



Developing and Sustaining a Strong Governance Culture

David W. Duffy

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My background in Corporate Governance



- Founder of The Governance Company
- 100 board reviews
- Board Experience:
 - Dublin Chamber of Commerce
 - The Ireland Funds
 - IMSTA Ltd.
 - Carr's Children's Services
 - Prospectus DAC
 - Europgroup Paris

Our experience is captured in the following publications:



Recent Initiatives

NED
Talks

**The DNA of the
Director of the
Future Survey**

**Our E learning
programme**
– An Introduction
to Corporate
Governance for
Directors

Overview

- **What is a governance culture?**
- **Why it is important?**
- **How do we know what it is?**
- **What can a Board do to develop a sustainable & strong governance culture?**
- **How can a board evaluation help?**



What is Governance Culture?

- Starts with *what* people do and *how* they do it
- Encompasses *why* people do what they do
- Common set of behaviors and underlying mindsets
- Beliefs that shape how people work and interact day to day.



What is Governance Culture?



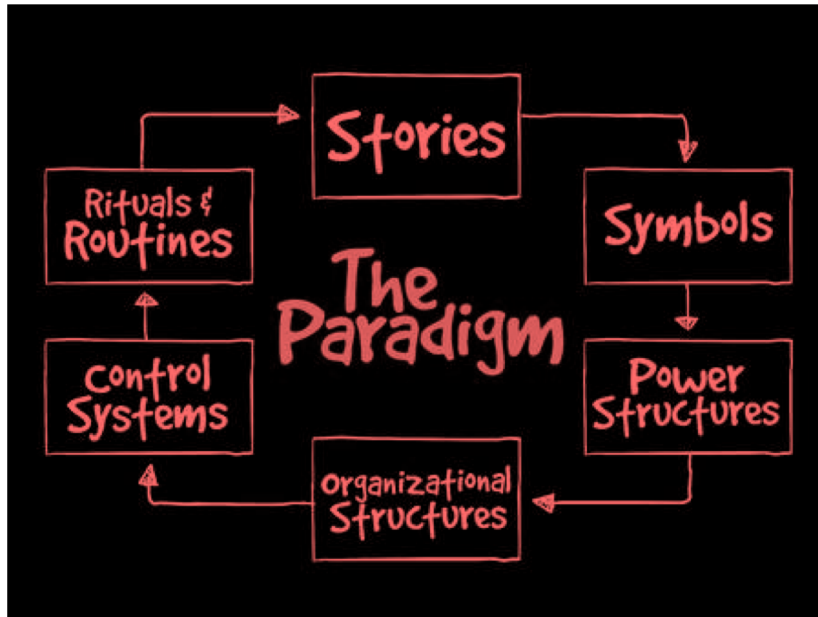
Why it is important?

- A Board sets the tone from the top, influences and shapes culture
- Board / management alignment critical in permeating the culture throughout the organisation
- Drives behaviors
- Improves diversity in boardroom and organisation wide as well
- Garner's shareholder, stakeholder and investor trust.

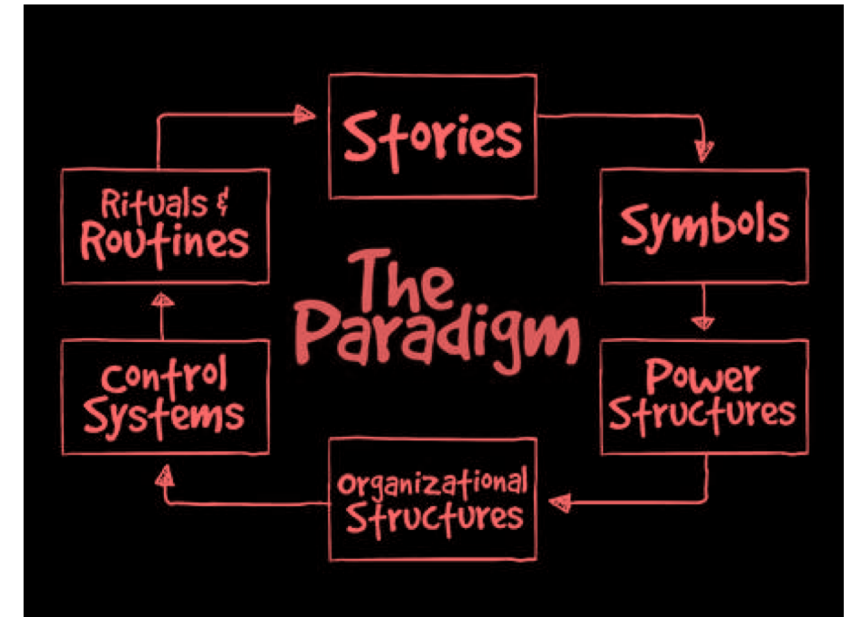


The Cultural Web helps to articulate your current and future culture

TODAY



FUTURE



How do we know what it is?

