

ICSA Qualifying Programme

Boardroom Dynamics

Sample mark scheme 2019

SAMPLE

Section A

Question number	Indicative content
<p>1(a) 15 marks</p>	<p>Answers should demonstrate a comprehension of key elements of governance structures, both in the description of 992 as well as in the proposed changes referred to.</p> <p>Answers could include the following content:</p> <p>There are elements of the 992 structure that would be looked at carefully by any due diligence assessor, and these are often assessed in the context of the overall structure of the Board.</p> <p>Boards are responsible for the governance of their organisations but the form of Boards can vary significantly. There are three acknowledged types of theory underpinning Board behaviours and which are used to classify the structure of Boards.</p> <ul style="list-style-type: none"> • Agency theory views the Board as an agent of control, independent from but responsible for executive management. • Stewardship theory allows for co-ordination between managers and owners, with fluid executive and non-executive boundaries. • Stakeholder theory recognises that Boards are increasingly accountable to wider society. <p>In each theory, there is an assumption that structure is the main predictor of Board performance, creating as it does the building blocks for strong and compliant governance practice. The following structural issues are identified in the case study, all of which have the potential to reduce Board effectiveness, again a key part of any due diligence analysis.</p> <p>Although a large private company, there is no strict requirement on governance and board related issues as the company does not reach the new level of large company (as identified in the Wates Principles). However, the image and reputation of the company will be enhanced pre-sale by having a sound, identifiable and robust approach to governance, with an aligned structure.</p> <p>Ratio of executive directors and NEDs</p> <p>Whilst there is a fairly standard ratio present here, between executive and non-executive directors, with 992 it is less usual because none of the NEDs could be considered independent. Instead there are two NEDs, John and Leoni, whose length of service now means that they have gone beyond the point (stated as 9 years in the UK Corporate Governance Code) of being considered still independent, and the two appointed NEDs (Marcus and Sven), as well as the Chair, being appointees of the private equity owners. This lack of independence is a major point of departure from conventional Board composition and would be a point of emphasis in due diligence.</p> <p>CEO as a future Executive Chair</p> <ul style="list-style-type: none"> • The current CEO, Sarah, has stated (and tacitly owner-approved) intentions to take over from the current Chair, Mike. This can produce an unhealthy dynamic, potentially reducing Mike's authority at present, even if he is not yet aware of this plan. • Sarah has also been told that she will become an Executive Chair, an interesting dynamic which can seriously alter the relationship between the Board and executive. It is

not clear whether a new CEO will be appointed in the longer term but this could be problematic, and might hinder another CEO in delivering their role and exercising their accountability clearly.

- With both of these points, best practice corporate governance recommends that any move from CEO to Chair within the same organisation is a risk, and one that should not normally be considered without very strong mitigating reasons.

Committee structure

- With only one committee, for Audit, 992 is more unusual, and the existence of the Owners' Committee also produces a number of questions about influence and responsibility. This unusual committee appears to have considerable power over the actual decisions of the Board, and must be seen as the most significant part of the 992 governance structure.
- The consideration of issues such as remuneration and risk at Board meetings can work, although this becomes more difficult as organisations increase in size.
- With a turnover of £45 million and 500 employees, the lack of committees for the Board is unusual and would cause questions to be asked about the load placed on the Board, and its ability to consider issues in detail – the normal role of a Board committee.

Tenure

- The future structure that is planned for 992, does not contemplate the appointment of any independent directors. This is unusual and would mean that any prospective purchaser of the business would need to plan to introduce independent directors very early on – a not ideal disruption in the early part of new ownership.

Compensation issues

- Creating circumstances where there are significant differences in compensation between directors is potentially disruptive, creating unequal tiers, especially between the NEDs. In conventional corporate governance best practice, this is an area of risk and one that would need to be carefully monitored to avoid future tensions arising between the directors. Remuneration is an area that is gaining increased visibility and attracting the attention of shareholders and stakeholders alike, especially in terms of senior rewards and their comparison with the remuneration of employees.

Meeting frequency

- The Board's meeting frequency is described as "irregular", as well as not running to time or following agendas. Good governance practice would normally assume a regular pattern of meetings and a planned diary of agenda items, so that, as far as possible, the activity of the Board is a structured and anticipated e.g. such as audit reports, annual report preparation and general meetings.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-7	<ul style="list-style-type: none"> • The answer attempts to explain the key elements of governance structure but it is unclear and not explained in full. • The answer demonstrates limited understanding of the factors that underpin structure. This is communicated in a basic way with simple or generalised statements. • The answer makes few links between relevant theories and practice. • The answer does not include sufficient analysis between the current and planned structure of 992.
Level 2 (Pass)	8-9	<ul style="list-style-type: none"> • The answer clearly explains the key elements of governance structure. • The answer shows good understanding and makes links between relevant theory and practice. • Points made are successfully linked to the scenario in the case study. • The answer includes sufficient analysis between the current and planned structure of 992.
Level 3 (Merit/Distinction)	10-15	<ul style="list-style-type: none"> • The answer clearly explains the key elements of governance structure. • The answer shows deep understanding and makes links between relevant theory and practice. • Points made are successfully linked to the scenario in the case study and further examples given. • The answer includes developed analysis between the current and planned structure of 992.

