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# Catalyzing Change

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## Key take-aways

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- 1** The need to professionalize governance is increasing
- 2** Expectations to supervisory boards are changing
- 3** Adjusting the 'DNA' of supervisory boards often required

# Forces driving the need for better governance

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## Markets

Greater economic volatility and uncertainty

Rapid geopolitical shifts (e.g., US, Brexit, China, ME)

## Stakeholders

Increasing expectations from regulators, customers, employees, media, NGOs

Desire for more control by shareholders – e.g., activists

## Technology

Faster pace of change, rapid redefinition of sectors, competition, assets

## Business

Larger and more complex institutions, ecosystems

Rapidly changing industry structures and business models

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**Need for governance mechanisms enabling better:**

Challenge and Support

Decision speed & quality

'Agility' and empowerment



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## **Implications for you**

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### **Owners**

Pressure to professionalize ownership approach and governance mechanisms

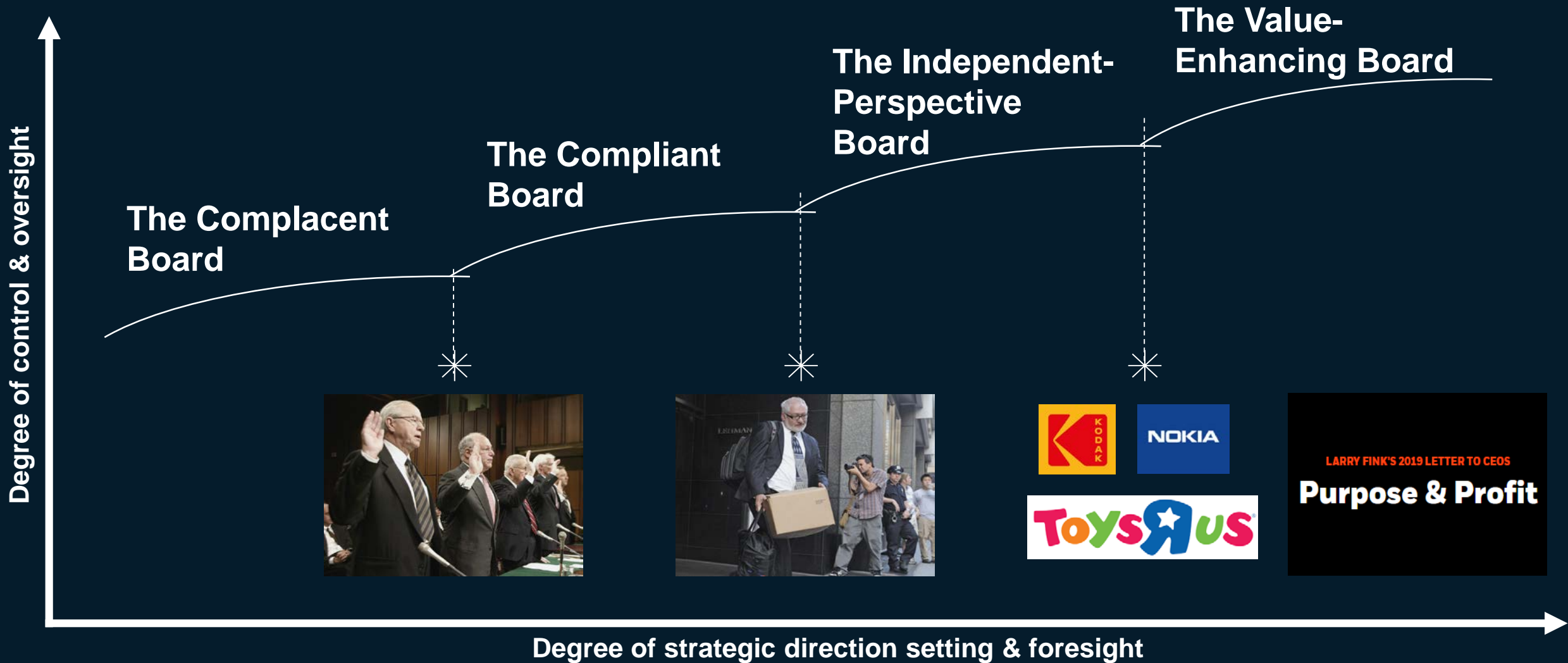
### **Supervisory Board**

Expectations to engage deeper, on a broader set of topics

### **Management**

Need to clarify roles & responsibilities vs. Supervisory Board as a sparring partner

# Supervisory Boards increasingly expected to be 'catalysts for change'



# Shifting expectations – and practices (globally)

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**Areas of Supervisory Board involvement**

From once a year ...



