

## The Board Mindset Quotient™

Rate each of the following statements from 1-4. One means you strongly disagree, and four means you strongly agree.

<b>Beliefs</b>	<b>Rating</b>
The board holds management to the highest standards, even when results are stellar.	1 2 3 4
The board assumes that continuous improvement is necessary, if not always comfortable.	1 2 3 4
In matters of ethics, the board is firm and decisive.	1 2 3 4
Directors embrace challenges and use them to grow, learn, and take risks.	1 2 3 4
Directors avoid defensive reactions, even when they disagree.	1 2 3 4
<b>Cognition</b>	<b>Rating</b>
Directors think and act strategically, even when facing unfamiliar problems	1 2 3 4
Directors represent a range of knowledge and decision-making styles.	1 2 3 4
Directors engage in continuing education and skill development.	1 2 3 4
Directors avoid “analysis paralysis,” even when facing ambiguity.	1 2 3 4
Directors are financially literate.	1 2 3 4
<b>Emotion</b>	<b>Rating</b>
When surprises occur, directors seek to identify cause, not merely to assign blame.	1 2 3 4
Directors value personal relationships but not at the expense of performance.	1 2 3 4
Directors demonstrate empathy for each other and those they serve.	1 2 3 4
Rarely do directors “jump on the bandwagon” when making tough decisions.	1 2 3 4
Directors accept conflict as a necessary part of governing.	1 2 3 4

<b>Resilience</b>	<b>Rating</b>
Directors understand that mistakes are rarely fatal, so they bounce back from disappointments quickly.	<b>1 2 3 4</b>
Directors show more curiosity about new ideas than protection of the status quo.	<b>1 2 3 4</b>
Challenging directors who are not engaged is expected.	<b>1 2 3 4</b>
Evaluations of the CEO and directors are conducted independently and annually.	<b>1 2 3 4</b>
Directors effectively follow through on recommendations from evaluation processes.	<b>1 2 3 4</b>

<b>Motivation</b>	<b>Rating</b>
Directors reward the CEO for taking risks that pay off.	<b>1 2 3 4</b>
The directors' behavior indicates enthusiasm about the direction the company is going.	<b>1 2 3 4</b>
Directors encourage risk taking and have a reliable method for monitoring it.	<b>1 2 3 4</b>
A "can do" attitude is apparent at board meetings.	<b>1 2 3 4</b>
Directors expect continuous improvement and constructive discontent.	<b>1 2 3 4</b>

## Scoring

### 90-100: *The Board Mindset*

Congratulations! You have *The Board Mindset* that is flexible and resilient, one that recognizes that challenges aren't permanent; talented people can figure things out; and even failure isn't fatal. *The Board Mindset* allows leaders to learn from past missteps and helps them move past them, so people and organizations can thrive.

In your estimation, directors clearly demonstrate they have the mindset that will build on past success and position the board for the challenges and opportunities that lie ahead.

The key area of concern for you is to ensure that your board functioning remains relevant to the fast-changing environment. The loss of one key director could tip the

scales to your detriment, so you'll want to remain vigilant in your ongoing assessment of both the board as a whole and of the individual directors.

### **80-89: The Confident Mindset**

You have most of the attributes of *The Board Mindset*, and you probably feel pretty good about your governance. Before you charge ahead, remember that people have a strong tendency to be over-confident. If you are over-confident by even 5%, what will that mean? You are far better off challenging yourself now than wishing you had done so later.

Your board functions at an above average level. That means that you have a strong grasp of what you should be doing and have put in place most of the processes to make that happen.

### **70-79: The Wired-for Risk Mindset**

If your board tends toward risk-taking, take note. You will be tempted to advocate for changes because of the challenges and excitement they will bring. Risks that comes from collective blind spots are difficult to manage, however. If you scored in this range, you need to look at your mindset and the habits you have as a result.

Your key area of concern involves maintaining what you have and mitigating those areas where you're weak. Spend some time looking at these questions:

- Under which category did we have the lowest scores?
- What can we do immediately to mitigate this situation?

Leverage your strengths and shore up those areas where you need improvement.

### **45-69: A Mediocre Mindset**

No explanation needed here. Your scores indicate that the board does not function at an exceptional level.

Your board enjoys only a modest understanding of what a successful mindset looks like. Any major change to the economic landscape or loss of key directors will put you at risk.

Boards like yours often succeed in the short term, especially if you currently have the management talent in the organization to get the job done. Despite recent profitability, however, you may lack a strategic approach in your board functions.

Examine your directors. Are they strong analytical thinkers? Skilled in the specific abilities that will drive your strategy? People who understand finance? If not, see who needs to be replaced, and start recruiting the talent you need.

Investing the time to improve your board will lead you to fewer wasted hours and distracted efforts in the future

The health of your board and your organization will benefit from a developmental overhaul. We can help.

### **Below 45: A Pessimistic Mindset**

Your board of directors is in serious trouble and seems to operate in a crisis mode. Immediate corrective action is indicated.

If you are making money, it's probably because the people you have in place right now can do the job. But will this be the case in 3-5 years? At one time the board might have provided the requisite oversight but, for whatever reason, these best practices have eroded. Apparently, no one has asked recently, "Do we have the directors to support our long-term goals?"

Start by clearly formulating a strategy for the next 3-5 years. Then, ask, "Who will oversee this?" If you don't have the right directors onboard, and you clearly don't, you will need to start recruitment immediately.

### **Summary:**

If your highest score is *Beliefs*, you demonstrate the confidence that directors are open-minded about ideas and firm on matters of principle. Now, look for evidence of this in your decisions and outcomes. Then, ask what evidence contradicts your conclusions. Open-minded directors who are rigorous about their processes admit errors of thinking, decisions, and actions. If directors become defensive, however, your assessment is probably too optimistic.

If your highest score is *Cognition*, you have discerning directors. This means that your reasoning, learning, and openness to change will help you maintain focus and avoid invisible decision traps that can cause you to falter. If your board processes

and habits support discernment, think of those as assets. Can you deconstruct success as well as failure? If so, you will be able to help the company through adversity and unwelcome change. But good processes won't be enough. Be on the lookout for faint but important information in the environment that provides clues to future trends, influences, competition, or even better, opportunity.

If your highest score is *Emotion*, you have the fortitude needed to act with decisiveness and conviction. This will help you avoid reactivity—a problem we encounter when we have strong emotional responses that dominate decision-making. Ironically, quashing emotion or ignoring it also leads to errors and lack of empathy. Empathy allows you to consider important information as well to appreciate the emotions of stakeholders.

If your highest score is *Motivation*, your members are self-starters who can inspire those around them. This will help you avoid complacency. Complacency, a dangerous but often invisible trap, leads us to think we have everything figured out. Directors often don't detect complacency in themselves, however, until it's undeniable. Directors can avoid a decline in motivation by paying attention to both individual board members and their interactions. This is fundamental to The Board Mindset™.

If you scored highest in *Resilience*, you can stick with goals that take a long time to achieve. This will help you avoid the trap of permanence, a phenomenon that causes us to see setbacks as unchangeable rather than temporary. Falling into this trap will drain your energy in no time, leaving a board with members who trudge through work as if it were a minefield. This may be the case in a crisis, but if you find yourselves perpetually in this situation, you will need help to get out of it.