Question number	Indicative content
<p>1(b) 10 marks</p>	<p>Answers should demonstrate a comprehension of key elements of UK governance evolution and some of the well-established principles, illustrating this from the case study, and offering other organisational examples from the syllabus content, or from the candidate's own experience.</p> <p>Answers could include the following content:</p> <p>It would be reasonable to expect students to place a similar 'private company' caveat with regard to governance as that suggested in the indicative answer to part (a).</p> <p>Area that matches UK governance principles</p> <ul style="list-style-type: none"> • The current 992 structure does at least provide an effective division between the Chair and the CEO. The reasons for this are so that the CEO can run the organisation and the Chair run the Board. For all the other failings described in 992, this is not one of them. (Other positives include a willingness to address strategy and to at least cover topics such as risk and remuneration, albeit in an unorthodox manner.) • 992 does have an Audit Committee, a key element of UK governance best practice. • 992 does appear to be addressing the risk elements associated with the health and safety incident, even if this was not being actively considered by the Board as a risk at the time. • The Board does also appear to have some form of risk management process, as there is reference to a risk register. This is a staple part of any normal governance system, allowing the Board to assess the threats faced by the company and to take decisions to mitigate the consequences. • The Board also has a composition that includes full-time executives and non-executives to bring an external view, a standard mixture recognised in most governance models. <p>Area that does not match UK Governance principles</p> <ul style="list-style-type: none"> • As well as a divided approach on the part of directors, and a lack of independent oversight, the Board has not been evaluated in recent memory (deliberately). The UK Governance Code in many of its iterations makes provision for Board evaluations in order to test a variety of issues. These include the balance of skills, experience, independence and knowledge. It also most recently has expanded this to include factors which examine how effectively Board members work together – a clear problem in the 992 Board. The lack of diversity on this Board could also be mentioned, something which is the subject of increasing scrutiny for UK Boards. For 992 there is female representation but ethnicity and diversity of thinking (as well as possibly age although this is not stated explicitly in the case study) are areas which appear to be less well-represented. • The Code recommends that at least half of the directors, excluding the Chair, should be independent, and this Board does not have that composition. The importance of this omission cannot be overstated, and the lack of independent oversight on the 992 Board is a serious departure from accepted corporate governance norms. • The lack of a nomination/remuneration committee is also a departure from accepted practice for a UK company following the UK Corporate Governance Code. • The Owners' Committee is an unconventional part of the structure, and seems to create a locus for the real decision-making at the top of 992, rather than the Board itself.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-4	<ul style="list-style-type: none"> • The answer fails to identify the key areas in 992's structure that match / do not match UK Corporate Governance Code evolution. • The answer demonstrates limited understanding of the factors that underpin evolution of the Code. This is communicated in a basic way with simple or generalised statements. • Points made are superficial and not directly linked to the scenario in the case study. • The answer includes limited or no analysis.
Level 2 (Pass)	5-6	<ul style="list-style-type: none"> • The answer sufficiently identifies the key areas in 992's structure that match / do not match UK Corporate Governance Code evolution. • The answer demonstrates good understanding of the factors that underpin evolution of the Code. This is communicated in a succinct way with relevant examples. • Some of the points made are linked to the scenario in the case study. • The answer illustrates understanding and includes sufficient analysis.
Level 3 (Merit/Distinction)	7-10	<ul style="list-style-type: none"> • The answer explores the key areas in 992's structure that match / do not match UK Corporate Governance Code evolution. • The answer demonstrates good understanding of the factors that underpin evolution of the Code. This is communicated in a succinct way with further relevant examples and application. • All of the points made are linked to the scenario in the case study. • The answer illustrates depth of understanding and analysis.

