Attaining the (Truly) Paperless Boardroom: The Human Side of Technology Change

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Given the amount of information that is distributed to board members before each board or committee meeting, many boards have attempted to "go paperless." But without taking into account how people actually use information and interact with technology, well-meaning efforts can easily backfire, creating more paper and complexity than before. Thorough planning and a user-centred approach, however, can make the paperless boardroom a reality.

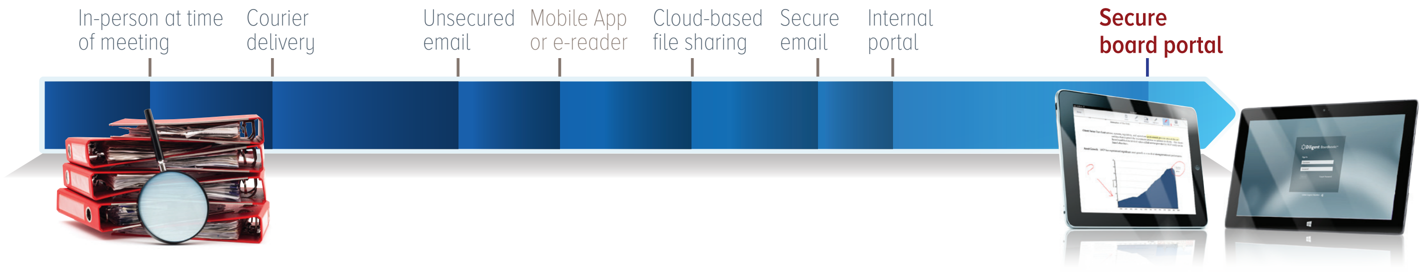
The paperless spectrum: avoid getting stuck in the middle

Any attempt to reduce paper in the boardroom needs to begin with the understanding that going paperless actually occurs along a spectrum. On one end is the traditional, 100% paper environment, in which paper packs and all other information are distributed to board members in hard copy form, either at the time of the board meeting or in advance by courier. At the other end of the spectrum, the board relies on a board portal – a secure third-party app through which board members sync their tablets or PCs to access a digital version of the board pack, which they can then annotate, discuss and vote upon using digital tools. In between these two ends of the spectrum, however, there are intermediate points.

Viewing going paperless as a spectrum highlights the fact that many solutions, like emailing board documents or using a file-sharing system, are not as paperless as they may seem.

Diligent

Delivery of Board Meeting Materials



While organisations that adopt these approaches may see themselves as becoming paperless, in many cases they are only undercutting the usability of paper while preserving its version-control challenges and failing to attain the promise of digital enhancements. We call this the "paperless paradox."

Seven best practices in transitioning to the paperless boardroom

If board portals represent a solution to the "paperless paradox," successfully transitioning to one requires careful planning and the ability to navigate the human elements of change. Based on the several thousand implementations that Diligent has conducted for boards of all types and sizes around the world, we have identified best practices that help ensure that the board portal delivers on its paperless promise.

1. BE COMMITTED

It goes without saying that the chairman, CEO and corporate secretary need to fully support any paperless initiative. But sometimes an organisation might try to hedge its bets and limit the rollout to one or two board committees. While such an incremental approach is appropriate in other situations, it rarely works for transitioning to a portal. Installing a paperless portal is not technically complex, like, say, installing an enterprise resource planning system. The success of a paperless transition is not a matter of technology, but rather one of changing habits. And asking part of the group to change the way it gets its board information while the rest of the group does things the old way is a recipe for no change at all.

As chairman of the board of Gwinnett Medical Center, David McCleskey described how they handled the distribution of board materials: "On Thursday afternoon, a courier would arrive at my door with about five pounds of paper. Just wading through it slows your ability to hone in on what's important for policy creation." He sought a solution that would help his board become far more fast, efficient and reliable when it came to policy creation.

2. MAP YOUR INFORMATION FLOW

A good paperless implementation starts with a solid understanding of how and when your board packs are currently compiled, distributed and updated. After mapping out each step, the new paperless platform is then designed to replicate the current process as closely as possible. That might seem ironic, but one way paperless systems can fail is by trying to be revolutionary from the start rather than evolutionary. Once everyone gets comfortable with the board portal and what it can do, people will naturally begin to discover improvements to the workflow in a way that makes sense for their organisation.

Mapping the information flow will also help ensure that the paperless platform is right-sized. A traditional main board that meets four or six times a year will have one set

of needs; an organisation like FirstRand, a financial services firm with operations across Southern Africa that manages an advisory board, a management board, subsidiary boards and committees that generate more than 8,700 board packs a year, will have another. It was a central requirement that their board portal be able to reliably handle that level of throughput.

3. DON'T SKIMP ON TRAINING

A major determinant of whether or not a paperless portal takes hold is the quality and thoroughness of training given to the portal's administrators and users. Training for end users – the directors and board members – typically is straightforward and often is conducted over the phone.

Despite the outdated stereotype of limited digital literacy on the part of directors, the overwhelming majority today will embrace technology if it is intuitive to use and comes with a proper level of training. Indeed, the Pew Research Center's report, "Older Adults and Technology Use: Attitudes, Impacts, and Barriers to Adoption",[1] found that 90% of US seniors (age 65 and over) with annual household incomes of US$75,000 or more are online. Yet only a small proportion of all seniors – 18% – express comfort with learning to use a tablet computer or smartphone without assistance, while 77% indicate that they would need someone else to help them learn.

