

Take on Board Podcast – Episode 291



Transcript – Board composition and effectiveness mini series – understanding board skills matrices with Leesa Chesser

Helga Svendsen 0:00

Today on the Take on Board Podcast, I'm speaking with Leesa Chesser about board skills matrices. This is part of the board composition and effectiveness, five part mini series. First up, you heard from me about appointing board members. And then last week, you heard from Katie Constantinou about, oh, just excellent food for thought all about inductions this week. Here we are with Leesa talking about board skills matrices. Next week, you'll hear from Carmel Mulhern on board agendas, and then finally, Bernadette Northeast on board evaluations. So I'm super excited about this mini series, so let's get into it.

Helga Svendsen 0:40

Before we start, however, I would like to acknowledge the traditional custodians of the land on which we record. For me, I am on the unceded lands of the Wurundjeri people of the Kulin nation, and I pay my respects to elders past and present. I also pay my respects to any First Nations people who may be listening today. I acknowledge their continuing connection to land, waters, skies, culture and country. I support voice, treaty and truth for Aboriginal and Torres Strait Islander peoples, and I encourage others in the Take on Board community to do the same.

Helga Svendsen 1:13

Now let me tell you about Leesa. Leesa is on the boards of Neami National, the Australian Physiotherapy Association, the Adelaide Festival Board, and the West Beach Parks Board. She also chairs the nominations and remuneration committee at Neami. She was formerly on the boards of Community Options, Australia, Hen House Cooperative, and Southern Domestic Violence Service, as well as the YWCA, Adelaide, Sturt Street Community School and QUT Student Guild.

Helga Svendsen 1:48

Leesa is an experienced non-executive Director and mentor after a successful career as Minister for disabilities, mental health and substance abuse, leading the \$723 million NDIS strategic decision-making, service delivery, reform and transformation in South Australia. Leesa is interested in board directorships in the housing infrastructure, superannuation and innovative tech solutions.. So Leesa, welcome, or I should say, welcome back to the Take on Board Podcast.

Leesa Chesser 2:35

Good morning. How are you? And morning from Ghana, country and the Adelaide plains. And it's lovely to be back. Oh,

Speaker 1 2:42

it's so good to have you. I think last time we talked about advisory boards, think that was our topic last time. And in fact, I've got a mini series about advisory boards coming up as well, so that'll be in the next couple of months, folks. But today we're talking skills matrices. And whilst I cannot wait to have that conversation, as always, I just want to dig a little bit deeper about you first. So tell me what was your first experience of governance.

Leesa Chesser 3:06

It was actually academic board in the business faculty at QUT Queensland University of Technology in the late 80s, and then student guild, but the most formal one that I had at that time that really opened me up to realising that I loved governance and was a bit geeky about it was the key to University Council, the equivalent of a Senate. And I was a student representative there for a year in 1990 and it was something that I thought, this is something I want to come back to in my career at some point, and that was the seeds of me becoming a professional director once I left politics, it was something I always kept in the back of my mind that, oh, it's logical, and I just love the impact you can create because of the strategy involved in the longer lens.

Helga Svendsen 3:59

Yeah, it's interesting, isn't it? I was also on my university council as a student rep as well, and it's just, I don't know about you, Leesa, but it felt to me kind of equal parts intimidating and not intimidating. Like as a student, I was a bit more fearless, I think. And I'm just like, right? I've got this thing to say, and I'm gonna get in and say it, even though I'm surrounded by all these, quite frankly, mostly old men in suits around this very formal setting in the university. It was a really, I think, interest for me, an interesting lesson in just speaking up.

Leesa Chesser 4:32

Yeah, having your voice heard, and also exposure to what deep strategic planning and resource decision making, impact and diversity of opinion around the table. Of not just having an homogenous group of people, but being the young person in the room, it absolutely challenging and rewarding. And I so important that you have those people at the table. And I guess. Talk about it more commonly. Now, back in 1990 it was less common, and we didn't talk about board diversity in the way that we are in the 21st century.

Helga Svendsen 5:14

I know it's interesting, isn't it? I think sometimes I almost or despair is too harsh a word, but sometimes I think, oh my gosh, we just need to make more progress. But then we think back to our early days and think, Well, yeah, maybe there has been some progress in very positive progress too.

Leesa Chesser 5:30

Yeah, I think has been always more work to do, right? We're always evolving.