Question number	Indicative content
<p>2 25 marks</p>	<p>Answers should be set out as a briefing paper for Mike Cromar and should demonstrate an understanding of how to assemble evidence in order to make decisions. Answers should identify the key decisions facing 992 and articulate a variety of tools that can aid decision making.</p> <p>Answers could include the following content:</p> <p>Boards are always faced with a variety of individual and group biases, and must take steps to mitigate these. One of the most effective ways to deal with bias is evidence-based decision making, delivered by a series of policies and processes, including the contribution of committees and obtaining input from a variety of sources. Professional expert advice also plays a critical role in good decisions.</p> <p>The Board is faced with two key decisions. The first is when to launch the new product Enviropoz. The second is when to commence the sales process for 992. There is also a third, lesser decision, which is to select advisers to conduct due diligence on the sale of the company – this is related to the second decision.</p> <p>In order to deliver these we need to think about the evidence that we need to collect to aid us in these decisions. Evidence can be gained from a number of key sources, and the greater the number of these the better the chances of making the best decision.</p> <p>Professional advice – in this case from analysis of the market trading conditions that the product will face and the overall conditions for sale. Is this the right time and how best can we approach trading for a new product? Obtaining risk advice, together with professional legal and financial inputs, are considered an essential part of modern Board practice.</p> <p>Internal data – we need to be on top of all data for the product, is it ready, are the testing processes complete and do we understand the cost base and pricing mechanisms? For the company sale, are we absolutely sure of our own financial and other data? Boards need to be digitally capable and this is never more true than in the area of data collection and analysis.</p> <p>Research – can be essential for the product. Is it what we are claiming it to be? Do we know who will buy it? Underpinning our decision to launch must be the best available scientific data.</p> <p>Local context – in terms of stakeholders is also vital and for 992 we are faced with a number of immediate issues centred around the manufacturing accident. So we need to understand the trade union perspective, the regulator’s attitude and the feelings of our workforce. We need to understand what decisions will succeed in this local context.</p> <p>In terms of tools that are available to us as a Board there are several that we could consider. The WRAP framework is one:</p> <ul style="list-style-type: none"> • Widen our options • Reality-test our assumptions • Attain some distance before we decide • Prepare to be wrong <p>These simple steps are hard to achieve but if undertaken could allow the Board to really test the decisions before we have to make them.</p>

	<p>Another tool is to assess whether we are in the area of complex decision making – I believe we are. So do we understand the consequences? What are our core obligations? What will work in the world as it is? Who are we? What can we live with?</p> <p>One other tool is the Huston research recommendations:</p> <ul style="list-style-type: none"> • Increase options • Increase distance from a decision • Moderate confidence levels • Take time to explore assumptions • Recognise reasons for indecisiveness • Step out of your own shoes • Enhance group decisiveness, get clarity of purpose <p>Armed with a set of tools we can approach these decisions with better preparedness and confidence, and so I would ask the Board to reflect on this as we now debate the issues before us.</p>
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-12	<ul style="list-style-type: none"> • The answer may attempt to explain the definition of evidence based decision making but it is likely to be unclear and not explained in full. • Appropriate tools and techniques are identified but are not directly linked to the case study and are accompanied by little detail. • The answer demonstrates limited understanding of the factors of evidence based decision making. • The answer makes few links between theory and practice. • There is little application of relevant knowledge and understanding of appropriate tools and techniques which may not be supported by an evaluative statement. • The answer includes little or no analysis of the factors that underpin decisions.
Level 2 (Pass)	13-16	<ul style="list-style-type: none"> • The answer clearly explains the definition of evidence based decision making. • Appropriate tools and techniques are identified and linked to the case study with accompanying detail. • The answer demonstrates good understanding of the factors of evidence based decision making. • The answer makes sufficient links between theory and practice. • There is evidence of application of relevant knowledge and understanding of appropriate tools and techniques which may be supported by an evaluative statement. • The answer includes relevant analysis of the factors that underpin decisions.
Level 3 (Merit/Distinction)	17-25	<ul style="list-style-type: none"> • The answer clearly explains the definition of evidence based decision making. • Appropriate tools and techniques are identified and linked to the case study with accompanying detail.

