



Counsel for
BOARD AND EXECUTIVES

Acredula®



Winter 2009 | Vol. IV No. 1

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Acredula is the Latin word for "owl," connoting wisdom. This newsletter is intended as wise counsel for boards and executives. Acredula is available to clients and friends of the firm. It is not to be construed as legal advice or opinion.

A Failure in Governance

Who should have been questioning management of AIG, Bear Stearns, Fannie Mae, Freddie Mac, Lehman Brothers et al., "What happens if real estate prices fall?" Congress, regulators, lawyers and greedy management all played a part, but the first line of defense that should have resulted in such questions being asked is the board of directors of these institutions.

Two problems are readily apparent when reviewing the composition of these boards. First is the number of insiders. There were not sufficient independent directors to provide oversight of management and their advisers. Second is the dominance of CEOs of prominent organizations as the outside directors. There were not sufficient lawyers, accountants and other professionals trained to ask questions.

Not only is the credit crisis resulting from the failure of these institutions adversely affecting all of corporate America, but also subsequent legislation and litigation will have a continuing adverse affect because bad facts will likely result in bad laws.

An article entitled "Resurrecting Corporate America after the Failure in Governance," authored by Kevin Kinross and me for the Counsel for Boards and Executives Corporate Governance Blog in September 2008, has been subsequently published nationwide, including Lexis's December 2008 Corporate Governance Report. Because of the importance of corporate America in correcting its own failures before legislatures and

courts become involved, we have included the article in this issue of Acredula.

Board of all organizations should assess their composition in terms not only of independence, but also experience, skills and expertise. Directors with needed experience, skills and expertise should be added. At the very least, continuing education programs on subjects critical to the survival of the organization need to be made an ongoing part of each board's agenda.



EDITOR'S NOTE

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Boards should have access to independent advisors because the lesson learned in failures of Enron and WorldCom earlier in this decade as well as the institutional failures in the past year, is that management's advisers too often simply reflect management's views.

Boards of all organizations should have a standing committee focused on overseeing that strategic and enterprise risks are being assessed objectively by the organization. Although oversight of risks falls by default to the audit committees of publicly-traded companies, oversight of such risks should likely be a responsibility of a different committee because the risks extend beyond accounting and financial reporting.

We will be better served if we correct our own mistakes rather than have solutions imposed by legislatures and courts.

Resurrecting Corporate America after the Failure of Governance

By

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and



By

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AIG, Bear Stearns, Fannie Mae, Freddie Mac, Lehman Bros. et al. stole the headlines this past year and their meltdowns have changed the landscape of governance in corporate America. During the past decade, the focus of corporate governance has been on transparency of financial reporting and avoidance of conflicts of interests, both of which deal with the duty of loyalty. The future focus will likely be on directors' duty of care to recognize and understand strategic risks to their organizations and oversee their organizations' management of these risks.

Commentators point the blame for the failure's of AIG, Bear Stearns, Fannie Mae, Freddie Mac, Lehman Bros. et al to the top of these organizations – the board of directors. Nell Minow, the editor and chair of "The Corporate Library," published by CNN, opines:

"Failure this broad and deep takes a village, and regulators, lawyers, compensation consultants, auditors, executives, shareholders and the press all played a part. But the people who are most responsible for the massive meltdowns of these institutions are the boards of directors."

Regulators are considering more drastic measures, including Ben S. Bernanke, chairman of the Federal Reserve, from a speech at the UC Berkeley/UCLA Symposium: The Mortgage Meltdown, the Economy and Public Policy, Berkeley, California, on October 31, 2008, has offered with respect to government sponsored enterprises, consideration of "a public utility model" overseen by a public board whose members are approved by a regulator that would have regulatory authority beyond simply monitoring safety and soundness but also for establishing pricing and other rules consistent with a promised rate of return to shareholders.

The likely reaction of the new Obama administration, Congress, investors and consumers will be to provide oversight through government regulation. To avert such regulation, corporate America needs to act quickly in correcting its governance.

The National Association of Corporate Directors has taken a first step to avert such regulations by adopting and publishing on October 16, 2008, "Key Agreed Principles to Strengthen Corporate Governance for U.S. Publicly Traded Companies," (the "Key Agreed Principles"). The intent of the "Key Agreed Principles" is to focus board attention on the "oversight of risk, corporate strategy, compensation and transparency.

Because the reach of the President and Congress will first be publicly traded companies and tax-exempt organizations, which will likely be followed by regulators of regulated industries such as insurance and banks, tax-exempt organizations and regulated companies should similarly try to avert regulations by adopting and following similar key principles.

The best defense against corporate mismanagement remains (1) independent oversight of management by independent directors (2) with counsel of independent advisers; and (3) holding management accountable for the information provided for reason that independent directors know more about, and are closer to, the businesses of their organizations and can take corrective action more quickly and knowledgeably than any government or other regulatory official or agency.