To ongoing ...

**Strategy**

Approve strategy

Challenge corporate strategy: portfolio, corporate value add, capital allocation and impact of (digital) trends

**Talent, organization & culture**

Approve CEO succession and compensation principles

Ensure comprehensive talent strategy, organization and culture consistent with overall strategy

**Risk**

Review Enterprise Risk Management

Define and exemplify a risk culture embedding both compliance and the pursuit of profitable risk bearing

**Performance management**

Review quarterly earnings

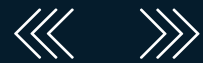
Monitor long-term KPIs, capital allocation, performance and non-financial measures linked to value creation

EXAMPLE OBSERVATIONS

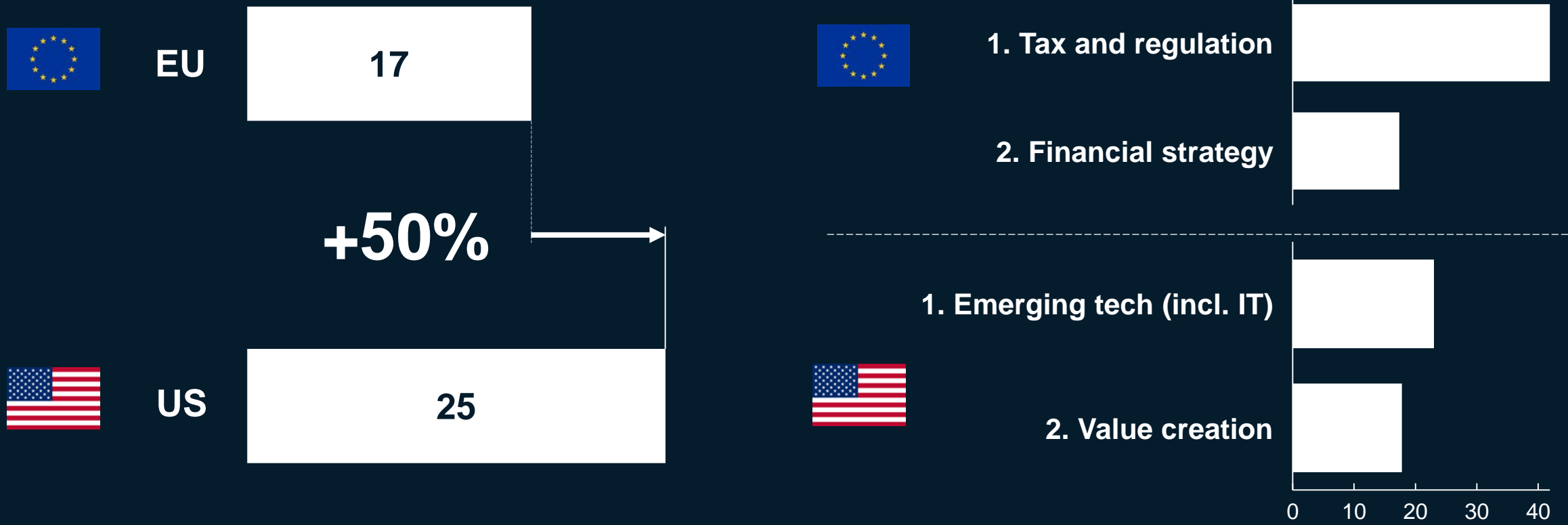
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# Still a need to change the focus in the boardroom?

Average P/E ratio top 100 companies



Top 2 themes covered in Executives earnings calls



# What is the supervisory board 'DNA' required to catalyze change?

## Platform

- 1) BoD composition & diversity
- 2) BoD role & ambition level
- 3) BoD time allocation
- 4) BoD committees
- 5) Contextual adaptation

## Activities

- 6) Strategy
- 7) Investments and M&A
- 8) Performance management
- 9) Talent, Org and Culture
- 10) Risk

## Performance

- 11) BoD insight and materials
- 12) BoD team/mgmt dynamics
- 13) BoD decision making
- 14) Policies & mandates
- 15) Continuous improvement



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**Thank  
you**