		<ul style="list-style-type: none">• The answer demonstrates deep understanding of the factors of evidence based decision making.• The answer makes strong links between theory and practice and expands with further examples.• There is evidence of application of relevant knowledge and understanding of appropriate tools and techniques which may be supported by an evaluative statement.• The answer includes strong analysis of the factors that underpin decisions.
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Question number	Indicative content
<p>3(a) 12 marks</p>	<p>Answers should demonstrate the ability to see different perspectives at work in the way the 992 Board is managing its reputation. Answers should reflect on different individual and collective “lenses” and the reasons for these, and relate them closely to directors’ duties.</p> <p>Answers could include the following content:</p> <p>The most effective Boards are the ones that can harness a combination of individual and collective perspectives or “lenses” and harness these with the wide variety of stakeholder influences that are faced. Only in this way can the 992 Board truly review the threats to its reputation. Given the stage that the company is at, considering a sale of the business, reputational management is a critical responsibility of the Board.</p> <p>The 992 Board faces a distinct split in the perspectives of the Board members between those who favour the owners view of driving performance in order to expedite a sale, namely Mike, Sarah and the appointed NEDs, Marcus and Sven. The other two NEDs, John and Leoni, and quite possibly Andy, the CFO, have the interests of the workforce, and therefore will more readily consider the views of the majority of the stakeholders, such as the Trade Unions, Regulators and workforce. A company that is well-disposed to its workforce and acts in their interests, is usually able to maintain a more favourable reputation with the wider public.</p> <p>With the issue of the manufacturing accident, there is a clear pointer to section 172 of the Companies Act 2006. This director’s duty directs: a director must act in a way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole”. The duty then sets out a number of factors, all of which are relevant to the situation facing 992. The accident, and the response to its aftermath, is the major threat facing the 992 reputation.</p> <p>For the directors that are acting in accordance with the wishes of the private equity owners (and this itself might not be acting in the best interests of the company), they could focus on the sale and say that it is in the interests of the employees’ future job prospects, as well as the need to foster business relationships. They are also acting fairly as between members of the company, in this case almost certainly the owners. Finally they could be saying that by introducing Enviropoz, they are attempting to improve the impact on the environment. This in many ways, illustrates the challenge faced by all directors, namely that they can make decisions which seem to be beneficial to reputation and can promote future success, but which in the short-term can be criticised heavily by other parties.</p> <p>For the other directors, they are also concerned for the employees, for different reasons, namely their safety. They are also concerned to preserve a reputation for high standards of business conduct, in this case for health and safety best practice. There is also an argument that these directors are also considering the impact of the company’s operations on the community and environment, in maintaining safe work spaces.</p> <p>Overall with 992, there are different forces at work that influence the behaviours and decisions of the directors. All of these influences have a direct bearing on 992’s reputation, and it is possible to demonstrate that the directors are all influencing reputation in a mixture of ways, for a different series of intended outcomes.</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-5	<ul style="list-style-type: none"> • The answer may attempt to explain the different viewpoints of directors and their interests but it is likely to be unclear and not explained in full. • The answer demonstrates little or no understanding of the factors that underpin company reputation. This is communicated in a basic way with simple or generalised statements. • The answer makes few links between theory and practice. • The answer includes limited analysis of the factors that underpin organisational reputation. • Any analysis is not used to make a judgement, particularly on the longer term view, and is not supported by examples.
Level 2 (Pass)	6-7	<ul style="list-style-type: none"> • The answer clearly explains the different viewpoints of directors and their interests. • The answer demonstrates good understanding of the factors that underpin organisational reputation. This is communicated in an effective way with comprehensive statements. • The answer makes relevant links between theory and practice. • The answer includes sufficient analysis of the factors that underpin organisational reputation. • Analysis is used to make a judgement, particularly on the longer term view.
Level 3 (Merit/Distinction)	8-12	<ul style="list-style-type: none"> • The answer clearly explains the different viewpoints of directors and their interests. • The answer demonstrates good understanding of the factors that underpin organisational reputation. This is communicated in an effective way with comprehensive statements and further examples. • The answer makes relevant links between theory and practice. • The answer includes detailed analysis of the factors that underpin organisational reputation. • Analysis is used to make a clear judgement, particularly on the longer term view, and is supported by examples.

Question number	Indicative content
<p>3(b) 13 marks</p>	<p>Answers should demonstrate a broad understanding of how to construct an engagement plan, factoring in the recent manufacturing accident, but with a view to the future sale of the company and the need to present it in the best possible light.</p> <p>Answers could include the following content</p> <p>An effective communications plan is needed to proceed with plans to sell 992. As well as the usual points of interest for would-be buyers, the Board needs to consider the more unique aspects faced by 992. At the heart of stakeholder engagement is the need to create and maintain an effective dialogue, which may well vary between stakeholders with the content changing over time.</p> <p>The first is the manufacturing accident and the ongoing reputational issues that this presents.</p> <p>Who are the stakeholders?</p> <ul style="list-style-type: none"> • The Health and Safety Regulator • The Trade Unions • The Media • 992's employees • The local community <p>What are the key concerns?</p> <ul style="list-style-type: none"> • Is the company safe? • Could the accident happen again? • Did we look after the injured? • Have we dealt with the inspection teams and trade unions effectively and professionally? • Do we have a broad view? <p>What have we done?</p> <ul style="list-style-type: none"> • Did we listen to stakeholder views and respond? • Have we been transparent where appropriate? • Is our messaging consistent between stakeholders? • Are we overcoming stakeholder concerns? <p>A second aspect to be communicated could be the launch of the new product Enviropz.</p> <p>Here the stakeholders are:</p> <ul style="list-style-type: none"> • Potential valuers of the business • The employees whose future depends upon it • The media - who can help 992 sell it <p>What is the market for the product? What is special about it? Have we maximised our reputational opportunity?</p>

