4 in 1
An Obvious Theory of Directorship

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Abstract

Ours is the age of Google Governance where the answer to any Corporate Governance question seems just a quick search away. But why, no matter how many answers, does improved Board performance still seem so far away.

Donovan and Tunjic in their *article 4 in 1 - an Obvious Theory of Directorship* argue that lost in the mire of Corporate Governance answers are 4 obvious and fundamental insights into how to excel in the practice of Directorship:

- Make and keep the best promises that you can.
- Understand the 4 Functions of Directorship and how they help you keep your promises.
- Practice Directorship as a Team (not just as a Board) that includes Directors, managers and others.
- Behave according to the Function of Directorship you are fulfilling.

4 in 1 - an Obvious Theory of Directorship explores these insights and provides Directors and others who work in Directorship a practical way to organize their understanding and excel at the art and practise of Directorship.

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4 in 1 – An Obvious Theory of Directorship

Corporate Governance has become Google Governance, a discipline and profession saturated by a morass of answers to the same little questions.

Directors are trapped by answers to familiar little questions. What is the right role for the Board? What is the right structure and composition? What are the right processes? What is the right balance between long and short term? And more recently, what personalities make better Directors?

The last remaining question for Corporate Governance is why there has been devastatingly little progress, despite the surplus of answers and the conscientious efforts of regulators, exchanges, experts and Directors to improve Board performance.

Thankfully, the solution does not need to be another round of answers to the same little questions. To solve the mystery of why Boards aren't getting any better you only need to stop and consider human progress. Progress has always been affiliated with big questions. If human advancement had been left up to the little questions, our collective achievements might only be measured by a better class of spear, cart or telegraph.

Our times demand answers to a big question – Is there a universal theory that brings together all the principle of Corporate Governance with the practical experience of Directors and Boards? Only then will we begin to see real improvements in Board design; more effective and relevant tools, processes and procedures; the re-education of regulators and others who have misunderstood Directorship; and ultimately, a more progressive profession that leads rather than follows the fashion makers of Corporate Governance.

In response to this challenge, this paper introduces 4 in 1 – An Obvious Theory of Directorship. We say obvious because, rather than add to the current answers of Corporate Governance, we have looked deeper to observe and identify four principles of Directorship that seem obvious to us, but that have gone without saying:

- Directorship is about making, managing and meeting promises;
- Directorship divides into 4 discrete but interdependent functions;
- Directorship is practised by a team that includes both Directors and others; and
- Directorship requires different types of behavior at different times.

We propose that when these four principles of Directorship are aligned, they form a structural framework for understanding Directorship. However, this is not a how-to manual for Directors. Rather, it provides Directors the missing taxonomy or way to organize all that they do.

You may be wondering why we use the term Directorship. Directorship implies that the systems and frameworks that provide corporate direction and control, include and transcend traditional approaches to Corporate Governance and the focus just on the Board. By using the term Directorship we invite you to look beyond the little questions and begin to think about directing in new ways.

Directorship Starts and Ends with Promises

Corporate Governance wasn't always pre-occupied with little questions. As early as 1776, Adam Smith was questioning Directorship:

> *"The directors of such companies [joint stock companies], however, being the managers rather of other people's money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a private company [owners] frequently watch over their own …. Negligence and profusion, therefore, must always prevail, more or less in the management of the affairs of such a company."*

With the separation of powers between Board and Management over the course of the 20th century, those whom Smith distrusted, would provide the owners (Shareholders) with an answer. Boards would protect Shareholders against managerial self-interest and later, maximize Shareholder value. The answer to Smith was to entrench Shareholders at the centre of the Directors' universe.

But, there is a more obvious purpose that precedes the Shareholders greatest fears and hopes. As far as we are aware, there is no country that permits the Shareholders to incorporate a Company without at least one Director. Directors give the gift of life to the Company and the Company gives the gift of control to the Directors.

However, it is not really an exchange of gifts but an exchange of promises between the Company and the Directors. The promises are described in the Company's Constitution or like document, the Directors letters of appointment and the law. The offer is the consent to become Directors, and the acceptance – completing the bargain, is their appointment by the Shareholders.

