



ICD Key Competencies for Director Effectiveness

Competency Group: Knowledge			Tasks
C1	Knowledge of Specific Industry, Company and its Executive Team	Understands the competitive environment in which the company operates. Understands the company strategy and the respective roles of the executive team in operationalizing this strategy.	T1, 2, 4, 5, 6, 10
C2	Knowledge of Board & Role	Understands own responsibilities, accountabilities and liabilities as a director and board member. Is knowledgeable of best practice principles associated with board structure and board processes as set out by the Canadian Coalition for Good Governance.	T1, 2, 4, 5, 6, 10
Competency Group: Analytical & Technical Skills			
C3	Financial Acumen	Can read and interpret financial reports.	T1, 10
C4	Group Decision Making Orientation	Can identify and diminish 'group think' tendencies and recognizes decision making biases in board discussions.	T1, 2, 10
C5	Process Orientation	Makes decisions and seeks outcomes through the consistent application of a logical sequence of steps.	T1, 3, 10
Competency Group: Thinking			
C6	Independent Thinking Skills	Maintains own convictions despite undue influence, opposition or threat.	T1, 9, 10
C7	Open-Minded/Information Seeking Skills	Values the diverse opinions of others and builds innovation on the foundation of other peoples views.	T1, 3, 10
Competency Group: Personal Style			
C8	Ambiguity Tolerance	Based on limited information, retains a positive outlook when the group is unable to resolve an issue or reach a conclusion and is willing to make a risk-adjusted decision when the outcomes are uncertain. Seeks decisions that optimize the relationship between risk and reward.	T1, 3, 4, 5, 6, 10
C9	Effective Judgment	Applies common sense, measured reasoning, knowledge and experience to come to a conclusion.	T1, 4, 5, 6, 7, 8, 10
C10	Integrity	Trustworthy and conscientious and can be relied upon to act and speak with consistency and honesty.	T1, 3, 10
C11	Self-awareness	Accurately assesses strengths and weaknesses of self and of others and can manage them successfully.	T9, 10
Competency Group: Social Style			
C12	Orientation to Resolve Conflict	Ensures conflict is resolved with justice and fairness in order to restore healthy relationships.	T1, 3, 9, 10
C13	Effective Communication & Listening Skills	Gives and receives information with clarity, attentiveness, understanding and perception.	T9, 10

Competency Relationships to Tasks		
T1	Understanding and evaluating strategic plans and reports presented by management.	In order to effectively understand and evaluate issues and risks, a director must have some level of knowledge of a firm's capabilities and its competitive environment. Individually, directors must also understand that their responsibility is to oversee the development of the firm's strategic plan and obtain management updates on developments affecting the strategy as opposed to being directly involved in the management process. Some basic level of financial acumen is needed to support this task. Directors must also be able to reach their own independent conclusions based on information provided by management to the board. This will require an ability to think objectively and with an open mind in order to see possible trends and patterns or relationships presented by the data which may not be readily apparent in any communication. Finally, directors must be able to communicate their feedback to management in a clear and logical manner.
T2	Monitoring financial performance.	Effective monitoring of financial performance requires directors to have some degree of financial acumen including the ability to read and interpret financial reports. Some industry/company knowledge is required to provide context for the financial data.
T3	Recognizing and validating management's and fellow directors' underlying decision assumptions.	To be effective in recognizing and validating the decision-making assumptions of others, it is important to have the analytical skills needed to recognize 'group think' dynamics and breakdowns in decision-making logic. Individuals with this skill have a strong level of self-awareness and the ability to examine a
T4	Selecting, hiring, and evaluating top management.	An effective selection and hiring process requires directors to be knowledgeable about the company and its executive team and to make decisions by exercising their best judgment. To establish an effective evaluation process, directors must have the ability to draw conclusions through the impartial evaluation of other perspectives and views without prejudice or biases.
T5	Setting and negotiating compensation for top management.	Setting and negotiating compensation requires directors to exercise effective judgment aided by their industry/company knowledge regarding reasonable compensation measures.
T6	Creating effective development and succession plans for top management.	An effective succession planning process requires directors to be knowledgeable about the specific needs of the company and executive team and to make decisions using their best judgment.
T7	Prioritizing relevant risks.	To prioritize risks effectively requires establishing a logical process for first identifying all relevant risks, based on an understanding of the industry/company, and then determining an acceptable relationship between risk and possible reward which should be used to guide a director's decision-making process.
T8	Ensuring appropriate risk levels.	An effective board ensures that, once prioritized, relevant risks are continuously monitored for appropriateness.
T9	Supporting an effective and efficient board meeting process.	An effective board meeting process is one which promotes effective and efficient decision-making based on clear, consistent and honest communication, effective judgment and reasoned debate. This process strives for consensus but also supports initiative and accepts opposition. When conflict does arise it is dealt with justice and fairness in order to restore healthy relationships.
T10	Ensuring board members have appropriate skills and experience.	The Board should be comprised of Directors, who, as a group, have the skills and experience necessary to effectively execute tasks 1-9 shown above, at a level of expertise equivalent to that of the CEO. The requisite choices may change as the circumstances of the corporation change.