	An effective plan will consider these questions and where appropriate provide answers in the context of each stakeholder. In this way 992 can build up a picture to be communicated which it can then measure regularly to see if its strategy is working. Companies that take time to deliver this kind of approach nearly always see an improvement in their reputations and are able to control their messages more easily.
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-6	<ul style="list-style-type: none"> • The answer may attempt to explain the definition of stakeholder engagement but it is likely to be unclear and not explained in full. • The answer demonstrates limited understanding of the factors that underpin communication. This is communicated in a basic way with simple or generalised statements. • Points made are superficial and not directly linked to the scenario in the case study. • The answer fails to include analysis of the key factors of concern and appropriate actions e.g. with regard to the accident. • Any analysis is not used to make a judgement or identify what is needed in preparation for the sale, and is not supported by examples.
Level 2 (Pass)	7-8	<ul style="list-style-type: none"> • The answer clearly explains the definition of stakeholder engagement and the need for open dialogue. • The answer demonstrates good understanding of the factors that underpin communication. • Several points made are relevant and directly linked to the scenario in the case study. • The answer includes some analysis of the key factors of concern and appropriate actions e.g. with regard to the accident. • Any analysis is used to make a judgement or identify what is needed, for example with preparation for the sale, and is supported by examples.
Level 3 (Merit/Distinction)	9-13	<ul style="list-style-type: none"> • The answer clearly explains the definition of stakeholder engagement and the need for open dialogue. • The answer demonstrates deep understanding of the factors that underpin communication. • All points made are relevant and directly linked to the scenario in the case study. • The answer includes robust analysis of the key factors of concern and appropriate actions e.g. with regard to the accident. • Any analysis is used to make a judgement or identify what is needed, for example with preparation for the sale, and the need to maximise reputational opportunity.

Question number	Indicative content
<p>4 25 marks</p>	<p>Answers should demonstrate an ability to analyse the 992 Board in terms of the directors' individual understanding of their responsibilities, their ethics and cultural influences. Much of this can then be connected to the way in which they conduct their Board meetings.</p> <p>Answers could include the following content:</p> <p>The 992 directors reflect a number of differing and complex dynamics. At the heart of this Board there seems to be a deep-rooted cultural issue which is the dominant influence of the private equity owners. It affects the behaviours of four of the seven directors and means that the Board finds it hard to agree or reach consensus on many of the key issues that it faces. When the likely response of a director can be predicted to this extent it is much more difficult for decision-making, as balanced considerations and discussions are at risk of being inhibited. Disparities in their remuneration also reveals that the directors do not necessarily share the same information, and the owner-focused directors probably have much more information as a result of the Owners' Committee meetings, another unhealthy feature of the 992 structure, as it appears to dominate the Board, and is controlled by the owners.</p> <p>Ethical considerations vary, with only three directors (John, Leoni and Andy) appearing to have the workforce's interests at heart. There is also a lack of shared purpose, which may well account for the difficulty in conducting Board meetings. The quality of Board meetings is vital to business effectiveness because Boards often meet episodically, have to grapple with complex problems and make decisions with significant implications. When they do sit down together, Boards have to be efficient and effective.</p> <p>Meeting dynamics can be divided into four categories:</p> <ul style="list-style-type: none"> • Temporal – length of meeting, promptness of start and end, use of regular breaks and appropriate time of the day • Physical – lighting, ambient noise, temperature, refreshments, seating layout, use of technology and appropriate space • Procedural – meeting goals, agenda management, effective planning arrangements, good papers and data, effective minutes • Attendee characteristics – number of attendees <p>From what we have been told about 992, a number of the above factors are in play. The meetings are not frequent enough or at regular intervals, which places even greater strain on the decision process. This means that a calendar of the Board's decisions cannot be planned or maintained. We learn that the directors find the meetings arduous, too long and recognise that they have divided into two groups, one in favour of the Owners' plans and one against. This is a classic example of a factionalised or polarised Board which cannot easily overcome its culture to make decisions or lead the business.</p> <p>We know that the Chair does not conduct the Board effectively, by failing to stick to timing, not following his agenda and not managing the debate. The impact of this is a lack of clear decisions made, and an inability to get to grips with the consequences of the manufacturing accident. This, in turn, has damaged the company's reputation and affected its relationships with a number of stakeholders who are essential to 992's future wellbeing.</p> <p>There is also reference to a large number of additional attendees. This is a common cause of poorly functioning Boards. This presence almost certainly impairs the progress of meetings, distracts the directors and complicates debate. A good Board needs to be alone, and will manage this aspect to ensure that distractions are kept to a minimum.</p>