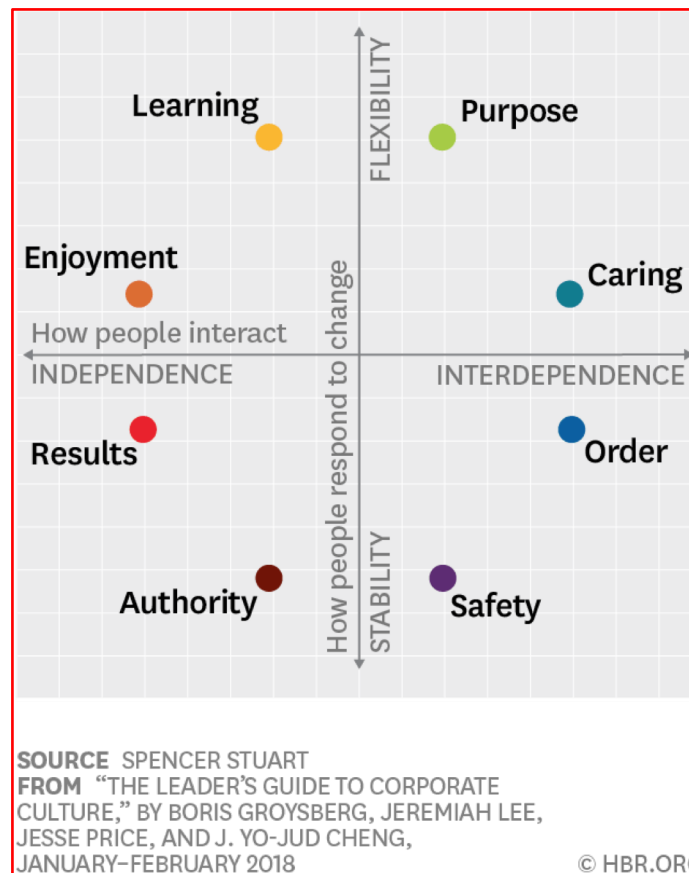
Where does your company's culture fall along these two dimensions and types?

People interactions

Learning: Tesla

"I'm interested in things that change the world or that affect the future and wondrous new technology where you see it and you're like 'Wow, how did that even happen?'"

Elon Musk, cofounder and CEO



Response to change

Purpose: Whole Foods

"Most of the greatest companies in the world also have great purposes....Having a deeper, more transcendent purpose is highly energizing for all of the various interdependent stakeholders."

John Mackey, founder and CEO

Boards role in developing & sustaining a strong governance culture?