Although a director has a state-law right of reliance on management, a director is only entitled to rely on a member of management for matters that the director reasonably believes management is reliable and competent. Determining reliability and competence requires a director to ask questions, not just once, but repeatedly and of different constituencies of management, sometimes separately with each in executive session. Management must be held accountable for their answers because without reliable and complete

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information, governance will fail. This requires a director to have sufficient understanding of the matter, or access to counsel of an adviser having sufficient understanding of the matter, to be able to ask the appropriate questions.

The state-law duty of care generally requires each director to have either directly, or with counsel of someone who has, such a sufficient understanding to be able to ask appropriate questions to determine the reliability and competence of management or others for the matters being considered by the board. The state-law duty of care likely requires the board, as a whole, to assure that *each* director either directly has such knowledge or access to such counsel.

This is reflected in the “Key Agreed Principles:” “an effective board [should be] far more than the sum of its parts: it should bring together a variety of skill sets, experiences, and viewpoints in an environment” by adding members, or seeking counsel, of “persons with specialized knowledge of relevant businesses and industries and the business environment in which the company functions who can provide insight regarding strategy and risk.” See “III. Director Competency & Commitment”

Accordingly, the solution is for boards to act before the government and other regulators can react. The following are steps that a board should consider taking:

Board Education. Boards should begin with educating members to be better directors, to become more familiar with the risks to the enterprise of their organizations, to be more aware of the strengths and weaknesses of the members of management and to learn how to hold management accountable for the information being provided. This is reflected in the Key Agreed Principles: “A board’s effectiveness depends on the competency and commitment of its individual members, their understanding of the role of a fiduciary and their ability to work together as a group [including] an understanding of the fiduciary role and the basic principles that position directors to fulfill their responsibilities of care, loyalty and good faith.” See “III. Director Competency & Commitment”

Assessing Current Board Experience, Skills and Expertise. Boards should assess and create

a database inventorying the experience, skills and expertise of their current members. That database of current experience, skills and expertise should be reviewed periodically to evaluate whether the correct mix is represented by the current members of the board.

Adding Directors with Needed Experience, Skills and Expertise. In September 2000, Dana Mead, former chairperson of Tenneco, advocated an “expertised” board which he first described in a conference held at the Fisher College of Business of The Ohio State University on “Building Better Boards.” An “expertised” board is composed of persons each having particular experience, skills or expertise needed for the board to have as a whole all of the experience, skills and expertise necessary to achieve its future objectives.

Access to Independent Advisors Who Can Provide Necessary Counsel. Because it takes time to constitute a board composed of the appropriate mix of experience, skills and expertise, a board should require that it be given access to independent advisors having the experience, skills and expertise to counsel the board. This requires a board to first have access to a database of such advisors and then to have the resources to retain those advisors to counsel the board. This is important because it is likely that boards will be judged by investors, regulators and eventually courts by the least experience, skilled or knowledgeable of its members unless such members have access to such counsel.

Coaching on Asking Questions. Boards should periodically receive coaching, or training, on how to ask questions, including: The purposes for which they should be asking questions; the extent to which they should ask questions; when they should accept answers and stop asking questions; and when they need to explore more deeply. This should be considered on a matter-by-matter basis for issues a director identifies he or she may need help of an independent advisor, as well as periodically as part of the board’s continuing education process.

Authorize a Standing Committee to Oversee Enterprise Risks. Boards should delegate to one of its standing committees, or constitute a new standing

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committee with authority on behalf of the board to investigate, assess and take appropriate action with respect to risks to the organization's enterprise. To facilitate the exercise of this authority a board should require the organization's management, including each of its executive officers, to report such risks to this oversight committee and to meet at least annually with the committee in executive session. For publicly held companies, this authority is to be assumed by the audit committee unless another committee is designated. However, another committee may be more appropriate given the other responsibilities of most audit committees.

What's Next? Regardless of the cause, the meltdown of the large financial institutions will directly impact how directors of all organizations must think, evaluate and make decisions.

Whether viewed as an overdue wake-up call or

an unfair impugning of directors' integrity, this energizes the debate over director liability and will refocus attention on the duty of care and its required oversight responsibility to expose any disregard of apparent risk.

Directors need to become risk smart. They need to broaden their view of risk and not limit discussions or analysis only to specific areas of risk. This will require directors to evaluate the role of their boards overseeing that there is adequate risk assessment and make changes where appropriate. To resurrect corporate America, directors must realize not only that they remain the first and best line of defense against mismanagement and fraud, but they can be the best line of offense for good management and best practices.

New Year, New Risks, New Challenges - Same Board

By
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With a new year upon us, it is incumbent on all boards to step back, take a critical look and assess their structure, composition, committee charters and past performance and determine whether the board is prepared for the current challenges and the challenges and risks associated with its organization's strategic plans.

This year, we will address the topics below in a series of articles all with the goal of creating the best possible board for your organization.

- Annual review of the Roles and Responsibilities of board committees and committee charters
- Board best practices audit
- Board evaluations and individual director evaluations
- Board succession planning; and
- Board education/training.