It seems obvious that the relationship between Director and Shareholder may not be as settled as many believe. Whilst many consider that Directors are essentially the agent of the Shareholders, it is open to consider that the relationship may actually be one of equal joint venturer in the Company.

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There should be no reason to imply purpose upon a corporate Board. It should be explicit. For example, if the Shareholders and original Directors of a Company consider that the Board's principle purpose was to maximize Shareholder value, why leave it out of the Constitution? This is akin to buying a house and not mentioning the house in the contract of sale.

Despite the omission, many corporate Directors have taken upon themselves to correct the mistake and entrench the unspoken term by managing the affairs of their Companies as if this term were written in red, bolded and underlined in the Constitution. The question is whether the omission was just poor drafting or was never part of the original bargain. And, if that was not the promise then what was?

This conclusion opens Directorship to new possibilities. Starting with the proposition that the purpose of the Board cannot be separated from that which the Directors have promised to do – the purpose of the Board is to fulfill their promises to the Company, whatever has been agreed by both the Shareholders and the Directors.

If the purpose of the Board of Directors is to satisfy those original promises, it comes as no surprise that the Directors can only keep their word to the Company by making, managing and meeting even more promises. The promise to the CEO delivers the Company management; to suppliers, delivers raw materials; to employees, delivers a workforce; and so on until you arrive at the promise to the customer that (hopefully) delivers revenue. And, if you follow that last promise, back through all the other promises made, managed and met to support that promise to the customer, the Director should be able to demonstrate that he or she has delivered on the original promise to the Company.

Promises are the forgotten internal combustion engine of the company and primary source of the company's sustainable advantage. The Board's role, as the company's primary promise maker is to make, manage and keep the best promises it can. The first promise provided the capital and the last promise the return on capital. As the global financial crisis of 2008 has shown, a Company's survival ultimately depends on its ability to keep its promises. The fate of many companies who simply could not repay their loans provides a cautionary tale of what happens when you make the wrong promises which you then cannot keep.

Three hundred years before Shareholders were first positioned in the centre of the Directors' universe, Copernicus was busy positioning the sun in the centre of our universe. Copernicus was not convinced that the theories of the day always explained what was observed in the night sky.

As Thomas Kuhn pointed out, in the time before Copernicus, "Astronomy's complexity was increasing far more rapidly than its accuracy and that a discrepancy corrected in one place was likely to show up in another."

If this sounds a little like the state of Corporate Governance, we agree. By replacing Shareholders with promises at the centre of the Director's universe, the observed workings or functions of the Board become simpler and more predictable.

Directorship Divides into 4 Functions

The "to do" list for most Boards reads much the same – appoint the CEO: approve capital structure, dividends and budgets; monitor solvency and risk; and finally ensure the Company has a sound strategy with all legal requirements being met. This list has more recently been reduced further to monitoring, making decisions and solving problems, in the interest of maximizing Shareholder value.

Housekeeping	Housekeeping describes what Boards do to form, maintain and manage the Board, as an entity in its own right, capable of performing the other three Functions.
Decision Making	Decision Making describes what Boards do to make promises that relate to the Company (and not the operations of the Board), that only it can make either because the law says so or because the Board has reserved those decisions to itself. This category also includes where the Board has promised to personally deliver on its word.
Supervising	Supervising describes what Boards do to supervise those to whom they have entrusted the right to make, manage or meet promises on their behalf.
Helping	Helping describes what Directors do to help the Company or the Management, without expectation that the help will be accepted or acted upon.

Figure 1 – The Four Functions of Directorship

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The reality, reinforced by what Boards are actually expected to do, is that there is much more that a Board does to make, manage and keep promises.

The difficulty for Directors is that without a theory, it is difficult, if not impossible to manage and meaningfully prioritize the actual functions of directorship. It is little wonder that as directorship becomes more complex the explanations for what directors do are becoming shorter and shorter.

The key to understanding and managing the complex roles of directorship is to break down all that Directors do, or are expected to do, into four descriptive functions and then group within those categories the activities, roles and Corporate Governance topics that best fit within each.

See Figure 1 (previous page) describing the Four Functions of Directorship.

