

# Continuous Improvement In The Boardroom

by Tamara Paton and Shona McGlashan

---

**Board orientation, training and evaluation tend to be handled as sporadic, one-off events. This explains why they are so often ineffective. What if a board instead took a “continuous improvement” approach that made board development and feedback as much a regular element of governance as board meetings themselves? Canadian retail co-op MEC has put this strategy to work in their boardroom. Here, an MEC director and their chief governance officer review the results.**

---

In a *New York Times* op-ed, Yale University fellow David Brooks observed that “people who live with passion start out with an especially intense desire to complete themselves. We are the only animals who are naturally unfinished. We have to bring ourselves to fulfillment, to integration and to coherence.”

Brooks’ insights need not apply solely to passionate artists, scientists or entrepreneurs. Mountain Equipment Co-op (MEC), a Canadian outdoor retailer, is brimming with people who possess what Brooks calls “an unquenchable thirst to find some activity that they can pursue wholeheartedly.” MEC supports its members’ pursuit of outdoor active lifestyles by providing goods and services through 18 stores and online.

**Motivate board members by investing in director capabilities and performance of the board as a whole.**

This dedication is equally true of the MEC board, which consists of nine directors holding staggered three-year terms. Respecting the privilege and obligation inherent to our role, directors feel highly motivated to be the best we can be. The organization reinforces these individual aspirations by investing

in director capabilities and performance of the board as a whole.

More than four million outdoor enthusiasts rely on MEC for the gear they bring to mountaintops, hiking trails and campsites across Canada and beyond. As a co-op, MEC builds its board from this membership via annual elections. Every member has a right to seek nomination and cast a single vote in the election.

The election mechanism tends to create boards that are more diverse than others we have encountered in other governance settings. When any member has the right to seek nomination, the resulting ballot presents a robust range of professional backgrounds, personalities, and problem-solving styles, all held together by shared values and commitment to MEC’s purpose.

While respecting the value of and intent underlying our election process, it is critical that the board find balance in its directors’ skills, experience and styles. Through annually updated nominations criteria, the board communicates the expertise and attributes that best align with MEC’s strategy and environment.

All candidates for the board must share a passion for active outdoor lifestyles and align with MEC’s values. Most have experience leading or overseeing organizations of comparable scale and complexity. Many candidates have completed governance training programs and hold professional designations in relevant fields. Soft skills related to collaboration, communication and empathy are also critically important to group dynamics.

After an external advisor interviews all nominees, the board recommends certain candidates who best align with the organization’s needs. Through a five-week campaign period, members can engage with

---

*Tamara Paton is a board consultant and board member with Mountain Equipment Co-op (MEC). Shona McGlashan is MEC chief governance officer.*  
[[www.tamarapaton.com](http://www.tamarapaton.com)] [[www.mec.ca](http://www.mec.ca)]

candidates online and interpret their perspectives, track records, and personal stories. The resulting vote produces what we find to be an increasingly strong board each year.

From the board's first day of work together, we collectively offer decades of experience in retail operations, real estate, and business development. Functional expertise typically includes strategy, finance, accounting, marketing and human resources. Just as importantly, we are enthusiastic proof of MEC's purpose, as we lead active outdoor lifestyles.

As strong as our board roster may be, however, no group aligns perfectly with the needs of the organization. With our current strategy and longer-term vision in mind, MEC's governance committee assesses the board's expertise against an annually updated skills matrix. This analysis reveals the board's major development needs, progress on which the chief governance officer and the board chair can subsequently initiate.

Board development activities frequently include guest speakers, facility tours, and external training. Several directors have completed courses and certification programs through The Directors College and Institute for Corporate Directors.

### **MEC has moved beyond board evaluation 1.0 annual board assessment—to evaluation 2.0 continuous focus on strategic, behavioral and cultural issues.**

A recent board meeting concluded with a tour of an innovative retailer. Another included a presentation and lively discussion facilitated by a retired real estate development executive. The board holds regular casual "pizza and beer" evenings with head office departments to gain greater exposure to MEC's operations. Regardless of the context, the board's curious nature reflects its desire to consistently improve the way it serves MEC members.

As we seek continuous improvement, the MEC board believes that development is not a one-time event. We have moved from what we would consider evaluation 1.0—an annual assessment of the board's

compliance with policy and its terms of reference—to evaluation 2.0 which focuses on exploring strategic, behavioral and cultural issues. Having regular, focused check-ins throughout the year ensures that directors are not spending a large amount of time in reflection mode, but allows us to quickly make changes and plan development activities as necessary.

