Pitching it to the board

When senior managers pitch their proposals, they need to convince the board that all risk identification and mitigation strategies are already in place. Here's how. By **Julie Garland McLellan**.

IMAGE: GETTY IMAGES

Company directors are responsible for corporate performance. They set and monitor strategies and must ensure their management teams are appropriately managing risks. They also approve projects which can be a source of risks and rewards.

However, directors sometimes struggle to identify the key risks in proposals. Therefore, it is up to managers, or whoever is making the proposal, to convince them that effective identification, control and mitigation strategies are in place.

When presenting to boards, managers must understand and identify a risk management framework and provide appropriate guidance throughout the proposal. Integrating this framework helps boards to move away from an excessively conservative position so they can more effectively consider the value of the project.

One of the key factors in addressing risk is to approach it in a holistic manner. While the risks usually discussed are intrinsically linked to the proposal, these are not the risks of most concern to directors. Without identifying and discussing the real risks – the so-called elephants in the room – there will be no plan in place to allay board concerns about constraints to the organisation's success.

Clear strategies

It is important for the person presenting to put forward clear strategies for managing and mitigating risks, even if they are corporate risks and not likely to fall within the purview of the project alone.

Common practice during proposals is to only discuss the financial risks. However, additional elements must be added to suit the company, based on whether it is a commercial, government or not-for-profit organisation. Furthermore, it's important to take into account the fact that that younger and less experienced directors focus on different risks than older directors who have more experience.

Adjusting the presentation to focus on the likely preconceptions of the directors allows the presenter to prepare answers and to guide the conversation towards a successful conclusion.

As a guideline, presentations should cover the following major elements of risk:

> **Financial** Cashflow and the need to have sufficient money for emergencies, with less emphasis on fraud or financial statement inaccuracy.

> **Government** Potential changes in the legislative or regulatory environment that would prevent success. Boards need a system in place to monitor likely policy developments and an agenda for briefing politicians and their advisors on the implications of any change.

> **Resources** Boards, after addressing the financial resources, predominantly focus on human resources. Providing inadequate or misapplied information regarding the resources needed for a project can undermine the project's potential. The loss of intellectual property that comes with departing staff should also be mentioned.

> **Strategy** Directors need to be convinced that a project is aligned with the existing strategy and that the organisation has the skills in place to implement a given project. Effective communication of the strategy throughout the company is seen by the board as essential to success.

> **Leadership** New initiatives need management support. Also, boards themselves express the importance of leadership, characterised by the need to reach consensus and the willingness to take bold initiatives if required by the strategy.

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To maximise the chance of success, board input should be sought at an early stage, allowing ownership of the key risks that will form the basis of monitoring and reporting the project at board level.

Ideally, the board input will firstly be gathered in a forum where board members will feel able to talk candidly about the issues that cause them the greatest concern. This is not always held in the presence of management, except, in some cases, the CEO.

Process of inquiry

Attaining such a forum can be difficult. However, a board retreat or special meeting may help to develop an appropriate setting. To get the most from board input, the forum must be an information-gathering exercise and include a discussion of the largest risks that threaten successful project delivery.

Given a single chance of access to the board, most professionals opt to present rather than to inquire. However, it is the inquiry that opens up the possibility of discovering and developing plans to manage new risks, especially if there's a difference in perception between the board and the management team.

The courageous step of relinquishing control and allowing the process of inquiry to go forward is the only way to gain insight into the board's perceived risks. If there is only one chance to gain board time, then it should be spent developing a shared understanding of the risks, rather than presenting the project proponent's understanding of the risks.

Once the process has started, through an open inquiry, the board should be kept informed via written reports and various graphic key performance indicators. While there is less need for a repeat meeting if the board has reached a consensus, most boards will find time for a follow-up session of some sort with the project proponent.

Boards are more likely to invite back a presenter who has engaged them with their presentation and also provided them with an opportunity to contribute and give their opinion. This is the point at which successful presenters make the leap forward from technical expert to strategic advisor.

Being seen by the board as a person who understands all of the relevant risk factors that the organisation will be taking, and who can thereby add strategic value to the company, will maximise the chances of success for the project. MT

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