

Elevate, delegate and declutter

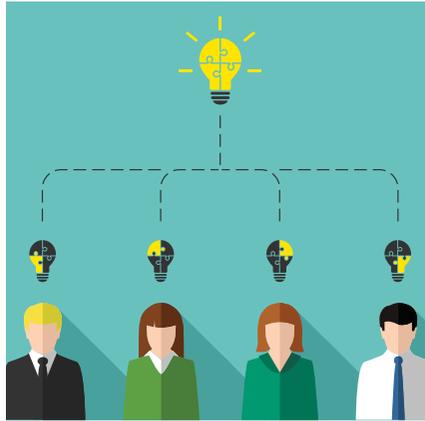
✓ **Susan Hoare explains why it is important to create the time for strategic planning**

When asked what concerns them, individuals with responsibility for defined benefit (DB) pension schemes regularly cite issues such as lack of time, resources, knowledge and information. In other words, their collective ability to identify issues, make decisions and implement them efficiently.

Such concerns are understandable — the range and complexity of issues facing pension schemes continues to expand, while regulatory requirements also continue to grow. Making the right decisions at the right time gets increasingly important as schemes mature and become less able to bounce back from setbacks.

But many schemes are drowning in the quantity of things that they need to do. And because of this, they often lack time to deal with the most important issue; the development of a strategic scheme business plan, focusing on the next one to three years, that helps trustees prioritise their time to make real progress on long-term goals. Without this focus, schemes are merely treading water.

We believe that the best practice model for trustees is to ELEVATE their role to that of a strategic decision maker, focusing on strategy while implementation and second-order decisions are dealt with outside of the trustee board. This way they can retain oversight but avoid the temptation to get involved in detail.



But focusing on strategy without making any other changes requires trustees to stretch their very limited time even further. So alongside 'ELEVATE', trustees also need to 'DELEGATE' and obtain help from outside of the trustee board.

The concept of delegation can feel quite uncomfortable for some trustee boards who feel responsibility for maintaining close involvement in all items. But for many boards, remaining closely involved in one item is likely to prevent them from devoting time to something else. For example, spending an hour discussing a member's ill health-related retirement might mean there is no time to talk about long-term investment strategy. Considering trade-offs like this can help trustees identify the items they must retain and those that can be delegated and delivered by others.

But who are trustees delegating to? Depending on the scheme and corporate structure, trustees might have access to sub-committees, in-house resources, a pensions manager, the scheme secretary or a range of advisers. All of these can accept delegated responsibility, but whoever trustees delegate to, controls are needed. This requires suitable mandates to ensure clear roles, responsibilities and agreed reporting mechanisms.

Alongside Elevation and Delegation, more trustee time can be freed by looking at DE-CLUTTERING trustee meetings. Here, the focus is on ensuring streamlined delivery of routine items

(with reporting kept high-level) leaving more meeting time to focus on strategy.

For example, rather than letting your advisers spend an hour talking through a detailed and backward-looking report, request a high-level report; take it as having been read and note it. Spend meeting time talking about forward-looking items and agreeing strategic actions.

De-cluttering meetings like this requires good chairing skills together with cooperation from your advisers. If they want a voice at the table, they will need to focus on the added strategic value they can bring - in turn delivering value for money for trustees. Trustees also have their part to play in ensuring that they come to meetings well prepared.

So ELEVATE the role of trustees, DELEGATE matters that can sensibly be delegated, and DECLUTTER your meetings. The outcome of which is ... more time to spend on strategic issues, with less time spent on day-to-day issues and backward-looking reports. There will be more chance to consider new opportunities in the time you have created, and less deferring of ideas until future meetings. And ultimately more chance of making faster decisions that have a positive impact on the pension scheme.

The concept of elevate, delegate and declutter is just one theme that is covered in Aon's research into effective governance. To take the governance challenge and see how you rate, either as an individual, as a trustee board, or against your peers, go to www.aonhewitt.co.uk/governancechallenge



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