We call Housekeeping, Decision Making, Supervising, and Helping the Four Functions of Directorship. Each Function is interdependent, and changes to one Function will impact on the others. In figure 2, we have briefly shown how some of the major topics of Corporate Governance and the associated sub categories and tasks, can be arranged to fit within the Four Functions of Directorship.

See Figure 2 (right) showing Corporate Governance and the Four Functions of Directorship.

Housekeeping Function

Personnel
- Board composition and size
- Board culture
- Director/chair/secretary/external advisors selection/recruitment, appointment, review/evaluation, removal, succession
- Induction
- Board evaluation

Operations
- Calendar, agenda, meetings, minutes
- Charters and policies
- Decision making processes
- Sourcing inputs ie.information/reports/ feedback
- Maintenance and management of networks
- Technology and knowledge management
- Evaluating and improving operations

Finance
- Director remuneration
- Operational budget for Board

Legal and Secretarial
- Maintenance of all necessary registers
- Regulatory notifications relating to the Board
- Meet regulatory requirements related to Board
- Management of conflicts of interest

Outsourcing
- Nominations and remuneration committee
- Governance committee
- External service providers to the Board

Decision Making Function

Conformance Promises
- Non delegable obligations in Company Constitution
- Monitor solvency/licence conditions
- Prepare financial statements
- Regulatory requirements
- Occupational Health and Safety

Capital Promises
- Capital structure, share issues, share registry maintenance, dividends, general meetings; shareholder communications, takeovers.

Corporate Promises
- Leadership
- Brand values and culture
- Company strategy -direction, plans, review and change
- Corporate performance -approve budgets, approve significant transactions – sales acquisitions etc, changing accounting policies
- CEO selection/recruitment appointment, review, evaluation, removal succession
- Risk-set risk appetite & approve risk plan, monitor risk in line with other decision making functions, crisis communications
- Other - the range of decisions that the Board can reserve to itself is unlimited.

Delegations
- Make and terminate delegations to directors, committees (Audit and Risk), employees and other delegates

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Supervising Function

Manage, Monitor, Respect and Review Delegations
- Establish delegation policies
- Document delegations
- Receive information from the delegate in relation to the performance of the delegation
- Provide constructive feedback to delegate in relation to the performance of the delegations
- Evaluate performance of all delegations

Helping Function

Company
- Directors provide the Company with access to resources, corporate opportunities, access to capital etc

Management
- Directors provide employees with advice, mentoring, contacts

Figure 2 – Governance Tasks and the Four Functions of Directorship

Grouping the topics of Corporate Governance into Four Functions raises new little questions for each Board to consider: Where do we spend most of our time and attention? What is the right balance of Functions given our Company's history, life cycle, size, market position etc, etc? What skills and knowledge do we need for each Function? What resources, assistance and other inputs do we need to perform each Function? Does our "to do" list match what needs doing? The answers to these new questions provide each Board a fresh opportunity to start changing direction.

The ***Four Functions of Directorship*** gives a simple and useful order to the previous morass of Corporate Governance answers. More importantly, it provides a lens to observe the operations of the Board in ways that have never been seen before. In the next part we examine how a Board manages to tick off the necessary functions of directorship when they comprise only a handful of part time members, meet a few times a year, have one official staff member, and generally have no budget or resources of their own?

Directorship is Practised by a Team

Most commentators on Corporate Governance would have few problems with the notion that Directorship is practiced by a team. They may however be shocked to discover that the Directors are not the only ones on the team.

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Corporate Governance suffers from a form of tunnel vision, only seeing the Directors and the Board. We suspect the cause of this narrow view is found in debates that isolate the Directors behind the line that defined their role and purpose, separate from that of Management. Whatever the cause, it is clear from recent publications, that efforts to improve the performance of Boards focus almost exclusively on the Directors.

But Directors are not alone behind the line. What seems obvious is that the individuals who occupy positions of Management have a role to play on both sides of the line – on the Management Team when managing and on the Directorship Team when performing a role within one of the Four Functions of Directorship. A simple test is to ask a member of the Management Team how much time they spend preparing board reports. In our experience, responses can range from a couple of days up to a week a month. For that time at least, that person works in Directorship.