Helga Svendsen 5:37

Well, whilst I would love to dig around in that even more, I'm going to leave that to over a glass of beautiful South Australian wine at some stage, and instead dive into skills matrices. As I said, I'm doing this mini series around board effectiveness and skills matrices are such a key tool that people talk about. So I just want to start with, if you could just tell us what is a skills matrix? Because we often talk about it, but they might look different for different organisations, or they might even be people that are unaware of what it is. So talk us through what is a skills matrix?

Leesa Chesser 6:13

It's a tool that's a chart that illustrates skills and competencies and diversity and professional depth and breadth of the things that a board or a committee of management could and does need, both for the present time and for the future, to ensure your strategic intention is achieved. So it's a future focus, but it's also got to be fit for purpose now.

Helga Svendsen 6:41

Okay, so it's the kind of yes, that list of shopping list, almost of what's needed in the boardroom. Why is it important? How have you seen it used? Why is it important to board composition and board effectiveness?

Leesa Chesser 6:55

Well, establishing a skills based board is really important and traditionally, some boards just it's who you know, how you get there, but a skills based board going beyond the old definition of we need a doctor or a lawyer or whatever, a professional tag, going to people's depth of experiences, both life and professional expertise and the skills they bring create strong governance.

Leesa Chesser 7:19

And it's a blend of skills, experience, expertise, other attributes, all of that adds value to making board decisions more broadly based and in alignment with your strategic plan, and it improves board performance, facilitates better succession planning, both for the board and also potentially for your senior leadership team, because you need HR skills in those sort of things, so it's not just yourselves, it's the broader organisation that succession planning you're probably looking at.

Leesa Chesser 7:54

It optimizes decisions, and you can pull down on people's expertise. I know that in some of my boards, we like to have at least three people on some of our core competencies. When we drop down to two or one, that's when we need more skills at the table, and we have to go out and recruit. It encourages diverse skills and experiences, as I've said, and perspectives, and we know that that makes for better decision making, and it allows you to assess strengths and training opportunities, both collectively and individually for directors, because directors should be working on the professional education and skills constantly and listening to podcasts like Take on Board so they're constantly curious, like you and I. So it helps with that.

Leesa Chesser 8:45

It also provides a short and a long term lens on succession planning, which is really important. I think sometimes we can get caught up with just bringing a director on board and then not adding them into the skills mix until the next the skills matrix until the next board recruitment cycle. So if you're bringing people on board, like you were talking about last week, as soon as you've got them on board, you should be updating, getting them to fill in the skills matrix and updating it, and getting a sense, that allows other directors to understand that may not have been involved in the director recruitment, some of the depth of skills or where they are on a skill rainbow of one to five or one to three, however you want to calculate it.

Leesa Chesser 9:32

It also gives you ideas about where people might be allocated, you know, for committees, and who's got sharing skills. So it's a mix of soft and hard attributes, characteristics, skill, experience and expertise, and it's really, really useful. I've seen them develop over time, and the richer they are, and without being too complicated. I actually think they're a fantastic tool, not just for training and development, committee allocations, like I said, but also where are you heading? Like you need to add in those future lenses, like with everyone's been dealing with ESG in the last sort of two to three years that wouldn't have been on anyone's skills matrix a few years ago, or AI or cyber, it may have but these are now stump skills. Most directors have to have some exposure and understanding of so you need to constantly reappraise it and make sure it's fit for purpose.

Helga Svendsen 10:38

Speaking of those, you know, it's a skills matrices. And you've talked about there would be skills on their experience, attributes, what are the sorts of things people would expect to see? And I think, I think you mentioned this as well, they're always going to be tailored to the organisation. I don't think there is just a here is 'the' skills matrix for boards and everybody picks it up. However, we also know there are some commonalities. So what are the sorts of and you've talked about soft and hard skills, what are the sorts of skills? What are the sorts of experiences? What are the sorts of attributes that we might expect to see on a board skills matrix?

Leesa Chesser 11:15

Governance training is fantastic. That's always either a willingness to undertake it in the future sense, or some base understanding.

Leesa Chesser 11:25

You might be looking at technical expertise in a health board with clinical governance. An arts board like the Adelaide Festival, having people that have curated or are in the arts community married along people who have got philanthropic and fundraising and sponsorship expertise. So you need a variety of these skills to make organisations work. So that is where you figure out for your organisation the minimum. So governance is one ordered and risk and finance would be, a minimum, some human resources, or executive leadership, senior leader, perspectives, all of those things build up the initial base line for what a director needs to play.

