



EXECUTIVE SUMMARY

THE JOB: Agreeing to join a board of directors means taking on a position of heightened responsibility, governed by hundreds of laws and carrying the risk of being held personally liable for poor business decisions. When you become a director, you sign a CM27 form in which you effectively declare that you're capable of fulfilling the role and are aware of the implications involved. It's a position which requires experience, knowledge and dedication.

THE BOYS' CLUB: Although the board of directors is traditionally the domain of male executives, the world is realising that diversity - in terms of culture, ethnicity and gender - is imperative on corporate boards. While countries such as Norway have legislated that firms must have 40% female representation on boards, South Africa is, sadly, lagging. Nevertheless, the 2008 BWA South African Women in Corporate Leadership Census shows that the number of female directors has increased from 221 in 2004 to 419 in 2008 - a hike from 7,1% to 14,3%.

Being an Effective BOARD MEMBER

BOARD MEMBERSHIPS, FOR THE UNINITIATED, MAY SEEM LIKE JUST ANOTHER SUCCESSION OF MEETINGS. HOWEVER, IN A WORLD ROCKED BY GLOBAL CORPORATE GOVERNANCE SCANDALS SUCH AS ENRON, WORLDCOM AND EVEN PARMALAT, THE ROLE AND VALUE-ADD OF INDIVIDUAL BOARD MEMBERS HAS NEVER BEEN MORE CRUCIAL

WRITTEN BY CARA BOUWER

Sonja Sebotsa, Principal Partner of investment company Identity Partners, says a good board member:

- Is committed and well-prepared.
- Has an objective and enquiring mind.
- Is supportive, yet probing.
- Keeps the big picture in mind.

“While board members aren’t expected to be industry experts, they need to keep up-to-date with global, economic and sector trends, as well as with developments such as best practice in corporate governance, or changes in company law,” she says.

For Rojje Kisten, Head of Old Mutual’s Section 21 Masisizane Fund, the importance of experienced guides and mentors is critical. “We’re privileged to have two non-executives like Gareth Ackerman [Pick’n Pay Holdings Chairman] and Dr Iraj Abedian [CEO of Pan African Advisory Services] on our board, who keep us on the straight and narrow. We also appointed Old Mutual SA’s former Financial Director, Peter Golesworthy, as an independent consultant and he’s helped us design the right governances to ensure that we mitigate risks where we can, without deviating from our mandate.”

CHANGING LANDSCAPE

However, these days, experience alone is no longer enough, and boards are increasingly focusing on the importance of diversity.

Zandi Mbele, Dimension Data’s Executive Director: Middle East and Africa, says: “Boards should represent the shareholder landscape. If an organisation represents the wider society, then it should reflect the demographics of the country.”

Unfortunately, change takes time – and when

Sandra Burmeister, CEO of executive search group Landelahni Business Leaders, undertook a report into SA’s top 100 JSE companies in 2007, she was surprised to find that 30 “don’t have one woman on their board”.

SA isn’t alone. In fact, Burmeister’s report showed that on the London Stock Exchange, 23 of the 100 FTSE-listed companies had no female representation on their boards. Despite research by Catalyst showing that *Fortune* 500 firms with the highest proportion of female directors deliver some 53% higher returns than those with lower representation, some countries are even having to legislate for change. Earlier this year Norway made it compulsory for all listed companies to have 40% female representation on their boards. Spain has also passed laws to push for female board placements of 60% by 2015, according to *Directorship* magazine.

Lindie Engelbrecht, Chief Executive of the Institute of Directors in Southern Africa, believes this isn’t the way to go. “The composition and balance of a board is one of the key elements of corporate governance.

“As corporate governance doesn’t work on a ‘one-size-fits-all’ basis, you have to allow companies to determine the most appropriate option for their size and complexity. As we’ve seen with BEE, legislation also results in window-dressing and doing the right things for the wrong reasons – which is just as bad as doing the wrong things for the right reasons.” >

ONLINE BONUS: What’s more important: board diversity or securing the right skills? Find out more and join the debate at: www.destinyconnect.com



THE VOICE OF EXPERIENCE

Sonja Sebotsa is a seasoned hand when it comes to offering value at board level. Since 2002, she's sat as a Director for companies such as FirstRand, Paracon, Discovery Holdings and, more recently, RMB Holdings, Anglo Platinum, and Mr Price Group.