The CEO, executives, external advisors and other individuals all work in Directorship on a part time basis. They are not Directors and have full time jobs outside Directorship. But together with the Directors they form the Directorship Team. It is this team and not just the Directors that perform the Four Functions of Directorship. Critically, each member of the team has a different role to play depending on which of the Four Functions is being performed. Each role has its own skills and knowledge and most importantly, each role has its own unique behavior that contributes to the overall performance of the team.

For the purposes of this article we are calling the members of the Directorship Team – Directives. A Directive may, depending on the circumstances perform different roles within the Four functions, for example as a delegate, a service provider, a Director, or as an advisor. While it is true that some of these roles are only performed by certain Directives, the term allows for an important distinction between the individuals and the changing roles they perform within the Four Functions.

If this sounds too complicated, take comfort that the underlying principle is understood by 8 year old American boys. In an American National Football League a team can have up to 53 players but only 11 players take to the field at any time. If the team is in possession of the ball, an offensive team will take to the field. When not in possession, the defensive team will take the field. There are also special teams based on other situations i.e. kicking. Each of these teams is different to the other with its own unique positions, skills and plays. A very similar thing happens in Directorship, but regrettably, often with less skill than the players of under 9's American Football teams.

The insight that Directors are not alone in Directorship can be illustrated through some of the interactions between the CEO and the Board within the Four Functions.

Function	Roles: Board	Roles: CEO
House-keeping	Primary role of the Board is to ensure that it is most able to perform all other Functions.	Primary role of the CEO is to provide secretariat services to the Board. The CEO may also provide input to the Chairman in working out the agenda for Board meetings.
Decision Making	Primary roles of the Board are: • To make those decisions which relate to the Company as a matter of law, or have been reserved by the Board • To perform and discharge obligations which are the responsibility of the Board and cannot be delegated to another party.	Primary role of the CEO is to prepare and provide those reports and other inputs that the Board requires to perform its Decision Making Function. Unpopular as this may sound, when it comes to Decision Making the CEO is acting in the capacity of service provider and not according to a delegation.
Supervising	The primary roles of the Board are: • To assist delegates perform the matters within their delegation • To monitor the progress, outcomes and material issues relating to matters which have been delegated by the Board.	The CEO's role is as a delegate according to a delegation of the Board. As a delegate the CEO engages with the Board to provide and receive information, which will help the Board monitor the delegation and the CEO perform the delegation. The role entitles the CEO to exercise discretion not available when performing their role in Decision Making.
Helping	The role is performed by individual Directors who provide contacts, advice etc, to individual employees, or the Board as a group acting as in an advisory capacity.	The CEO's role is that of delegate. As a delegate they are entitled to take or leave the advice or assistance without recrimination.

Figure 3 – Roles of the Board and the CEO in each of the Four Functions.

Figure 3 (above) describes the primary roles of The Board and the CEO in each of the Four Functions.

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The same analysis can be taken with respect to all Directives including the Chair, individual Directors who may have other roles to play, other members of the executive, other delegates, Committee and external service providers. What emerges is a picture of Directorship that exposes gaps in the answers to the little questions of Corporate Governance:

- **Structure** includes and transcends the size and structure of Board – *What is the right size and structure of the Directorship Team?*
- **Composition** includes and transcends the mix of skills and experience of the Board – *What is the right mix of skills and experience for all the roles to be filled on the Directorship Team?*
- **Processes** includes and transcends the Board's processes for performing the Four Functions – *What are right processes between the Board and Directives?*
- **Behavior** includes and transcends the behavior of the Directors between themselves – *What is the right behavior between the Board and Directives?*

This last question is perhaps the most valuable to consider. As others have rightly pointed out, Boards are social systems in which behavior counts for as much as skill and knowledge. But there is more to behavior than behavioral type.

Directorship Behavior is Complex and Gets Complicated

In his acclaimed article "*What Makes Great Boards Great?*" Professor Jeffery Sonnenfeld recognizes that Boards should work toward a fluid portfolio of roles for Directors:

> *"Don't let directors get trapped in typecast positions –the peacemaker, the damn-the-details big-picture person, the ruthless cost-cutter. Push everyone – including the CEO – to challenge his or her roles and assumptions."*

This, and other work into behavioral type, is one side of the equation of how behavior contributes to better Boards and Directors. The other side is to consider the behavior demanded, or at least suggested by the Function and role being performed.