Helga Svendsen 11:25

And it was interesting, you touched on that some of the skills all of the board directors will need to have, or maybe not even all, but some of them at least more than one, sometimes there are skills

that just one director might need, or even just one or two. What have you seen there about those sorts of skills that more than that might be needed broadly across the board, versus those skills that might just be needed by one or two people?

Leesa Chesser 12:42

I think when I look at Neami, for example, we go look at the soft skills and life experiences people bring to the board that add depth to their formal qualifications. And that might be cultural lenses, personal journeys, their consumer experiences with themselves or a loved one, and lived experience and lived expertise, because even they're different things and themselves.

Leesa Chesser 13:10

Geographic spread of services to ensure that regional and remote and East Coast are balanced. So there's just not one city perspective. There's some of the things that we consider when we're recruiting. We also can check look at cultural diversity and gender and people's identity and what they bring to the table, because people bring many lenses that add them with their deep expertise, and that makes for better decision making. So we're always looking for people who have that broad depth, breadth and depth, and if you can add those attributes and not one person is the sole repository for any one thing, it's always good to have two or three people carrying the load in case someone gets sick or has just avoided you to family responsibility and go on director leave. That's why I think two to three is always a good balance. And if it gets down to one, then you know, you've got to recruit.

Helga Svendsen 14:15

Yeah, I tend to agree. And you know one of the boards that I was on previously, particularly in finance, because often it's the finance that person's the finance person. Let's just see what they say. It's like, well, no, you're a director. Everybody needs to have some view about that.

Leesa Chesser 14:30

Baseline skills, right? That's why that one says three or one to five. Where are you on that continuum? And are you a new director moving to a two, or are you a four and a half five? You're an audit background. You've come from a big corporate environment. You're deep in that thing. But everyone should always be assessing, how can they improve and stay current? And if there's not so strong on one skill set. How do they build that muscle memory to contribute to the boardroom?

Helga Svendsen 15:05

And I think if you're not the finance person, for want of a better word, I'm sure I've told this story before, but I'm not the finance person. I'm a lawyer, not an accountant. However, I have sat on the Finance Committee a number of times, and that is partly for my own development and understanding, but also partly because having a non finance person involved in the finance committee is actually really helpful as well, because I see things differently and ask different inverted commas stupid questions often, which are not stupid questions, but the accountants just see it in a particular way. So I think spreading that responsibility. And yeah, one board that I was previously on the finance person, inverted commas, was never the Chair of the Finance Committee. It was always somebody else, which was just a way of making sure that that role was shared around as well. So they were always on the Finance Committee, of course, but we tried to avoid having them chairing it, so that somebody else would have that responsibility for finances as well.

Leesa Chesser 16:04

And very much, that's why I do audit and risk on you know, we all have to have a core competency on all of these director skills. But I look at risk differently from my experience in government and mental health and disabilities, and then from a community perspective, having lived through some burns in that time, my risk lens is very different from someone who's inside the organisation. So that's a depth that's different from a clinical risk if you're coming from a health services background.

Leesa Chesser 16:35

So you need a variety of things, and you need to move people through committees so that they can get a taste of it. It's dangerous to leave people just in one committee for a long period of time. It's good to rotate and broaden people skills.

Leesa Chesser 16:50

So that's another reason why the matrices are useful tools. Some people are calling them skills and diversity matrices now. Some of them could be 20 to 30 a list. It's not really a list, because you've got to be able to score on that continuum of where you are with your skills development. And I think having a maximum score to create some positive self reflection is really useful. It allows you to think about, where do you want to strengthen your director skills? And directorship is an art that you can keep learning when that's why it's so exciting, but it creates that opportunity to say, well, I'm strong in this skill set, as you might be on the law, but I could do more in this space, and this is where I might want to do or collectively, we want might want to do more work on AI as a director's professional development in your training for the whole board over the year.

Leesa Chesser 17:54

It also, I think it's nice to be able to leave space in the matrices where people can validate their depth of experience with a few notes about why they might be giving themselves a four or five if they feel that, or comments about what they like to do on that particular attribute, and allowing them say, allowing a point five for something that's an emerging skill that you're growing and developing and deepening. I think that makes it less paralysing when you have to do that self reflection.

Helga Svendsen 18:28

Well, it's interesting, and I'd love to hear more of your whether it's Neami or other organisations, how you know you set the inverted commas the shopping list, it's got the skills and the experience and the attributes that are needed. Different organisations do it differently around the assessment, sometimes the self assessment, sometimes it's rolled into the board evaluation, sometimes it's the chair. What have you seen? What have you experienced? And what do you say works well?