At the same time, directors will differ in their level of technical experience and savviness, and personalised training allows each to get comfortable with the portal at their own speed. No matter how busy directors are, they will appreciate the option to test the system in private, get all their questions answered and go into the first paperless meeting fully prepared.

Training and consulting with the administrators of the portal – usually the executive assistants in the CEO's office or the corporate secretary's office charged with managing the current system – gives them tools to simplify their current process.

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It is the administrators, after all, who upload the raw documents and then insert the various functions that make the digital documents so easy for the directors to use, such as the virtual section dividers and the links between documents. They are also the ones that enable the additional capabilities the portal might have, such as the ability to vote on resolutions or a central repository for secondary documents like bylaws, committee charters and meeting minutes. While a well-designed portal makes the transition for the administrative team simple, well-trained and committed administrators are essential for getting the most out of a portal.

Remember that administrators have seen initiatives come and go; a certain amount of healthy skepticism is to be expected. Spend the extra time up front to ensure their enthusiasm and buy-in.

Conduct all training for directors shortly before their first paperless board meeting. This can be a challenge, particularly with the harried schedules of non-executive directors, but it ensures that everyone gets up to speed at the same time, is able to access the materials prior to the meeting, and is confident in their skills in using the portal when the meeting takes place.

4. INSIST ON WHITE-GLOVE SUPPORT

Most portal systems are highly reliable, but questions do arise, and often at inopportune moments (such as when a director is having connectivity problems while trying to sync documents before boarding a plane). For such situations, it's important that the portal provider includes 24/7/365 support from a team of "always on" live experts.

Similarly, no matter how smoothly the implementation goes, follow-up training should be scheduled. This is particularly true for the administrators who will be able to utilise the full investment in the portal only when they become 100% familiar with all its capabilities.

5. DON'T TREAT ALL INFORMATION THE SAME

The vast majority of documents in a board pack are on standard size paper, with dimensions that transition easily to being read via an app on a tablet. But a board pack might need to include larger-format documents that don't lend themselves as well to tablet viewing.

One city council in Australia that adopted a board portal took a two-pronged approach to the detailed financial statements, drawings and architectural plans their packs needed to include. The council continued to distribute these documents in hard copy while also including them in the digital copy. They then brought in large flat-screen monitors for the council meeting and used them to display the larger documents at the appropriate points in the agenda. In this way, they continued to reinforce the overall migration to paperless working without making compromises where readability may be reduced on a tablet.

Remember that the remaining issues involving ease of viewing will resolve themselves as devices continue to evolve and as boardrooms become more explicitly designed to handle different forms of digital media.

The administrators compiling the board packs will find that moving to a paperless format will highlight any inconsistencies regarding typeface, font size, line spacing and other layout variables, even more than distributing the board pack as a single bound document did. Transitioning to a board portal is a good time to make sure that there is a standard corporate style for board documents and that it is followed when the papers are assembled.

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6. DON'T GO COLD TURKEY

It's natural to think that there won't be any paper at the first paperless board meeting, but the transition needs to be less abrupt to maximise the chances for success. It's a good idea to either distribute the hard copy packs before the meeting as usual, or have copies in the boardroom to which directors can refer. Remember that they have been able to access the paperless portal prior to the meeting.

After the meeting, poll the directors individually about whether or not they still want to receive hard copy packs. If training has gone well, most directors will find they have little use for paper packs after the first paperless meeting. When a leading UK energy supplier implemented a board portal system, they found the transition so natural that they went from using paper one week to being paperless the next.

Prior to their first board meeting using the portal, some of Lonmin's directors requested paper copies, as they remained to be convinced that the solution would meet their needs. Rob Bellhouse, Lonmin's company secretary, found, however, that those requests faded after the first meeting. "After they got to use the solution and experience for themselves how easy it was, the take-up was very fast. Switching from paper to iPad does require a culture change, but for us this did not present a significant problem."

7. PEER PRESSURE IS STRONGER THAN DECREE

Even if all goes well, it isn't unusual to have a director or two who wants to continue to have hard copy packs delivered after the first paperless meeting. Simply continue to provide those directors with paper packs, which can be easily generated from the portal, or better still, train their PA or assistant to print out the content directly from the portal, speeding up the distribution and freeing up resources and eliminating courier costs. As the rest of the board becomes more comfortable with the portal, the holdouts will find that it takes them longer than their digital counterparts to navigate between sections and find the comments they want to share during the discussion. As board meetings begin to run more quickly and efficiently, the holdouts won't want to be responsible for slowing things down.

When a leading insurance company in the Netherlands switched to a digital board portal, a few board members insisted on using hard copy. But after a few months of watching everyone else using the iPad-based solution of Diligent Boards, they abandoned paper without looking back. The boardroom is a collegial place, and peer pressure can be a powerful force. Furthermore, the fact that they won't get their hard copy updates as quickly as everyone else will be a subtle disincentive to stick to paper.

Making the paperless boardroom a reality

The paperless workplace has been a much-pursued goal for almost as long as there have been computers in the office. For decades, partial solutions that demanded too much compromise from the user kept that goal easily imaginable but ultimately unachievable. The development of board portals combined with powerful, easy-to-use tablets has finally made paperlessness and the efficiency it brings possible in the boardroom. Those who make the transition – and keep the user at the centre of the change – are likely to find that it delivers on its long-held promise.

1 "Older Adults and Technology Use," Pew Research Center, April 3, 2014, *http://www.pewinternet.org/2014/04/03/older-adults-and-technology-use/*

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