Sebotsa, a former Vice-President at Deutsche Bank and Executive Director of WDB Investment Holdings, is the Principal Partner of investment firm Identity Partners, which makes investments, and carries out advisory work and financing for SMEs through a fund. She holds an LLB (Hons) from the London School of Economics and an MA from McGill University.

What do you feel is the ideal composition of a board?

A good balance of people with diverse backgrounds in terms of personal attributes and professional experience. This augurs well for robust debate, alternative views and meaningful involvement in sub-committees, where much of the detailed work of the board's mandate is carried out.

What do you do to keep the board-CEO relationship in good repair?

Every company and every CEO is different, and a good guide is the general culture of the organisation – for example, is it hierarchical or is it open? Another cue is the chairman's approach and communication with the CEO. A good CEO values the board and its input and *vice versa*. These aspects balance the board's freedom of debate, its supportiveness of the CEO and its custodianship of shareholder interests.

What strategies can make a board more effective?

The effectiveness depends on various factors, including the information provided to the board by management and the effectiveness of the chairman. Fortunately, we have very good chairs on the boards I serve on, although each board has its own style. I've seen the

effectiveness of their influence on the format of the meeting's agenda and papers, as well as how they handle the composition of sub-committees and the debate. There are also periodic board effectiveness reviews (these can be self-assessments or those done by outside consultants).

SEBOTSA'S SUCCESS TIPS FOR BOARD MEMBERS

- **Get into training.** "Don't underestimate the value of sitting on other governance structures – such as an advisory board, a board of trustees or a sub-committee of a board – prior to sitting on the main board of a listed company. These are good training grounds and offer good insights."
- **Orientate yourself.** "Ask for an orientation session when you join a new board, if they don't have one arranged. If the company has operations you can visit, take the opportunity to do so. Every company is unique, so at a minimum, talk to the chairman, the CEO and the company secretary regarding expectations and conventions."
- **Learn to diarise.** "Accept the time commitment involved and get the annual calendar into your diary early."



THE ENTHUSIAST

Rojje Kisten is a poster child for job satisfaction. Even after 13 years with the Old Mutual group (including some time at Nedcor), she remains as passionate about the company as ever. This enthusiasm is carried into her role as Head of Masisizane Fund, a non-profit organisation funded out of Old Mutual's 2% of unclaimed free shares from its 1999 demutualisation.

Masisizane was allocated "R500 million

from the unclaimed shares", says Kisten, and aims to advance women-owned micro, small and medium-sized enterprises. So far it's distributed R10 million.

Kisten, who holds an Honours degree in business administration, says: "Masisizane is really making a difference in the lives of ordinary citizens. Now, how many people can say that?"

What challenges do you face as Head of Masisizane and a member of the board? Emphatically, not deploying the money fast enough, and not having enough time to reach all the projects.

How long have you served on boards?

I was the President of ABSIP (Western Cape) for 2005 and 2006. I also represented ABSIP at Business Unity SA. I'm an alternate member to Old Mutual Group CEO Paul Hanratty on Business Leadership SA. I serve on the Deputy President's Task Team for Youth. I also serve on the Dreamfields board, a soccer initiative, and I'm a Trustee on the Old Mutual Board of Trustees for the Old Mutual Foundation. In my private capacity, I serve on the Mandela Bay Development Agency in Port Elizabeth.

How key is a board with a global reach?

Some of our South African board members have international links and have been able to connect us to people we'd never have met had we tried to do it on our own. So I was privileged to spend time in Bangladesh with Prof Mohammed Yunus, the founder of the Grameen Bank that led the way in micro-finance for women. Jay Naidoo, one of our Old Mutual Board members, knows him very well and took me to that country to meet him.

KISTEN'S IDEAL BOARD ATTRIBUTES

- **Passion.** "I'm passionate and energetic about the empowerment of women. I spend a huge amount of time in rural SA, so I know the realities that face the women in those areas."
- **Teamwork.** "I'm not a great strategic thinker, but my team and I are big on execution, so we get things done."
- **Support.** "I have a CEO and Chairman who give me great support. And I have a huge organisation that supports me."



