



IRO Strategy Session

Information pack.

22nd January 2016

Pullman, St Pancras. Business Playground –

08.30- 17.00

IRO Strategy Day 22nd January 2016

Draft Agenda

8.30	Step		Board Pack
9.00	Welcome and Introduction	Alex Hynes	
9.10 -	IRO Vision	All	Page 3
10.00	CEO Review of Plans to date	Fiona Tordoff	Pages 9- 12
10.15	Free style ideas on additional potential value propositions /strategic directions/extended offerings <ul style="list-style-type: none"> • Includes developing a voice • Our approach to international business • Growing specialisms/ planning training/training consultancy/learning organisation systems and processes 	All	
11.00	Clear Break:		
11.15 – 12.00	Board Review	AH	Pages 9 - 12
12.15 – 13.15	Lunch		
13.30 – 14.00	Charter Overview of the process , the key elements and the potential timeline	FT	Pages 13 - 15
14.00 – 15.00	Board contribution to Preliminary application and agreement in principle	All	
16.00- 16.45	Round up of vision, consequence of plan, Board review and Charter review	All	

Vision Concept for Discussion:

**IRO exists to support the creation of a
World Class workforce for
(Britain's/national/ -) railways.**

Currently the objects of the IRO are :

3.1) to uphold and advance standards of education, qualifications, competence and conduct of those who work in operations in the railway system to improve and promote the capability and standing of the operations profession.

3.2) to facilitate cooperation and knowledge share among persons working in the rail system to advance safe, reliable and efficient operations of the railway in the United Kingdom (and international) good.



CEO Review of 2013-2016 plan.



Who we are for -



What we have done and what is left to do



The Value We Provide



New Focus

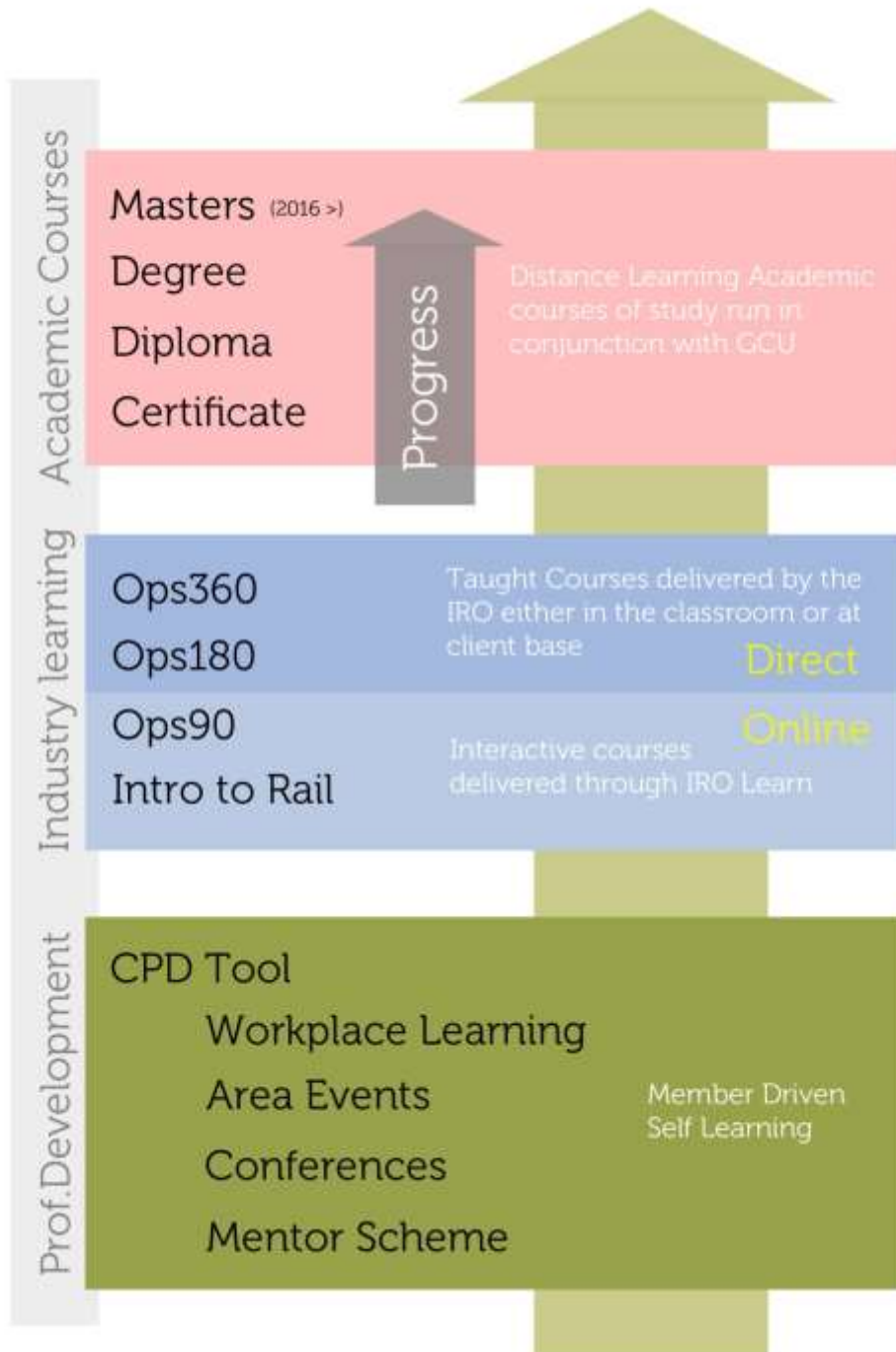
- Influence industry for professional improvement
- Create new IP in specific sectors (freight/light rail/etc)
- Develop the market through training consultancy
- Define voice -
- Accredit professional standards
- Conduct industry research