The poor quality of 992's meetings is a reflection of wider cultural and competence problems, and the unhealthy influence of the owners. It is hard to categorise the culture of 992 but it stems from a disrespect of the directors on the part of the owners, which in turn undermines the responsibilities of the directors and hinders their ability to deliver their responsibilities and legal duties.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-12	<ul style="list-style-type: none"> • The answer may attempt to discuss the effectiveness of the Board members and the culture displayed but it is likely to be unclear and not explained in full. • The answer demonstrates little or no understanding of the individual ethics of the Board members and the resulting boardroom. • The answer makes few links between the theory and practice of meeting dynamics and culture. • Points made are superficial and not directly linked to the scenario in the case study. • There is little application of relevant knowledge and understanding which may not be supported by an evaluative statement. • The answer includes limited analysis of the factors that underpin behaviours and influences and the resulting implications for the Board. • Any analysis is not used to make a judgement on how the situation could be resolved.
Level 2 (Pass)	13-16	<ul style="list-style-type: none"> • The answer clearly attempts to assess the effectiveness of the Board members and the culture displayed. • The answer demonstrates sufficient understanding of the individual ethics of the Board members and the impact. • The answer makes good links between the theory and practice of the four categories of meeting dynamics and relates to the case study. • There is clear application of relevant knowledge and understanding which may be supported by an evaluative statement. • The answer includes analysis of the factors that underpin behaviours and influences and the resulting implications for the Board. • Any analysis is used to make a judgement on how the situation could be resolved.
Level 3 (Merit/Distinction)	17-25	<ul style="list-style-type: none"> • The answer clearly attempts to assess the effectiveness of the Board members and the culture displayed. • The answer demonstrates deep understanding of the individual ethics of the Board members and the impact. • The answer makes good links between the theory and practice of the four categories of meeting dynamics and offers further examples. • There is clear application of relevant knowledge and understanding which is supported by an evaluative statement. • The answer includes analysis of the factors that underpin behaviours and influences and the resulting implications for the Board. • Any analysis is used to make a judgement on how the situation could be resolved.

Section B

Question number	Indicative content
<p>5 25 marks</p>	<p>Answers should demonstrate a clear understanding of the part that coaching can play in developing businesses and Boards in particular. The syllabus sets out why the Company Secretary can be so influential in the coaching sphere, both as a facilitator and in many ways as a team coach themselves.</p> <p>Answers could include the following content:</p> <p>A 21st Century governance professional must be able to provide access to coaching expertise as well as performing some team coaching tasks themselves, particularly for the directors of an organisation. This coaching activity includes individual coaching, mentoring, team coaching as well as other personnel supervisory skills.</p> <p>Coaching is one of the major innovations in business leadership over past decades. It is seen as an empowering technique which is often more effective than more neutral or directive leadership techniques. This is considered especially true in the uniquely challenging context of a boardroom.</p> <p>Coaching can be defined as “unlocking a person’s potential to maximise their own performance. It is helping them to learn rather than teaching them.”. There are four accepted facets to coaching, namely:</p> <ul style="list-style-type: none"> • Building a trusted coaching relationship • Asking effective questions and listening to the responses • Supporting effective goal setting • Providing effective feedback <p>The coaching “mindset” holds belief in the person being coached such that they, with appropriate support, can find answers to questions themselves, reducing dependency on others. Coaching involves particular kinds of questions, designed to elicit the coachee’s thoughts and to frame these more clearly. Examples include:</p> <ul style="list-style-type: none"> • What’s on your mind? • What is the real challenge for you here? • What do you want to achieve? • What are your options? • What will you do? • How can I help? <p>Individual coaching allows all of the above techniques to be applied in the context of individual learning. It has been the default approach to coaching at a senior level and allows a bespoke programme of support to be developed, and to evolve at the individual’s own pace. It is focused and controlled and personal. It is also a sign of personal status, with organisations including coaching (and mentoring) as part of a benefits package for employees, particularly in management positions.</p> <p>Team coaching is newer and probably the fastest growing trend in the coaching industry. Team coaching applies similar principles but allows for more effective reach, being more cost and time efficient. Team coaching allows particular mindsets to be developed in under-performing teams and helps to convey particular messages to help the team understand strengths and</p>

weaknesses. It is also increasingly being seen as a necessity for senior leadership teams, as it can often allow them to develop an appropriate external focus on stakeholders that really drive the Board's agenda.