With the aid of the Four Functions and the concept of the Directorship Team, we believe it's possible to consider what all great directors and CEO's know – that in Directorship, there is a time and a place for many different kinds of behavior.

An independent Director of a well regarded finance company exhibited very effective decision making behaviours; critical questioning, clear and strong demands of management for information; courage and conviction in pursuing a line of argument. Yet in his Director Performance Assessment management rated him very poorly, seeing him as overly critical and micro managing them. It became apparent that he did not shift from the decisive behaviour of the Decision Making Function to a more supportive and inquiring beahviour in the Supervision Function. He worked hard on this feedback and two years later in the next performance assessment he was regarded by management as one of the star performers of the Board.

A simple test, if you are a Director, is to ask yourself whether you change the way you behave towards Management depending on the task at hand, or whether Management changes their behavior towards you depending on their task at hand. If you don't you may only be in line and in step with your role and responsibility as a Director for a quarter of the time. If the Board and Management do not, they may only be aligned one sixteenth of the time or worse still, never.

Put simply, our hypothesis is:

- There are universal behaviors of Directorship that apply equally to all Functions and all roles;
- There are also "Functional Behaviors" which are more appropriate or consistent with the performance of a particular Function than other types of behavior; and
- The Directorship Team can, and should modify their behavior between each other depending on the Function and the role they perform.

Housekeeper	The Housekeeping Function is complimented by being collaborative and collegiate toward other Directors. Healthy behaviours we associate with Housekeeping include: collective responsibility, consensus building, respect, compromise and judgment.
Decision Maker	The Decision Making Function is complimented by the Board being decisive and deliberate in its actions and by each Director taking personal responsibility for each activity within Decision Making. Healthy behaviours we associate with Decision Making include: questioning, purpose, persuasion, independence of thought, critical thinking and "open dissent".
Supervisor	The Supervising Function is complimented by the Board being respectful of the delegation and the delegate. Healthy behaviours we associate with Supervising include: curiosity, respect, engagement, support and appreciation.
Helper	The Helping Function is complimented by each director being generous and helpful without expectation. Healthy behaviours we associate with Helping include: a willingness to share, support and encourage.

Figure 4 – Healthy Behaviors Between Individual Directors and as a Board

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Finally, we believe that the misunderstanding and misalignment of the types of behavior in the boardroom and between the Board and Management, is an undiagnosed disease within many Boards and Companies – and may even explain why Boards and Companies fail. Fortunately, changing the type of behavior needed to treat the disease may be easier than changing your behavioral type.

Professor Sonnenfeld points to behavioral characteristics as hallmarks of good Boards and Directors. Universal behaviors of the kind he describes include: trust, candor and individual accountability. To this we would add mindfulness, or awareness without judgment; a generosity of spirit; and clarity between Directives as to what is required of each other.

Functional behaviors are a little more complex. To understand functional behaviors you must first consider what the Board is trying to achieve by performing that Function and then imagine the type of behavior that might compliment that Function.

Figure 4 (previous page) describes the healthy functional behaviors between Directors individually and as a Board.

Critically, complimentary functional behaviors also exist between the Board and other Directives. Each Function implies a different relationship between the Board and those who support, inform, advise or assist the Board to perform their Directorship Functions. Based on this relationship it is possible to consider the type of healthy behaviors that are appropriate for the role being performed at the time.

Function	Behaviours Toward Each Other	
	Board	CEO
House-keeping	Pragmatic Appreciative of assistance Considerate	Helpful and generous Diligent and punctual if providing requested service. Can negotiate if unable to provide the service as requested.
Decision Making	Assertive Forthright with their request and evaluation of the service provided Mindful of other demands on CEO's time and the CEO's conflict of interest as a service provider in Decision Making and a delegate in Supervising	Not selective with information Punctual and diligent with supply of requested information or services Must disclose information that is material to Decision Making by the Board Can negotiate if unable to provide the requested inputs as required by the Board.
Supervising	Constructive Supportive Enquiring Respectful and accepting of the CEO's decisions if within scope of delegation. Care must be taken by the Board not to unwittingly take back the delegation.	Informative but selective with information Loyal Open to feed-back and direction Personal responsibility.
Helping	Considerate Counseling Willing to share Support and encourage Director who offers help should have no expectation that the suggestions will be followed.	Independence of judgment Appreciative but able to say no or not follow advice or recommendation.