Renewed Focus

- Develop geographical networks
- Follow the growth of industry
- Create and develop channels of delivery
- Share best practice



IRO Membership Learning Opportunities



What other Organisations Offer to Members

Reference:

Most or all membership benefits include free newsletters and success to journals and libraries. Many also provide webinars or recorded lectures.

Learning:

All institutions offer events and conferences. And most offer some kind of CPD and offering online tools.

Most institutions offer courses not only a few offer accredited academic courses.

Support:

Most institutions offer forum or support especially for student or graduates, but not all offer study or mentor support. Scholarships are available in some organisations but not all.

A couple of organisations offer extra support such as legal services or financial aid.

Resources:

Most organisations offer networking through social media and forums.

A couple offer workspaces or access to discounted room hire.

Job boards are a feature for about half the institutions.

Recognition:

Post nominal letter are a feature of most memberships at a certain grade.

The chartered institutions offer the prestige and can offer individual chartered status

Awards are given out by about half of the institutions.

A few offer the senior members to become part of the governance team or part of a committee.

	Reference					Learning					Support				Resources			Recognition					
	Free Newsletters	Subscription or Discounted Journals	Library/Knowledge	Expert Advice/Information	Recorded Lectures/Webinars/TV	Events/conferences	CPD	Membership Exams/programmes	CPD/Online Tools	Courses/Discounted Courses	Graduate and Student Network	Legal Services	Financial Aid	Study Support/member support	Scholarships	Business Centre, IT and Workspaces/room hire	Social/Network/Media	Job Advertising	Post Nominal	Chartered Status	Leadership positions/Fellowship Panel/ICE President Opportunities (Fellowship)	Awards	Committees/panels/get involved
ICE	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
IET	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
IMechE	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
IRSE	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
PWI	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
RCEA	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
CILT	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
INCOSE	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
YRP - free	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	



Developing Board Performance

Board Performance Evaluation

Why do boards fail?

Sheridan & Kendall identified that boards fail for the following reasons:

1. The board is wrongly structured: it could be too big, in which case it is just a talking shop, or there could be a wrong balance between directors with executive responsibilities and the others; there could be managers with their own turf to protect, and so on.
2. Information, particularly financial information, is inadequate and nothing is done about this.
3. Major decisions, such as 'bet your company' acquisitions or disposals, are taken without challenge or with inadequate debate, or by cabals of the board.
4. And then there are no post-mortems to see if the decisions were correct or not.
5. The board does not push management hard on succession, investment (including training), R&D, product or market development.
6. The company's financing arrangements are not kept under review: the wrong banks, too many banks, the wrong means of finance, the wrong structure of indebtedness, the wrong risk profile.
7. It is a 'yes-man' board that will not take hard and unpleasant (but necessary) decisions ...
8. ... and is, in fact, under the domination of an all-powerful person or influence.
9. The board meetings are social occasions over a good lunch, with inadequate time for discussion, and a rubber stamping of decisions.
10. There is no evidence of any rigorous review, such as the non-existence of audit or remuneration committees or, if these exist, they are not taken seriously.