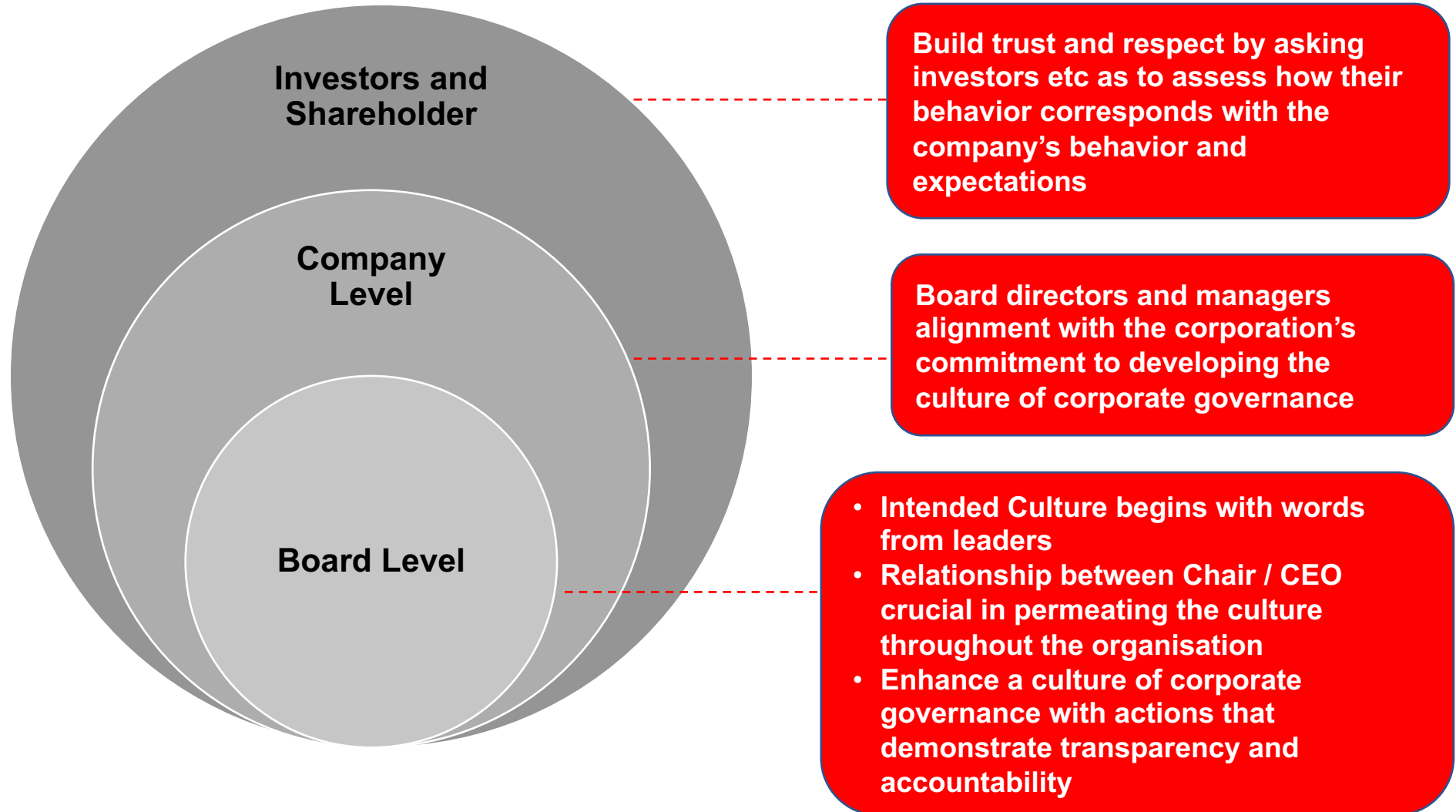


What can a Board do to develop a sustainable & strong governance culture?

- Provide leadership
- Take a deeper look at their company's culture from top to the bottom
- Increase discussion as to how boards ensure the company's culture permeates each corner of the organisation
- A cultural audit will be critical as a tool to assess and measure.



What can a Board do to develop a sustainable & strong governance culture?



How can a board evaluation help in building and sustaining a good governance culture?

- Company principles and values need to be part of the DNA
- Test current knowledge of the culture
- Culture and strategy align?
- Diversity and Inclusion will help
- Transparency, e.g. - information flows to the board
- Accountability - KPIs
- Good relationships.



Finallywhat the Codes say.

The New UK Corporate Governance Code

- **Building trust**
- **Engagement with workforce**
- **Corporate culture that is aligned with the company's purpose**

The Wates Corporate Governance Principles for Large Private Companies

Stakeholders –The board has a responsibility to foster good relationships based on the company's purpose.

The Irish Charities Governance Code

Being accountable and transparent

Contact Details - David W Duffy

www.governance-company.com

E: dwduffy@governance-company.com

M: + 353 87 2423046

Case Studies

DIRECTORS' DILEMMA - Behaviour of Audit Committee Chairman

Netflix Approach to Governance Genuine Transparency with the Board

<https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/cgri-closer-look-71-netflix-approach-governance-boards.pdf>

According to David Hyman, the Netflix's general counsel: Our culture deck and the way in which we operate with the board are intertwined. Everything from "freedom and responsibility," "candor," "context not control," and "transparency." All of those play together and work well. It would be incongruous to have this interesting culture and then have a board that was kept in a box.

References

<https://hbr.org/2018/01/the-culture-factor>

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<https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/culture-4-keys-to-why-it-matters>

The Governance Company - Governance Review 2018