Team coaching can allow the development of common purpose (through objective setting), better collaboration, develop collective leadership and to achieve performance outcomes. In summary it can be a much more powerful version of coaching as it allows a number of assistance disciplines to be built into a programme to develop a team. It therefore requires a much greater set of skills on the part of a coach. Finally, team coaching can also involve individual coaching sessions as part of its process.

The Company Secretary is well placed to have a role in facilitating coaching, particularly team coaching for the directors. As this takes place over a long period of time, the Company Secretary is in the best position to observe progress and to feedback to the Board. The Company Secretary can deliver sensitive and independent facilitation to flush out deep-rooted issues, tensions and ideas, all of which can be observed only by an individual close to the Board. If the Company Secretary has to exhibit diplomatic skills, facilitating team coaching is a key test of that diplomacy.

Facilitation can take many forms, from successful planning and co-ordination of meetings, through to being a neutral decision maker acting for the best interests of the group in determining content or course of action for the coaching programme. This can only be achieved if there is a deep and trusted relationship between Company Secretary and Chair, as well as with the other directors. The final set of skills in facilitation involves appropriate forms of intervention, categorised as:

- Prescribing
- Informing
- Confronting
- Cathartic
- Catalytic
- Supporting

The Company Secretary can deploy one or more of these to enable the Board to adjust and respond appropriately to coaching.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-12	<ul style="list-style-type: none"> • The answer may attempt to explain the differences between coaching and team coaching but it is likely to be unclear and not explained in full. • A few advantages and disadvantages are identified but are not directly linked and are accompanied by little detail. • The answer makes few links between theory and practice. • There is little application of relevant knowledge. • The answer includes limited analysis of the factors that underpin coaching and the benefits of it. • Any analysis is not used to evaluate the role of the Company Secretary in the coaching of the Board.

Level 2 (Pass)	13-16	<ul style="list-style-type: none"> • The answer explains the differences between coaching and team coaching. • Advantages and disadvantages of the kinds of coaching are identified and directly linked. • The answer makes good links between theory and practice. • The answer shows good understanding and analysis of the factors that underpin coaching and the benefits of it. • Analysis is used to evaluate the role of the Company Secretary in the coaching of the Board.
Level 3 (Merit/Distinction)	17-25	<ul style="list-style-type: none"> • The answer shows detailed differences between coaching and team coaching. • Advantages and disadvantages of the kinds of coaching are identified and directly linked. • The answer illustrates good links between theory and practice and is able to expand on examples. • The answer shows good understanding and analysis of the factors that underpin coaching and the benefits of it. • Deep Analysis is used to evaluate the role of the Company Secretary in the coaching of the Board.

Question number	Indicative content
<p>6(a) 12 marks</p>	<p>Answers should be set out as a briefing note to Vission’s Chair and should demonstrate clear understanding of the symptoms of stress and how these can impact the performance of Vission’s Board.</p> <p>Answers could include the following content:</p> <p>Stress can be defined as “When demands placed upon an individual are perceived as either a threat or an opportunity.” This paradox lies at the heart of the issues surrounding modern understanding of stress and its effects in the workplace. An individual’s reaction cannot be predicted, and so recognising the symptoms of a reaction to stress becomes very important. Recognising these reactions is key to supporting individuals who are finding it hard to cope. The Chair of Vission has expressed concern about boardroom tensions and so there are symptoms that are commonly recognised which can be looked for in the Vission directors.</p> <p>Symptoms can be divided into two broad categories. Both have an impact on health, life expectancy and on the loss of working days for employers. It is a very common problem which is not always dealt with effectively. Modern issues such as the rise of digitisation and technology only seem to be increasing the burdens on individuals, who can always be reached and who can never escape being in contact.</p> <p>Cognitive symptoms reveal pressures bearing on the mental wellbeing of individuals and can include:</p> <ul style="list-style-type: none"> • Memory problems • Indecision • Poor judgement • Attention deficit • Self-doubt <p>Cognitive issues can be harder to detect and harder to deal with.</p> <p>Physical symptoms are more visible and affect the body as opposed to the mind. These include:</p> <ul style="list-style-type: none"> • Chest pains • Blood pressure problems • Immunosuppression • Aches and pains • Skin problems • Indigestion • Irritable bowel problems <p>The problems at Vission seem to stem from the relationship between the CEO and HR Director, with the latter suffering from a lack of confidence. There is also a suggestion that lower levels of management are being put under pressure too. The problems for Boards, as with any other category of worker, can be immediate. In more senior teams, having the ability to understand and recognise these symptoms is critical. High performing individuals can often be the last people to acknowledge the symptoms of stress, or to recognise when they switch from thriving to struggling with stress.</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-5	<ul style="list-style-type: none"> • The answer may attempt to explain the symptoms of stress and how this is likely to have affected the behaviours in the boardroom but it is likely to be unclear and not explained in full. • The answer demonstrates limited understanding of the factors that underpin stress and how they manifest in the boardroom. • The answer makes few links between theory and practice. • Points made are superficial and not directly linked. • There is little application of relevant knowledge and understanding which may not be supported by an evaluative statement. • The answer includes limited analysis of the factors that underpin stress and the symptoms.
Level 2 (Pass)	6-7	<ul style="list-style-type: none"> • The answer clearly explains the symptoms of stress and how this is likely to have affected the behaviours in the boardroom. • The answer demonstrates good understanding of the factors that underpin stress and how they manifest in the boardroom. • The answer makes relevant links between theory and practice. • There is application of relevant knowledge and understanding. • The answer includes analysis of the factors that underpin stress and the symptoms. The answer demonstrates understanding of how behaviours have been affected in the boardroom.
Level 3 (Merit/Distinction)	8-12	<ul style="list-style-type: none"> • The answer clearly explains the symptoms of stress and how this is likely to have affected the behaviours in the boardroom. • The answer demonstrates deeper understanding of the factors that underpin stress and how they manifest in the boardroom. • The answer has relevant links between theory and practice and supports with further examples. • There is good application of relevant knowledge and understanding. • The answer includes analysis of the factors that underpin stress and the symptoms. The answer demonstrates good understanding of how behaviours have been affected in the boardroom.