UK Corporate Governance Code

The Code provides that the board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. Individual evaluation should aim to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for board and committee meetings and any other duties).

The chairman should act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board and, where appropriate, proposing new members be appointed to the board or seeking the resignation of directors. The board should state in the annual report how such performance evaluation has been conducted.

It is the responsibility of the chairman to select an effective process and to act on its outcome. The use of an external third party to conduct the evaluation will bring objectivity to the process.



The non-executive directors, led by the senior independent director, should be responsible for performance evaluation of the chairman, taking into account the views of executive directors.

The evaluation process will be used constructively as a mechanism to improve board effectiveness, maximise strengths and tackle weaknesses. The results of board evaluation should be shared with the board as a whole, while the results of individual assessments should remain confidential between the chairman and the non-executive director concerned.

The Good Practice Suggestions from the Higgs Report 2003 contained the following questions that should be considered in a performance evaluation. They are, however, by no means definitive or exhaustive and companies will wish to tailor the questions to suit their own needs and circumstances. The responses to these questions and others should enable boards to assess how they are performing and to identify how certain elements of their performance areas might be improved.

Performance evaluation of the board

- How well has the board performed against any performance objectives that have been set?
- What has been the board's contribution to the testing and development of strategy?
- What has been the board's contribution to ensuring robust and effective risk management?
- Is the composition of the board and its committees appropriate, with the right mix of knowledge and skills to maximise performance in the light of future strategy? Are relationships inside and outside the board working effectively?
- How has the board responded to any problems or crises that have emerged and could or should these have been foreseen?
- Are the matters specifically reserved for the board the right ones?
- How well does the board communicate with the management team, company employees and others? How effectively does it use mechanisms such as the AGM and the annual report?
- Is the board as a whole up to date with latest developments in the regulatory environment and the market?
- How effective are the board's committees? (Specific questions on the performance of each committee should be included such as, for example, their role, their composition and their interaction with the board.) The processes that help underpin the board's effectiveness should also be evaluated e.g.:
 - Is appropriate, timely information of the right length and quality provided to the board and is management responsive to requests for clarification or amplification? Does the board provide helpful feedback to management on its requirements?
 - Are sufficient board and committee meetings of appropriate length held to enable proper consideration of issues? Is time used effectively?
 - Are board procedures conducive to effective performance and flexible enough to deal with all eventualities?
- In addition, there are some specific issues relating to the chairman which should be included as part of an evaluation of the board's performance e.g.:

- Is the chairman demonstrating effective leadership of the board?
- Are relationships and communications with shareholders well managed?
- Are relationships and communications within the board constructive?
- Are the processes for setting the agenda working? Do they enable board members to raise issues and concerns?
- Is the company secretary being used appropriately and to maximum value?

Performance evaluation of the non-executive director

The chairman and other board members should consider the following issues and the individual concerned should also be asked to assess themselves. For each non-executive director:

- How well prepared and informed are they for board meetings and is their meeting attendance satisfactory?
- Do they demonstrate a willingness to devote time and effort to understand the company and its business and a readiness to participate in events outside the boardroom, such as site visits?
- What has been the quality and value of their contributions at board meetings?
- What has been their contribution to development of strategy and to risk management?
- How successfully have they brought their knowledge and experience to bear in the consideration of strategy?
- How effectively have they probed to test information and assumptions? Where necessary, how resolute are they in maintaining their own views and resisting pressure from others?
- How effectively and proactively have they followed up their areas of concern?
- How effective and successful are their relationships with fellow board members, the company secretary and senior management? Does their performance and behaviour engender mutual trust and respect within the board?
- How actively and successfully do they refresh their knowledge and skills and are they up to date with:
 - the latest developments in areas such as corporate governance framework and financial reporting?
 - the industry and market conditions?
- How well do they communicate with fellow board members, senior management and others, for example shareholders. Are they able to present their views convincingly yet diplomatically and do they listen and take on board the views of others?