Figure 5 – The Changing Healthy Behaviors between the Board and the CEO

Figure 5 (above) illustrates the changing healthy behaviors between the Board and the CEO being another Directive.

The same analysis can be undertaken with respect to all Directives, including other members of Management team who report or provide services to the Board, committees and external advisors.

At this level of understanding, Directorship is at its most complex and complicated. It is complicated because there are Four Functions, each with an appropriate or complimentary behavior, but Boards and CEOs tend to behave as if there was only one Function being performed and only one way to behave toward the other.

If we had to pick that one functional behavior that Boards and CEOs operate within, we suspect that Boards are nearly always in their Decision Making role and behavior, and CEOs nearly

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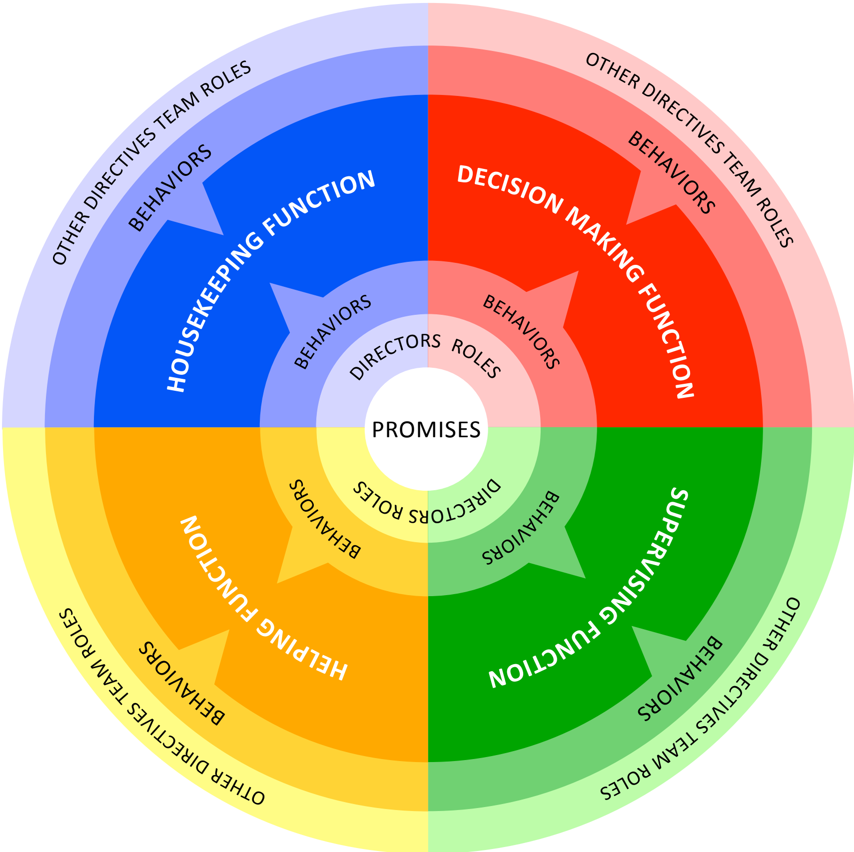
Figure 6 – 360 Degree Directorship



always in their Supervising role and behavior. No wonder Boards and CEO's often complain of a strained relationship that verges on the adversarial. But it does not have to be that way if both CEOs and Boards see each other as on the same team and play and behave in the way needed for the respective Function being performed.

An Obvious Model of Directorship

It may come as a timely surprise to many, but there is a wonderfully elegant system to Directorship hiding amongst all the answers of Corporate Governance. It begins with the promises made by the Board that gives life and the initial capital to the Company. The Board meets its promises by performing many roles that can be classified into four descriptive Functions. But the Board does not perform these Functions alone. There are other Directives in the Directorship Team that also have roles to perform. Finally success of the Directorship Team depends on the behavior of the Directors as a Board, and the behavior of the Directorship Team as a whole.