Leesa Chesser 18:53

A couple of different boards in your directive performance appraisal that happens every year. I've seen some where you get three other directors give you an opportunity to get feedback, and feedback as your friend approach is always valuable in that direct evaluation, but you might have a great evaluation one year and the next year, it whatever life circumstances are going on, it makes you reflect about okay, I could be have more clarity in this space, and I need to keep working on that, or our strategy plan is moving in this direction. I need to lift my skills more in that area, to help the board lift to achieve our strategic intention, to create value and in those perspectives.

Leesa Chesser 19:40

So I think also I've seen very basic ones where it's just tick, no numbering. That's a little bit old school. I think you need to be able to do some graphs. It's easier to interpret the data and explain that to your board colleagues as you go into the preparation for board recruitment. If you can share that with your colleagues, it's a good resource for them, because they might not be aware of everyone's CVs, even though most boards I know have a portal with their director CVs, but they wouldn't know the deep individual experiences that may be validated across a skills matrix or revealed, but they're also the numerical stuff of how you self reflect, or those personal evaluation should also be kept between the person receiving the information and the chair who's delivering it, or within that committee as confidentiality, because you don't want people to feel exposed and unable to be honest or upfront about that. It's about a strengths lens, not an opportunity to diminish someone.

Helga Svendsen 20:51

Yeah, it's interesting, isn't it? I've been involved in board evals, where board directors get individually assessed on their skills and what I think's interesting. And in fact, I've had this happen as well, right where, on a board that I was on, as I said, I'm a lawyer, a board that I was on as part of our Board of, well, it's, you know, the overall, it was like, oh, we need a lawyer in the boardroom. And I'm like, Oh, well, this is interesting. No one's seeing me as a lawyer. So I had to kind of lean into that a little bit more, because, you know, I'm not in private practice. I'm not practicing every day, so it's interesting. Sometimes I think that evaluation from your colleagues actually shows it's not about whether you've got that skill or not. It might be about whether you are showing up with that hat on in the boardroom. So I've certainly, yeah, done board reviews before where a particular person might not, you know, others might say, Oh no, they don't have skill X. They do have skill X, and what they need to do is lean into that a little bit more in the boardroom and use it in the boardroom.

Leesa Chesser 21:53

Yeah. So just take a mean or do the graphing, take the individual director names away. Give, give this skill competency, some sort of chart device that you can all consume, the depth of experience can be added in at different times. I also think one of the things when I think of startups, and I think of getting newer businesses, or scaling businesses ready for investability is a skills matrix is really useful to show where a newer business is in its governance maturity journey. And it will give investors confidence to be able to see not just the buyers, but this skills matrix of where people have got experience and why they're sitting on the board. Now, there are sometimes nominees that investors put on, but ideally, everyone at the board should be bringing skills to create value, whether it's a not for profit or a startup or any organisation. But a skills matrix is also a really useful tool for startups and scale ups and businesses wanting to get investment, because it shows the depth of experience, expertise, perspectives at the table that are driving value and that strategic intention.

Helga Svendsen 23:17

That's so interesting, I hadn't thought about it from that you know, you've got much more experience in startups and scale ups than I do, so that's a than I do. So that's a really interesting reflection about how it shows the maturity in a way, the governance maturity, the governance chops of that organisation.

Leesa Chesser 23:34

Yeah? Well, I mean, it might be an advisory board. You could still have A skills matrix on an advisory board. But anyway, we'll leave that for another podcast.

Helga Svendsen 23:43

Yes, well, actually, can I do they normally? Is it like for a governance board? It is, I don't know a governance board that doesn't have A skills matrix, even if it's sometimes a relatively immature one. They all have them to advise. Is it common in advisory boards, just out of interest?

Leesa Chesser 23:59

I think it's probably something that's evolving, and depending on what sort of quantum of money you're doing, or whether you're self funding and bootstrapping, there's a couple of criteria that could influence that, but I think it's actually a great tool to show that you're investable totally.

Helga Svendsen 24:15

The other thing about skills matrix is, I think it's, I mean, you need to keep it alive. You don't just forget, but it is. It's such a valuable and relatively easy tool.

Leesa Chesser 24:24

Yeah, well, I mean, you should build it into, I mean, I chair nominations, remuneration and sort of the governance, sit on governance committees a lot, and building it into your work plan every year for everyone to contribute and at this point of time, this is my skills and last year it was done a course, a five day course, and this since then, although this has arrived on the right, I'm not so familiar with AI or generative AI or digital health or whatever else the board might have added in in between.