Experience to date

Three methodologies for carrying out board evaluations have emerged in recent years:

- Paper-based questionnaire



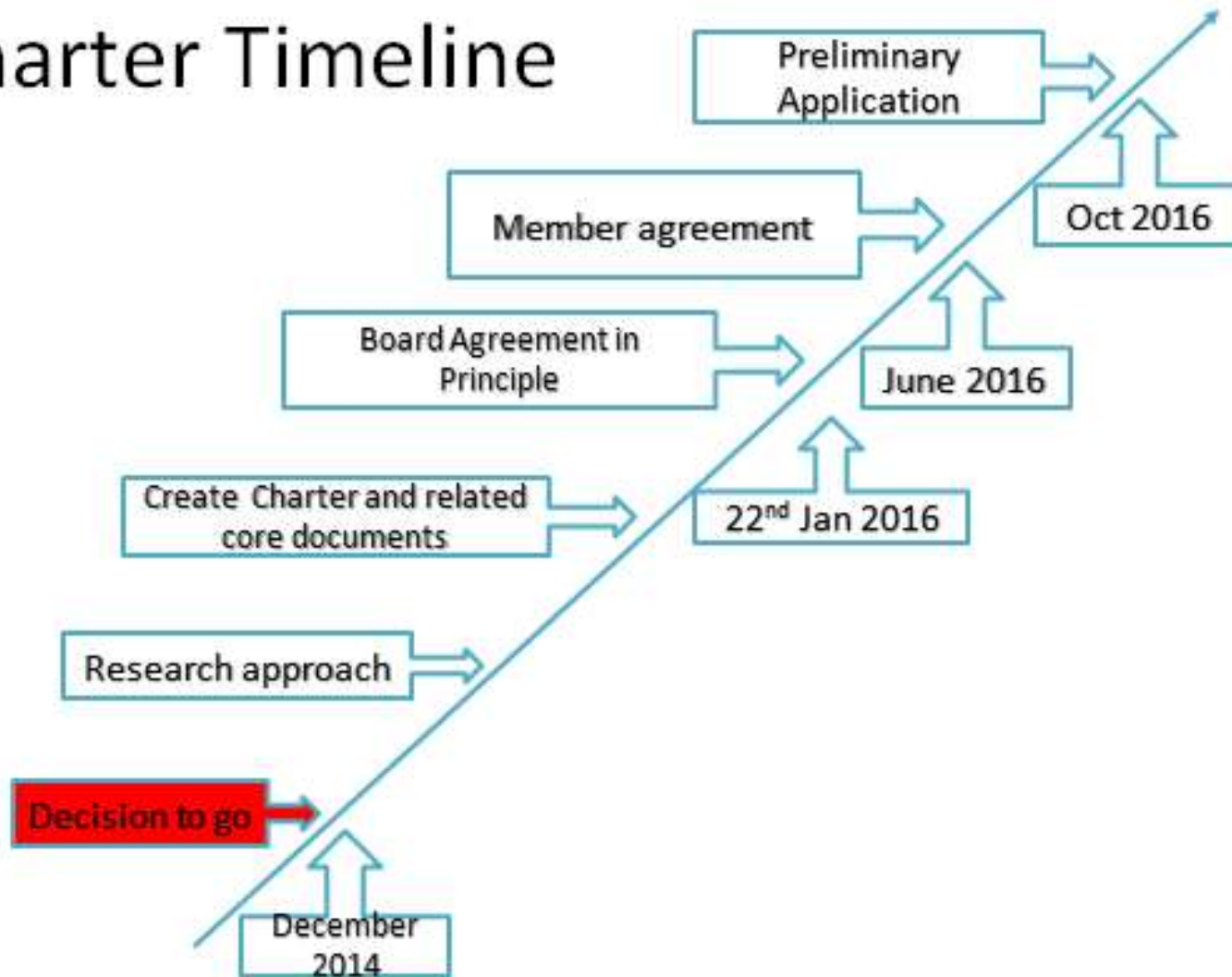
- Structured one-to-one interviews
- Away day involving the whole board

There is no right solution. Many companies use all three methods in the order set out above.