Figure 6 (left) represents the model described by the 4 in 1 Theory.

Based on the ***4 in1 Theory of Directorship*** we have created a model called 360 Degree Directorship (as shown above in Figure 6). This model combines each of the elements discussed above to graphically represent the ambition of alignment between promises, functions and the behavior of both Directors and Directives.

Of course, the reality is that there is never an even distribution of functions within a Board. Each Board will set their axes of Functions based on the time, energy and focus on each. For some Boards that can mean there are only 1 or 2 Functions ever performed. Moreover, the behavior of the Board and Directives do not necessarily follow and align with the Function being performed. As you may recognize with your own Board, there are directors who behave the same way no matter what Function is being performed.

Using the 360 Degree Directorship Model it is now possible to recognize, and even explain, the damage done to Boards and Companies by misalignment between best promises, functions and behaviors and to intervene in each with practical steps to realign the Directorship Team.

Our challenge to Directorship Teams is to constantly seek to align the best promises of the Board and Company to the mix of the Four Functions needed to meet those promises; and to the roles and behaviors of the Board necessary or desirable to discharge those Functions. Finally, all these need to align with the roles and behaviors of all other Directives who support the Board. Viewed in this way it becomes possible to dynamically measure successful Directorship.

Principles of Directorship

1. *Know the Promises of the Board and the Company.*

2. *Align the following Four Functions of Directorship with the Promises of the Board and the Company:*
   – Housekeeping
   – Decision Making
   – Supervising
   – Helping

3. *Define and prioritize the tasks, within the Four Functions of Directorship that the Board of your company needs, wants and can do.*

4. *Build a Directorship Team that performs the tasks within the Four Functions of Directorship.*
   – combine the right personality types with the type of behavior right for their role and function
   – know the role and responsibilities of each Directive for each function
   – ensure Directives relate appropriately to each other given their role and function

5. *Evaluate Directorship – use a model to evaluate and improve the Directorship Team and the tasks each Directive performs.*

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Google Governance and the Future of Directorship

In these times, the idea of stopping and re-examining our deepest beliefs in what we do may seem an ill afforded luxury. After all, if only we search hard enough the better corporate governance rule, recommendation and practice is only a search away.

As seductive and quick as Google Governance is, it is worth considering how Shareholders and regulators throughout the world have quickly been able to recast Directors in the role of police men and women tasked with staving off corporate malfeasance. In the process, regulators have singled out one (small) process within Decision Making and elevated the Functions that fall within House Keeping to the point where it is easy to believe that is the purpose of the Board. Or how, despite all that Google Governance offers, in terms of speed of access to the latest knowledge in Corporate Governance, there is a loud chorus of approval when it is declared that Boards have failed.

Google Governance and the little questions and answers of Corporate Governance can never be a substitute for a coherent theory of Directorship that both explains and assists all those who work in Directorship to practise their profession at the highest level. A good theory of Directorship is both a sword to advance the interests of the Company and a shield defending Directors from the unfounded expectations of regulators and others.

But history will not record the corporate failures of the global financial crisis as the failure of Corporate Governance. As with Enron, we are confident that AIG, Washington Mutual and General Motors had no shortage of instruction and compliance with the best practice of Corporate Governance. No, Google Governance and all the little answers were not to blame. They simply could not help to change the future. No, the failure was one of Directorship – Boards and Directors simply ignored the obvious and forgot how to practice Directorship.

If Boards, Directors and Companies are to change the direction they are headed they must now rise above the little questions and answers and re-discover how to practice Directorship. A coherent theory of Directorship, whether the one outlined in this paper or one of your own, is what is desperately needed if Boards are to once again to evolve and progress.

What Now?

This article has served as a general introduction to the *4 in 1 Theory of Directorship*. To find out more about specific application of the 4 in 1 Theory for Directors, CEOs and other Directives in your company visit www.thoughtpost.com.au or contact Thoughtpost:

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