The FIVE key outputs of a BOARD:

We all know that organisations don't make decisions - people do. Corporate governance is the mechanisms by which those people are held to account for the decisions you make in pursuit of your organisation's objectives.

The FIVE key outputs of a board are:

1. Strategy & Direction
2. Stakeholder
3. Risk and responsibility
4. Leadership
5. Role Clarity

KEY OUTPUT 1: Strategy & Direction

What is the organisation you are governing and what is its purpose?

When we consider what your key outputs are, it is important to consider your governance role in context. These answers will define what your corporate strategy is. Most of these answers can be found in your organisation's Constitution. If you are not already familiar with it, this is your first port of call.

Your organisation's purpose is your key output, then all your strategic decisions should be in pursuit of this purpose.

KEY OUTPUT 2: Stakeholders

Boards, Members and Executives go into an organisation's "funnel" and governance comes out.

Your outside stakeholders, whether they are creditors, employees, customers, shareholders or perhaps the local wildlife population (depending on your organisation) – are affected by every decision you make.

Key consideration ALWAYS needs to be given to your stakeholders as part of your organisations governance process.

KEY OUTPUT 3: Risk Management

Risk management does not mean 'risk avoidance'. How you, together with your board manage the risks of your organisation will depend largely on your risk appetite.

As a board member, one of your key outputs is to be proactive and manage risk. This means you need to be able to:

1. Recognise and identify potential exposure to loss or harm
2. Assess risk by determining the likely effect, value and sensitivity of your exposure
3. Evaluate the likelihood of that event occurring
4. Determine a course of action or policy (accept/reduce/assign/avoid)
5. Monitor and Report on the ongoing exposure and effectiveness of your risk policy

KEY OUTPUT 4: Leadership

Good governance is good leadership. This equates to:

- a clear vision of your organisation's purpose
- a board that is both diverse and unified in its pursuit of that purpose; and
- a clear division of responsibility between the executive branch of your organisation and its management.

This leadership structure is created when the board is effective. All the members of your executive team should have the appropriate balance of skills, experience and knowledge of the organisation necessary to effectively discharge your responsibilities.

When your board is effective, and empowered, it is also responsible for the execution of the organisation's vision and decisions are accountable to the stakeholders of the organisation. The board can present an accurate and honest assessment of the organisation, maintaining sound internal controls and being transparent in everything it does – from appointing new members, to disclosing conflicts and establishing trust with stakeholders.

KEY OUTPUT 5: Role Clarity

Boards are responsible for the compliance and performance of the organisation, strategy formulation, supervision and accountability.

The role of the company secretary can vary somewhat from organisation to organisation. In some organisations they will be responsible for shareholder communication and in other organisations this may be undertaken by the finance director. In many organisations the role is often undertaken by the organisation's lawyer, or someone with a solid understanding of the legal processes and protocols required under the Corporations Act and ASIC rules.

For more information please contact the You Legal team.