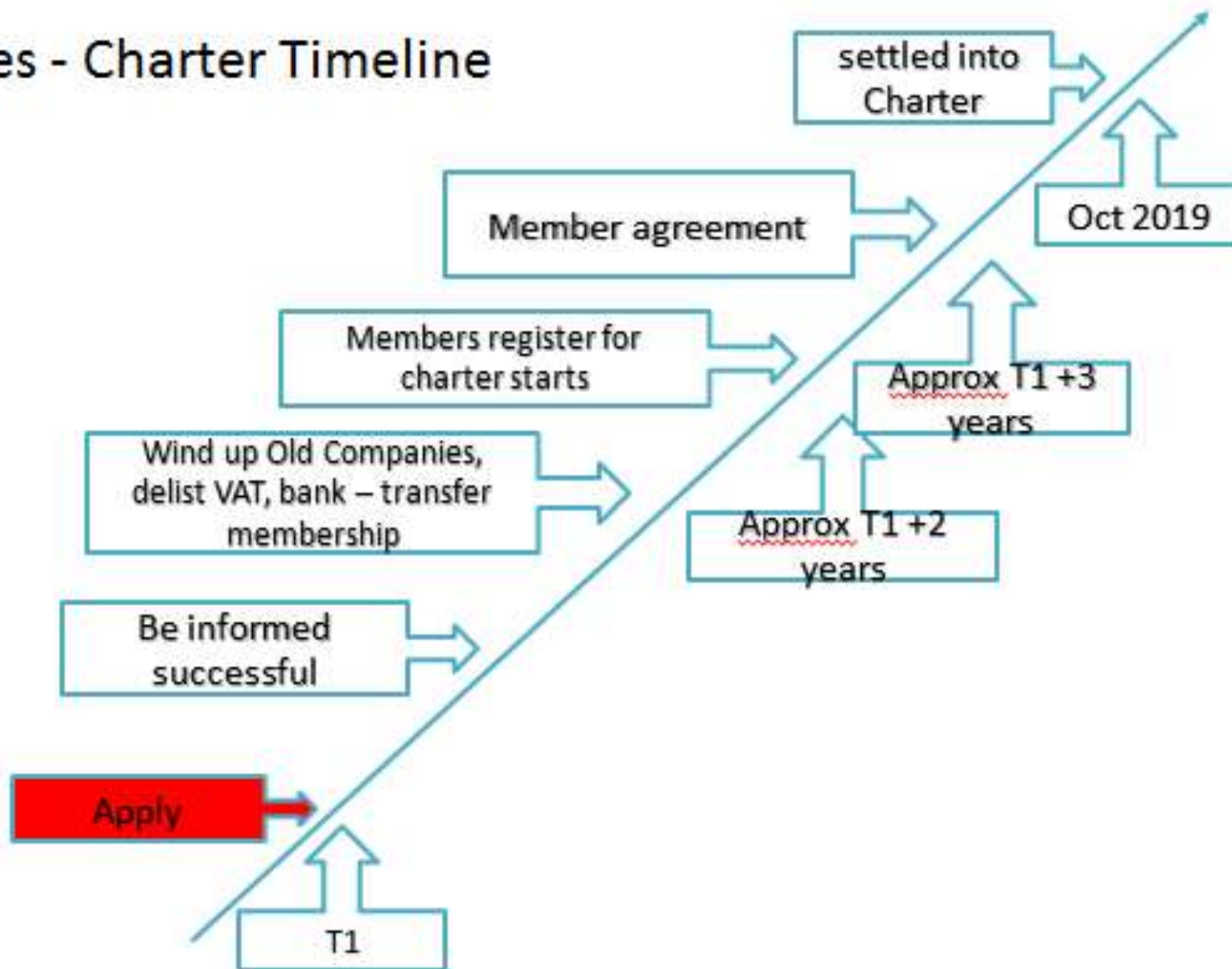
Experience has shown that the following are the key features of a successful board evaluation:

- The support of the chairman
- Cooperation from the directors based on their confidence in the underlying purpose of the evaluation – i.e. to improve performance, maximise strengths and tackle weaknesses
- Anonymity (or non-attribution) of their comments at any stage
- A bespoke questionnaire
- A short timescale for the whole process – ideally a maximum of two months

Charter Timeline



If yes - Charter Timeline



Charter Discussions:

- Agreement to the Approach
- Member Voting rights and agreement to proceed in June 2016
- The need for the Bye Laws, the Regulations including a code of conduct and disciplinary code.
- Not competence but legitimacy
- The treatment of affiliates
- Council/Board structure –

Charter Work –

- | (a) the history of the body concerned
- | (b) the body's role
- | (c) details of number of members, grades, management organisation and finance
- | (d) the academic and other qualifications required for membership of the various grades
- | (e) the body's achievements
- | (f) the body's educational role both within its membership and more widely
- | (g) an indication of the body's dealings with Government and any wider international links
- | (h) evidence of the extent to which the body is pre-eminent in its field and in what respect
- | (i) why it is considered that the body should be accorded Chartered status