The diagram at right describes the MEC board's annual cycle of evaluation and development. Although it may look intimidating, we estimate the time spent on evaluation activities to be as little as four hours annually for each director.

□ **New director development.** New directors attend a two-day orientation. This is intended to ensure they have the information and context necessary to fully participate in committee and board meetings from the outset. The orientation includes a review of board culture, an administrative overview, and discussion of senior management portfolios, including each department's strategic deliverables and risk areas.

After six months on the board, new directors and the MEC governance team determine what additional orientation needs still exist, and create a personalized follow-up plan for each director.

□ **Director peer evaluation.** Annually, directors complete *formal peer evaluations* online. The results are made anonymous and collated by the board chair, who then meets with each director to share the insights revealed. Based on this, each director sets a personal development goal for the next year and commits to extending their knowledge and skills in a certain area.

When a director seeks re-election at the end of his or her term, the nominations committee reviews the director's past peer evaluations. Noting the director's specific contributions and the degree to which other directors would support their colleague's re-election gives peer evaluations real teeth.

Separately, directors complete an *annual survey reviewing the performance of the board chair*. The results are accessed and communicated to the chair by the chair of the governance committee.

After several years of formal peer evaluations, the board asked ourselves whether we could also provide feedback in a more personal way, one that

## Better And Better

### MEC's Continuous Board Improvement



would build bridges for long-term collaboration. In her day job, one director had seen an innovative structure for face-to-face feedback with her executive team. Eager to experiment, MEC paired up in a structure that one director likened to “boardroom speed-dating.”

Prior to the *face-to-face feedback* session, directors prepared independently. They were invited to think in advance about their own boardroom performance and that of their peers. Board members identified, for

each of their fellow directors as well as themselves, behaviors and contributions which they should begin, continue and end. MEC’s governance team provided directors with a template to record their conclusions.

Then, in a managed, timed session (overseen by a member of the governance team with a stopwatch), each director spent ten minutes face-to-face with each of his or her peers in turn. During each segment:

- Director A shared their assessment of their own start/continue/stop behaviors.

- Director B supplied feedback, supporting, negating or changing director A's statements.
- The directors then reversed roles so that B shared and A gave feedback.

The board tried this approach for the first time at its winter 2014 board meeting, and was sufficiently impressed with the results that we repeated it again less than a year later. Each session took 90 minutes in total, and was characterized by quiet concentration, intense discussion and occasional bursts of laughter from the pairs of directors. In nearly every pairing, directors wished they had more time to explore the emerging insights.

While the process seems simple, MEC's board discovered that the exercise constituted a powerful tool for receiving tangible and constructive feedback. Directors reported that the greatest value lay in uncovering overall themes from the group, and that they felt highly motivated to implement behavioral changes as a result.

**Face-to-face director evaluation “yielded countless suggestions that had never occurred to me,” a director commented. “It takes trust to truly get value out of this.”**

“Way more valuable than our end-of-year [paper] survey,” is how one director described the method. “It is easier to be frank and constructive face-to-face.” When speaking in person, directors could tell that colleagues' suggestions were driven by positive intention and generosity.

The combination of self-evaluation tied to external evaluation was a winning one for many of our board members. The process “yielded countless suggestions that had never occurred to me,” a director commented. “It takes trust to truly get value out of this,” observed another.

One director reported increased confidence in bringing senior-level expertise to the board table. Another felt bolstered in the ability to pursue challenging lines of questioning. Others received important feedback about how their demeanor and communication style were perceived by the group.

Overall, directors rated the exercise highly and are keen to make it an annual part of the board's evaluation process.

□ **Annual board and committee evaluation.** Looking to committees and the board as a whole, directors complete online surveys that ask questions about their dynamics, performance and strategy. The results are compiled by MEC's governance team, which also creates compliance checklists that demonstrate the extent to which each committee has fulfilled its mandate. Together, these are discussed at end-of-year committee and board meetings, and they set the focus for board development in the coming year.

To ensure continuity, each committee chair writes a memo to the committee's future chair, summarizing the year. It is quite powerful to see a committee's performance on two typed pages, particularly when the content explores the challenges faced. The MEC board's willingness to explore both wins and losses frankly helps us improve year over year.

□ **External evaluation.** Every three to five years, an external consultant provides a thorough evaluation of board practices and dynamics, and offers a suite of recommendations. The latest exercise occurred in 2014, beginning with one-hour individual interviews of all directors and members of MEC's executive team. Armed with more than 100 pages of notes, the consultant further developed her theories while observing the dynamics of a board meeting. She then returned to the group with a polished report of observations and facilitated a productive discussion among management and directors.