Question number	Indicative content
<p>6(b) 13 marks</p>	<p>Answers should demonstrate comprehension of resilience as an issue for the Vission Board and articulate methods for improving it.</p> <p>Answers could include the following content:</p> <p>Resilience can be defined as: “The process of adapting well in the face of adversity, trauma, threats or sources of stress”. Life in a modern Board is hugely demanding and very pressurised. These demands are, if anything, increasing and so the ability to be resilient is increasing in importance – this is also described as the ability to “bounce back”.</p> <p>Resilience is a quality that is highly desirable for directors, and an essential component of a high performing Board. The Company Secretary needs to be able to spot issues that will make demands upon resilience and to take steps to provide advice to directors to maintain and develop their own individual and team resilience. In this case, the Vission Board needs to improve the relationship between the CEO and HR Director. This can be achieved by improving the Chair’s ability to propose ways of improving their resilience. These techniques can also serve to improve wider resilience amongst the workforce.</p> <p>Research from many areas of life has allowed academics to build up a clear idea of what can help to improve resilience and these include:</p> <ul style="list-style-type: none"> • Looking after your physical condition • Regular training and development in many areas such as emotional, mental, moral and physical • A positive attitude and optimism • Developing coping strategies • Developing cognitive flexibility • Facing your fears • Finding resilient role models • Recognising and developing signature strengths • Having a strong moral compass and sense of purpose • Establishing and nurturing a supportive social network <p>Another framework is the so-called “i-resilience” model. This looks to four aspects of improvement, namely:</p> <ul style="list-style-type: none"> • Confidence • Social support • Adaptability • Purposefulness <p>There are clear parallels in these framework guidelines. In this scenario we see the Vission Chair, who has identified a problem but not the problem necessarily. The solution may well be to foster a greater sense of purpose amongst directors so that they can pull together and lead the company, whilst at the same time allowing individuals to develop along the lines suggested above. The source of the pressure having been identified, the Vission Board can then work on its own personal and collective resilience, and pass this experience on to the wider workforce.</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-6	<ul style="list-style-type: none"> • The answer may attempt to explain the issue of resilience but it is likely to be unclear and not explained in full. • The answer demonstrates limited understanding of the impact of resilience and how this can be improved. • The answer does not link theory and practice. • Points made are superficial and not directly linked to the scenario in the question. • There is little application of relevant knowledge and understanding which may not be supported by an evaluative statement. • Any analysis is not used to make a judgement and is not supported by examples or solutions for the Board.
Level 2 (Pass)	7-8	<ul style="list-style-type: none"> • The answer clearly attempts to explain the issue of resilience and how it could be improved. • The answer links theory and practice, relating to appropriate models. • Points made are sufficient and linked to the scenario in the question. • There is good application of relevant knowledge and understanding which is supported by an evaluative statement. • Analysis is used to make a judgement and is supported by examples or solutions for the Board.
Level 3 (Merit/Distinction)	9-13	<ul style="list-style-type: none"> • The answer clearly attempts to explain the issue of resilience and how it could be improved. • The answer links theory and practice, relating to appropriate models and provide further examples • Points made are detailed and linked to the scenario in the question. • There is good application of relevant knowledge and understanding which is supported by a focused evaluative statement. • Analysis is used to make a clear judgement and is supported by appropriate examples or solutions for the Board.