THE TRANSFORMER

Zandi Mbele is the ultimate global citizen. Home could be Johannesburg, London or Durham in the UK, where, as a Chevening Scholar, she read for her MBA.

Mbele started her professional life as a journalist. But, following the 1994 elections and a narrow escape from attack during the political unrest in Ulundi, she went corporate, working first for New Age Beverages and later for herself as Managing Director of Hive Communications.

However, it was as General Manager: Corporate Affairs/Regulatory at Sentech that she gained a true insight into regulatory issues and a broader understanding of the Telecommunications Act and industry. This period marked her first foray as a board member in the ICT sector, with the Universal Service Agency. After obtaining her MBA, she joined Metropolitan Holdings. An Executive Directorship at Dimension Data and Plessey soon followed.

What strengths do you offer the Dimension Data and Plessey boards?

An understanding of the Telecommunications Act and the ICT Charter, as well as the ICT industry. I also offer a global approach. I've worked and lived in Africa and Europe, and this company has a presence in 38 countries around the globe. I bring invaluable public- and private-sector experience, as well as an understanding of this continent.

Locally, your expertise in transformation issues and efficiencies must be key.

Certainly, efficiencies are key. They involve driving down operational costs while improving reliability, flexibility and quality of service. Also key is my passion for transformation issues. I believe transformation isn't just a box-ticking exercise: it's a business imperative.

What has the Dimension Data experi-

ence taught you?

What I like about this organisation is that it's very customer-centric and entrepreneurial. It was started by three or four people who had a vision. Today there are close to 11 000 people worldwide and 60% of the global *Fortune* 500 companies are Dimension Data clients. As such, it's very important to interface with the client, and we all interface from the CEO downwards.

MBELE'S IDEAL BOARD ATTRIBUTES

- **Honesty, prudence and diligence.** "Integrity is something you build over time. It's important that when people see the composition of the board, they say: 'Wow! This board has people of a calibre I respect.'"
- **Consistency.** "Link your values to your behaviour."
- **Be a good listener.** "People say that at your first board meeting, you should just sit and listen."
- **Read, read and read.** "It's important to read constantly and about anything. It really does broaden the mind."



THE EXPERT

Lindie Engelbrecht, Chief Executive of the Institute of Directors (IoD) in Southern Africa, is better placed than most to talk about the issues of corporate governance and the role of directors. The IoD, a non-profit organisation, is a membership institute for directors and leaders in both the public and private sector which aims to drive and encourage sound corporate governance.

Prior to taking up the reins at the IoD in January 2008, Engelbrecht was a Director at accounting firm KPMG's Department of Professional Practice, focusing on assurance

and corporate governance.

Her philosophy of life is: "Do something every day that will inch you closer to a better tomorrow. Nothing worthwhile comes without hard work, be it a happy marriage, a successful career or a happy family."

What's holding local firms back in terms of diversity at board level?

Diversity at board level is problematic because of the fairly limited pool of experienced directors in SA. We have many skilled, young directors, but because they lack experience, they aren't considered for board appointments. These appointments are still made on the basis of who is known (one can't question this approach, as it's vital that the board members can trust each other). Companies in SA have focused on racial diversity (which has been appropriate, based on our imperatives as a country), but they haven't focused enough on gender diversity.

What benefits come with diversity?

A balance of views and a better understanding of cultural and other differences. This ultimately results in better boards and better decisions.

Does the perception of "tokenism" have a place in this debate?

Yes. No member of a board should be appointed on the basis of tokenism. Every board member is equally responsible for correct decisions, as well as for incorrect ones. It's immoral to appoint someone who doesn't understand their duties and responsibilities and to have them there "just to get the points".

ENGELBRECHT'S IDEAL BOARD ATTRIBUTES

- **The right mix.** "The essence of the ideal board is to get the balance right between experience, skills and independence. Once you've found the right mix, it's important to get the different gender, racial and age perspectives."
- **A tailor-made approach.** "There's no right or wrong answer, as the question of the ideal board should be applied to each individual entity - for example, you wouldn't want the board of a young, entrepreneurial-type IT company to comprise men in grey suits." D