

Guide for preparing a board skills matrix

Including example template



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Do's and Don'ts

THINGS TO DO

- Identify the board's desired skills, experience and backgrounds as a whole under relevant headings and, using a matrix, map them against the skills and experience of each board member.
- Tie desired board composition to the organisation's strategy and the key issues facing the organisation.
- Differentiate between the skills and experience expected of the board and the chair.
- Separately prepare a skills/ experience/ background matrix for each board committee, where they exist.
- Include term expiry dates (where relevant) for each board member in the matrix to assist with succession planning.
- Use a rating scale rather than a simple yes or no response to assess the extent to which desired skills, experience and backgrounds exist on the board.
- Have the board, or a designated committee (e.g. nominations committee) critically examine the matrix at appropriate intervals (e.g. annually).

THINGS NOT TO DO

- Include basic competencies expected of all directors (e.g. knowledge of director duties)
- Include vague or overly general sets of skills or experience.



Considerations

- Whether changes are likely to occur in the short-to-medium term (e.g. to strategy and in the external environment) that impact on the board's desired skills/ experience/ backgrounds mix.
- The extent to which the board's composition takes account of different scenarios that might call for a different mix of skills, experience and/or backgrounds.
- How defensible the board's existing or planned future composition is, for example, if there are unsolicited approaches for board appointments.
- Whether is it necessary to have specialist skills, experience or backgrounds on the board, or whether it is better to draw on these within management or from external advisers (this will depend in large part on the size of the organisation and the board).
- When it is appropriate to engage an external expert to undertake a review of the board and board committee compositional attributes and needs.
- The extent which any gaps identified in the matrix could be addressed through current board members undergoing professional development. Whether any self-assessment process adopted by board members ensures a consistent approach and outcome. The company secretary or company representative may choose to audit this component to ensure it is accurate and fair to all directors.
- What is disclosed to external stakeholders, such as a statement of existing skills, experience and backgrounds on the board. The board could consider developing an internal skills matrix that is easy to adapt for regular use and an external matrix that can be communicated to stakeholders.

Example board skills matrix

BACKGROUND

The board has developed a board skills matrix to assist it in determining the skills and experience required to achieve its ultimate board composition.

PURPOSE

The board skills matrix (matrix) provides valuable insight into:

- aligning the board's composition to the company's strategy and industry requirements;
- whether there are any skills deficits on the board; and
- any gaps that should be considered as part of the board's succession strategy.

ASSESSMENT CRITERIA

The board has determined the level of importance of the core skills, industry knowledge and corporate experience against the measures of essential, desirable or purchasable.

Directors are assessed against each of the criteria on the matrix on an annual basis and when any new director is appointed. Any gaps identified in the collective skills of the board are addressed as part of the board's professional development plan and individual director training plans. Any search for a new board member will address any skill and industry knowledge gaps and complement the current skills on the board.

The following legend applies:

- **E** = Essential
- **D** = Desirable
- **P** = Purchasable

BOARD ASSESSMENT BY DIRECTOR OF CORE SKILLS AND KNOWLEDGE

Skill area	Description	Skill importance	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7
Strategy	Ability to identify strategic opportunities and threats with demonstrated success in developing and implementing strategic priorities and achievement of business objectives.	E							
Financial literacy/acumen	Ability to read and comprehend corporate accounts, financial materials and financial reporting requirements.	E							
Risk management and compliance	Experience in implementing, managing or overseeing risk management and compliance frameworks including legal and regulatory compliance.	E							
Legal knowledge	Appropriate understanding of legal concepts and frameworks applicable to both the role of director and the industries in which the company operates.	D							
Qualifications	Formal qualifications in any of the following fields: • Accounting and/or finance • Economics, law, commerce and/or business • Financial services • Marketing	D D D P							
Managing people/achieving change	Experience at a senior level for people management and successful implementation of change.	D							

LEGEND E = Essential D = Desirable P = Purchasable

BOARD ASSESSMENT BY DIRECTOR OF CORPORATE EXPERIENCE

Skill area	Description	Skill importance	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7
Advertising/ social media	Experience at a senior level with responsibilities for either advertising or social media activities.	P							
Board experience	Experience as a director.	E							
Business development	Demonstrated success in development or expansion of business having regard to the company's objectives, operating environment and risk appetite.	D							
Customer service	Experience at a senior level with responsibilities for customer service-related activities.	P							
Corporate leadership/ executive management	Experience in CEO and/or other senior corporate leadership roles including responsibilities for people management and successful implementation of change.	D							
Director qualification/training	Completion of a formal qualification/ training in governance or a directorship (e.g. AICD, GIA, or equivalent).	D							
Governance	Experience in sophisticated governance/ assurance structures.	E							
Health and safety	Experience in implementing health, safety and wellbeing strategies, proactive identification and prevention of health and safety risks.	D							
Information management	Experience in implementing, managing or overseeing information and communication technology, including personal information privacy and security risk management.	D							

LEGEND E = Essential D = Desirable P = Purchasable

Skill area	Description	Skill importance	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7
Professional membership	Membership of a professional body (e.g. a current member or ICAA, CPA, AICD, GIA, etc).	D							
Project management	Experience in managing or overseeing major projects of an organisation.	D							
Regulatory policy	Experience working or interacting with regulators relevant to the industry that the company operates (i.e. ASIC, FOS, AUSTRAC, ACNC).	D							
Remuneration	Experience including incentive programs and contractual frameworks governing remuneration.	D							
Social responsibility	Experience in relation to social responsibility.	D							

LEGEND E = Essential D = Desirable P = Purchasable

BOARD ASSESSMENT BY DIRECTOR OF INDUSTRY SKILLS AND KNOWLEDGE

Skill area	Description	Skill importance	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7
Industry experience	A deep understanding of the company's business and day-to-day operations.	E							

LEGEND E = Essential D = Desirable P = Purchasable

BOARD ASSESSMENT BY DIRECTOR OF QUALITIES/PERSONAL ATTRIBUTES AND BEHAVIOURAL COMPETENCIES

Skill area	Description	Being addressed ✓ Requires attention ✗	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7
Qualities/personal attributes									
Age diversity	Board is comprised of individuals that bring a range of perspectives and opinions from different generations.								
Commitment to role	As well as core responsibilities, directors have a presence within the company and attend associated industry and stakeholder events.								
Cultural diversity	Board is comprised of individuals with backgrounds that align with the company's geographic presence.								
Gender diversity	Board is comprised of a balance of gender diversity that is in line with best practice expectations (at a minimum 30 per cent of women).								
Tenure spread	Board has a process/policy that results in retention of corporate knowledge with sufficient refreshment and renewal.								
Behavioural competencies									
Succinct contributions	Ability to digest, analyse and synthesise large amounts of information.								
Inquisitive mindset	Ability to ask insightful questions that provoke a better understanding of issues.								
Open mindedness	Holding strong views lightly and open to being influenced by other perspectives.								
Respectful	Being respectful of alternative views.								

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For more information please contact:

T: 1300 739 119

E: publications@aicd.com.au



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