**Directors are welcome to seek development advice and guidance. New directors may ask for a “board buddy” to help provide insight into company culture.**

Our plan for improvement changed the way management tees up a topic for discussion and poses questions of directors. While many management teams face a firing squad of board questions, MEC board meetings feature management's invitation to

## Performance Feedback

### Strategies For Success

*No matter how thorough the framework, feedback will have limited impact on a director who is not primed to receive it. A handful of strategies work well for MEC's board:*

□ **Prepare well.** Prior to giving and receiving feedback, thoughtful reflection is a must. How can you best support your colleague's development? Do you know the individual well enough to take a risk and step outside the "I think you're great" comfort zone? What examples can you cite to illustrate the behaviors you observe?

We also receive feedback more productively when we begin with a solid view of our own strengths and opportunities for improvement. During an MEC peer feedback session, one director communicated a desire to lead more of the board's problem solving, rather than simply synthesizing the discussion and posing a question. Her colleagues responded with ways to step into that leadership role, based on their observation of her past performance. Sharing our own thoughtful preparation assures colleagues that we would appreciate—and not resist—their input.

□ **Listen.** Board relationships need to be conducive to the exchange of useful, and perhaps critical, feedback, in the pursuit of a common goal of excellence. Your board colleagues ought to be on your personal list of people whose opinions matter. Author Brené Brown's Engaged Feedback Checklist sets out basic criteria for this feedback exchange to work.

- I am ready to sit next to you rather than across from you.
- I am willing to put the problem in front of us rather than between us (or sliding it toward you).

- I am ready to listen, ask questions, and accept that I may not fully understand the issue.
- I want to acknowledge what you do well instead of picking apart your mistakes.
- I recognize your strengths and how you can use them to address your challenges.
- I can hold you accountable without shaming or blaming you.
- I am willing to own my part.
- I can genuinely thank you for your efforts rather than criticize you for your failings.
- I can talk about how resolving these challenges will lead to your growth and opportunity.
- I can model the vulnerability and openness that I expect to see from you.

If a relationship with a colleague fails any element of this list, consider whether exchanging feedback is going to be helpful (or, even worse, destructive). The solution? The board chair needs to take a keen interest in the web of relationships among directors, and intervene as necessary.

□ **Take action.** With fresh feedback in hand, directors can take key messages to a trusted peer or coach for further reflection. These advisors sift through the noise, suggest high-priority issues, and turn director attention to actionable steps. With the help of a thought partner, we can commit to changing behaviors and investing in continual progress.

For extra support, we share our new development plan with a fellow director or two. Doing so allows others to observe and acknowledge our progress going forward in real-time and in ways that we might not perceive ourselves.

collaborate on key strategic issues emerging from each report.

The board also benefitted from the consultant's view of its evolving needs for strategically critical skills and expertise with complex organizations. The consultant's report does not collect dust on a shelf. Our board chair checks in with her periodically to mark progress and refine our focus.

Outside of the annual cycle, directors are welcome to seek development advice and guidance from the board chair and MEC's governance staff. New directors may ask for a "board buddy" to help with their transition in the critical first year of information

overload. Board buddies often provide insight into MEC culture, board social norms, and interpersonal context.

MEC's governance office is collating a monthly digest of articles, resources and training opportunities, which will be available to directors on our board portal. A development log will track group and individual training sessions, including a summary of lessons learned.

The board aims to include a development session on the agenda of each board meeting, with defined learning objectives. External experts, management and directors contribute to these sessions. Recent

learning sessions have looked at the governance of strategic risk, retail innovation, real estate development, and sustainability governance.

□ *The future of governance at MEC.* At MEC, we view our governance as an evolutionary process, and we would be the first to say that we still have progress to make. However, we know that investing in the evaluation and development of our board and directors pays dividends for the whole organization.

Each year, we have been able to hone in more closely on the experience and knowledge we need around the board table. We have moved from a “check the box” system of evaluation to a continual feedback

loop that ensures our development works remains relevant, focused and timely. Our experience so far suggests that this not only leads to more knowledgeable directors, but more engagement around the board table.

It might surprise you to learn that *The New York Times* columnist David Brooks found the inspiration for his article in Lady Gaga, who once admitted that “I didn’t know what I would become, but I wanted to be a constant reminder to the universe of what passion looks like.”

Let us all pursue that objective, in the boardroom and beyond. ■