Leesa Chesser 25:01

It's not a set and forget document. There should be at least a yearly update that everyone contributes, but particularly if you can time that towards just before you go into recruitment cycle, and just as you finished on boarding directors, so that there's that constant cycle of updates, reappraisal and having it on a work plan of a committee with the terms of reference, recognizing how important it is for all of those things we talked about, like identifying gaps and optimizing decision making and where you're headed in the future, unlocking that value in the boardroom. I think it's a fantastic tool.

Helga Svendsen 25:42

You've got the fan club in me. Oh, Leesa, there is so much valuable stuff in here before we wrap it out. I just want to check. Is there anything I should have asked you that I haven't?

Leesa Chesser 25:53

Don't be daunted by a long skills list. Don't think you have to constrain yourself, because some organisations like are very broad and have multiple lenses, like physiotherapy association, what provides insurance to members, advocacy, training and development. It's a hugely complicated and deep organisation. I've got to say, Neami is the same, West Beach parks. We've got sports, rec, two different types of tourism, a marina, 135 hectares, you've got ESG, all of those different things need to be sort of addressed, not just your basic corporate governance skills. So do you have expertise in tourism or marketing on your board? Do you have someone who understands sports and recreation on your board so that those different perspectives so don't be put off by having a deep and rich list of soft and hard characteristics and attributes.

Helga Svendsen 27:00

And I would say for aspiring board directors, or those that are looking to build your governance portfolio, don't be put off by a long list on a skills matrix, because no one director is expected to have all of these skills. They are all expected to be in the boardroom, but not in one person. It's not a position description where you're expected to fulfill them all.

Leesa Chesser 27:20

No, it's a blended approach. That's the whole point. It's a team sport, and that's why you've got to have these basic things to play, just like having your driver's license to get on the road, and then you want to be a good driver. So they're core competencies. But there's also things that are nice to have an essential in that skills matrix. Don't forget, for it to be forward facing, I guess with the amount of change that boards and governance and businesses are seeing at the moment, the next couple of years are going to be really, really interesting about how fast change comes down the tube to us and how we manage risk. I mean, no one would have had COVID and the Black Swan back in 2020, or very few. I think only army or sis had it. Probably.

Helga Svendsen 28:13

I had a conversation with somebody in late 2019 and she was on a number of boards. And I said to her, Oh, you're on a number of boards. How do you manage that? It's and she said, Well, you know, it works. Okay, if there's a crisis, actually, how did she put it? Something like, it's not like there'll be a crisis in all of my boards at the same time. She said, in late 2019 and then, of course, 2020, hit. And I can't imagine any organisation that wasn't in crisis in early 2020 so anyway, it's interesting.

Leesa Chesser 28:44

I've got some great resources. Can I share them?

Helga Svendsen 28:47

Leesa, I would love you too. What resources would you like to share with us?

Leesa Chesser 28:51

I did a really good webinar that's recorded and it's on YouTube from BoardPro a little while ago, so I'll send the link that also the Governance Institute and AICD have good materials. BoardPro actually has a template that they share with you. And creative.gov.au because I do the arts thing as well, they've got a really great tool there, so I'll send the link to that. And APRA have got a really good piece on skills matrices as well.

Helga Svendsen 29:22

Fantastic. And I will add to the list the Victorian Government, the Victorian Department of Health has a board capability, board capability framework for Victorian health services. I love it because it's got the span of skills, but it's got descriptions about how to assess yourself as well. So I think it's really valuable to look at. Even if you're not a health board, it's useful, a useful document, and it's used all the time in board recruitment in health. So I'll add that to the list too.

Leesa Chesser 29:52

Yeah. I think that's one thing. When I initially got some of them as I started working in as a professional director. But they often didn't come with an explanation of how they worked. So having a little explanation of you can be because some people are quite literal and just do the numbers and don't expand, and there's so much more that they might explore. That's why having a column like that also don't forget your tenure of board tenure teamed into this because it really helps with this succession planning.

Helga Svendsen 30:25

Absolutely, yeah, all great. Oh, Leesa, so much in here. Thank you so much for sharing your wisdom about skills matrices. Thank you for coming back to the Take on Board Podcast. You're a superstar. We will share all of those resources and thank you for being such a active and engaged member of the Take on Board community.

Leesa Chesser 30:47

It's always a pleasure to work with you Helga. I love what you do and how you create communities.

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