Independent Review of the Board of ICANN
Discussion of Conclusions and Recommendations
Cairo Public Meeting

November 2008

THE BOSTON CONSULTING GROUP

Background

The Boston Consulting Group and Colin Carter & Associates retained to conduct an independent review of the ICANN board

Project started in May 2008

Detailed terms of reference but two key questions

- Is the board fulfilling its purpose?
- Is any change appropriate?

Who we are

BCG
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COLIN CARTER & ASSOCIATES
BOARD ADVISORS
CC&A

The Boston Consulting Group is one of the worlds major strategy consulting firms. Since its founding in 1963, BCG has focused on helping clients achieve competitive advantage. BCG has 68 offices in 38 countries and serves companies in all industries and markets. BCG employs over 3,300 consulting professionals worldwide, most with advanced degrees.

Colin Carter & Associates are specialist board advisors working primarily on evaluating board and individual director performance. All the directors of Colin Carter & Associates are former BCG consultants and have a background in providing high level advice to major corporations in Australia and internationally.

Methodology

Interviews with current directors, former directors, executives and members of the ICANN community

Interviews with directors and executives of benchmark organisations

Survey of current ICANN directors and executives

Survey of representatives from SOs/ACs

Access to BCG and CC&A knowledge databases

Experience of more than a decade working with Boards

Summary of conclusions

Board working well given its organisational model and board structure

Directors are hard working and committed to ICANN's public trust principles

Survey results show strong confidence in board leadership – as good as we have seen anywhere

But

Opportunities to improve by changing structure

Opportunities to improve by developing capability

Opportunities to improve by strengthening focus

1

Structure: The size of the board

With over twenty members the board is too large. Effective boards are closer to half this size and we propose several ways to achieve a reduction while preserving ICANN'S values

- A board of 11 to 12 members but no more than 15 if this is a necessary interim step

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- Redefining the role of Liaisons
- Reducing the number of NomCom appointees
- Reducing the number of SO/AC appointees
- Establishing a voting position for ALAC

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Structure: Meeting frequency

The board meets more frequently than do most boards and yet like all boards there is a struggle to find time to spend on important strategic issues. We propose fewer but longer meetings as well as working to shift the agenda towards less detail and more strategic discussions

- Six two-day in person meetings per year scheduled adjacent to public meetings and board retreats

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- Discontinuing monthly teleconferences
- Reviewing inter-meeting approval process

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Structure: Board committees

We propose a reduction in the number of formal board committees but creation of a risk committee. Some committees can be consolidated into a single committee while some are focussing mainly on matters that should be left to management

- Fewer and more focussed ICANN board committees

By

- Incorporating Reconsideration and Conflicts committee roles within the Governance committee

- Redefining the scope of Audit committee to incorporate key Finance committee activities

- Discontinuing the Finance and Executive committees

- Giving consideration to establishing a Risk committee

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Capability: Board skills and experience

All boards need to review their composition in light of changing environments. Overall, the ICANN board is quite diverse but there are a few gaps to address. Also, the ICANN board should have formal input into the NomCom process

- Broader skill set on the board

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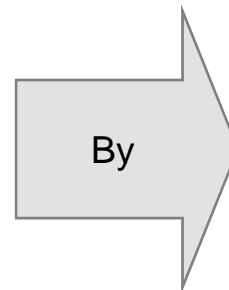
- Defining the skills and experience required

- Defining a formal role for the board chairman and Governance committee chairman in the NomCom process

- Engaging SOs/ACs in seeking the skill mix required

- Formalising director training and development

5

Capability: Sustainability of board membership

For a variety of reasons, the average tenure of board members is a little too short – which diminishes the capacity of the board to perform its tasks. The workload, the amount of time required each year and possibly the lack of remuneration are contributing factors. The workload and time issues are addressed through meeting frequency and agenda management. Also proposed are extension to terms and trial introduction of board remuneration

- Longer average terms of service and a more sustainable task

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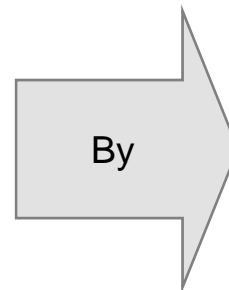
- Increasing appointment terms from three years to four years

- Increasing the level of board support including a separate Company Secretary role

- Reducing the volume of board papers including board minutes

- Introducing modest compensation for directors

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Capability: A 'high performance' board culture

Boards everywhere are expected to take time to evaluate their performance. We suggest a number of ways to enhance performance including individual appraisal of directors and finding ways to probe cultural values in the organisation

- An appropriate performance based culture at board level

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- Introducing individual performance evaluation for all board members

- Designing ways to test the values of the ICANN organisation

- Reviewing the President's performance evaluation process

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Purpose: Strategic focus

All boards struggle to spend time on important issues. Instead they find themselves getting into detail that should be left to management or spending more time on compliance issues than on value-creating matters. The format of board meetings and agenda management can assist in securing the right focus

- Stronger strategic focus at the board

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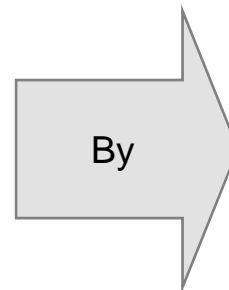
- Defining the key strategic issues and building these into the board calendar

- Reviewing management delegations and divisions of responsibility

- Tracking and discussing how board time is spent to eliminate excessive detail

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Purpose: Accountability

ICANN's structure is complex and this leads to complexity in roles and accountabilities. There are divergent views in the ICANN community around accountabilities and, while much of this discussion extends beyond the scope of this project, some steps to better align divergent opinions will be important

- A better understanding of the nature and extent of the board's accountabilities

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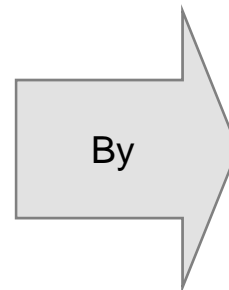
- Initiating a program of discussions to explore

  – Aligning opinions about accountabilities

  – Issues of conflict of interest

  – To whom individual directors should be loyal

  – The future division of work between volunteers and staff

  – Proposals for a process to dismiss the board

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Next steps

- Translations of full report available next week
- Online comment forum for community comment in the public comments section of the website
- Board Review Working Group will consider the report and community comments. Further consultation will take place at the Mexico meeting.

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