance awareness
- Respect for roles and boundaries (e.g., avoiding operational involvement)

10. Vision and Future Orientation
- Forward-looking perspective
- Ability to assess trends
- Future-focused
- Ability to be visionary about the organisation's direction

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4. Written responses to the open question

Common Themes identified from Suggestions to Open Questions – *What two or three additional areas of diversity are most likely to improve our board's cognitive diversity?*

These themes highlight the importance of a multi-dimensional approach to diversity, recognising that a mixture of professional/ experiential, gender, age, cultural and geographic diversity can greatly enrich a board's effectiveness and its ability to navigate complex challenges.

1. Professional and Industry Experience
- Industry-specific expertise (e.g., legal, financial, technology)
- Professional backgrounds varying from marketing to education
- Experience in specific sectors such as aged care, disability services, or mental health

2. Gender and Sexual Orientation
- Gender balance and representation (female, male)
- LpbitCR (LCAPITc+) Representation

3. Age Diversity
- Representation across various age groups
- Younger perspectives alongside seasoned experience

4. Cultural and Ethnic Diversity
- Culture
- Representation from specific cultural groups like Māori, Pacific, and Asian
- Ethnic diversity including First Nations and CALD (Culturally and Linguistically Diverse) members

5. Geographical Perspectives
- Overseas perspectives
- Representation of local vs. non-local members
- Geographic diversity within board members

6. Socioeconomic
- Diversity in educational backgrounds
- Inclusion of individuals from different socioeconomic statuses

7. Disability and Aged Care
- Lived disability experience
- Awareness of disability and aged care issues

8. Skills and Expertise
- Technological knowledge including cyber and AI awareness
- Financial and business acumen
- Specific skill sets like branding and marketing

9. Lived Experience and Community Representation
- Lived experiences that reflect the service users of the organisation
- Community representation ensuring the board is reflective of the community it serves

10. Strategic and Cognitive Diversity
- Diversity of thought and approach
- Different strategic focuses and political awareness

11. Other Diverse Attributes
- Family business experience in governance
- Philanthropic networks
- Experience in managing environmental, social, and governance (ESG) issues

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5. Do's and Don'ts for a Board Skills Matrix

Do's

- Only include the main skills & experiences
- Have sufficient focus on the core business of the organisation
- Tailor descriptions of skills & experience
- Use a rating scale that differentiates skills & experiences
- If using self-ratings, add rigour to those ratings
- Use self & peer ratings – test both to add rigour
- Agree on how many directors needed for each skill/experience (highest level) & gaps
- Engage the whole board in development and use
- Regularly update Skills Matrix – identify emerging gaps
- Ensure the board is extra strong in areas where your CEO has limitations
- Consider important behaviours
- Drive director selection and education from the gaps identified

Don'ts

- Use a long list of skills and experiences
- Omit your core business
- Use generic descriptions
- Use a rating scale that enables all directors to use the highest rating
- Rely solely on self-ratings
- Assume all directors need to be at the highest level for everything
- Develop the Skills Matrix in isolation without reference to others.
- Leave behaviours out of your Skills Matrix
- Leave it as a static document
- Treat completion of your Skills Matrix as a compliance exercise

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6. Sample of a traditional Board Skills Matrix

Skills/ experiences	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Min. # of director with a 2 or 3	Gap
Governance	3	1	2	2	3	1	1	5	x
Leadership	3	2	2	2	1	2	2	4	
Core business	3	3	1	3	2	1	1	5	x
Strategic focus	2	2	2	2	3	2	1	5	
Financial literacy	3	2	1	2	1	2	1	4	
Risk and compliance	2	2	1	3	1	3	1	4	
Technology and digital business models	2	1	3	1	1	1	3	2	
Commercial acumen	3	2	2	2	1	2	2	5	
People, remuneration and culture	2	2	1	2	1	1	2	4	
Branding and marketing	2	1	2	1	1	1	3	3	
Legal and regulatory	3	1	1	1	2	1	1	3	x

Rating Scale (1 = Familiar, 2 = Competent/ experienced, 3 = Expert/ specialist)

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Thank you

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