For any organization to be successful it must commit to improvement. To improve, an organization must look at its current practices and make changes where necessary. This includes changes to the board's composition and practices. While some boards may be instilling new members this year

through election or to fill a vacancy, the majority of the directors on your board today are your organization's team that will lead it over the next year. To get the most out of this team your organization should consider the following:

Annual Review of the Roles and Responsibilities of Board Committees and Committee Charters

All organizations need to review their committee charters, annually at minimum, to ensure that such committees have the requisite authority necessary to complete its delegated tasks and additionally to ensure that such committees do not have authority greater than what the full board desires to grant. Committee charters are often the most ignored governing document for any organization. The charter of any committee should be discussed, if not negotiated, between the directors who are on the committee and the remaining directors who will rely on the committee on an annual basis.

A charter not only protects non-committee members from liability but also imposes that liability on the committee members. For directors, state law allows them to rely upon a committee of directors

of which they are not members. However, a director may rely upon a committee only for matters within the committee's designated authority and the committee has a legal duty of care to carry out that authority as an ordinarily prudent person in a like position would do under similar circumstances and a legal duty of loyalty to do so only in, and not opposed to, the best interest of the organization. Thus, it is imperative that the authority of a specific committee is properly and clearly designated in its charter.

Best Practices Audit

Most organizations, either by choice or regulation, have their financial statements audited on an annual basis. However, very few conduct an audit, either formal or informal, of their corporate governance practices. An annual audit of governance practices goes a long way in creating a productive board.

Board Evaluations/Individual Director Evaluations

"If you want one year of prosperity, grow grain

If you want ten years of prosperity, grow trees

If you want one hundred years of prosperity, grow people"

Boards must strive for commitment to excellence in their corporate governance and not just adhering to minimum standards prescribed by law. This requires a goal of continuous improvement. Similar to evaluating the organization's chief executive officer and management for the organization's performance, the board must evaluate itself to constantly improve. A yearly board evaluation will allow an organization to:

- Check progress against mission and goals
- Give directors a meaningful measure of accountability
- Allow for a check of strengths and weaknesses
- Emphasize the accomplishments of the board
- Provide a yardstick with which the goals of the coming year can be measured
- Encourage teamwork approach to decision making; and

- Give a feeling of accomplishment.

Board Composition/Succession Planning

Succession is critical to the life of any organization, and as such, one of a board's most important responsibilities is succession of management and the board. A good succession plan helps to prevent staleness on the board. Preventing staleness or "institutionalization" of thought on the board is in the best interests of the company. However, adding directors with fresh or non-institutional thoughts comes with a price, whether accomplished through traditional approaches such as term limits or age restrictions or by involving the board in making itself an "expertise" board. Getting your board to buy into a succession plan helps create a multi-generational board that is future oriented and prepared of emergency absences.

Board Education/Training

"A board's effectiveness depends on the competency and commitment of its individual members, their understanding of the role of a fiduciary and their ability to work together as a group [including] an understanding of the fiduciary role and the basic principles that position directors to fulfill their responsibilities of care, loyalty, and good faith." See "III. Director Competency & Commitment" of the "NACD Key Agreed Principles." Boards will be measured by their least common denominator, so it is important that all members are knowledgeable not only with the policies and governance of the organization but also educated on how to be better directors. Such education sessions can be reserved for one or two day board retreats or part of a board's regularly scheduled meetings. Either way, it is important that all boards know what it means to be a board and how to fulfill their duties as board members.

Commitment to continuous improvement requires work. Committing to accomplishing any of the above five topics, if not all, will lead to improvement with your board. In turn such commitment add to the growth and performance of the board's organization.

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Don't Forget About Your Committee Charters

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Often, the most ignored governing documents for any organization with a governing board are the committee charters. The charter of any committee should be discussed, if not negotiated, between the directors who are on the committee and the remaining directors who will rely on the committee on an annual basis.

A charter not only protects non-committee members from liability but also imposes that liability on the committee members. For directors, one of the most important protections from liability is the state-law right of reliance of directors upon committees of directors of which they are not members.

However, a director may rely upon a committee only for matters within the committee's designated authority for which the director reasonably believes merits confidence. The committee to which such authority is delegated has a legal duty of care to carry out that authority as an ordinarily prudent person in a like position would do under similar circumstances and a legal duty of loyalty to do so only in, and not opposed to, the best interest of the organization.

Accordingly, committee charters should be in writing. More importantly, these charters should be periodically reviewed and discussed by directors. At a minimum, committee charters should be reviewed annually by the board. Therefore, care should be taken in reviewing, discussing and drafting any committee charter to balance both:

- (1) The interest of non-committee members to be protected from liability for the matters delegated; and
- (2) the competing interest of committee members not to be subjected to unreasonable risk of liability.

Someone familiar with the legal rights and obligations of directors should lead the review and discussion of charters. This is often a regular function of a governance committee (which if not a standing committee is typically part of an

organization's nominating committee). An organization and its individual directors should review the charters of committees with the following questions in mind:

Is the legal nature (i.e., executive, oversight, recommendation or advisory) of the committee clear from the writing or charter?

Each committee charter should establish the committee's legal nature or type, which is often in a purpose clause. Committees may be executive, oversight or recommendation. The most common of the three being oversight.

- An **executive committee** has all authority to act on behalf of the board during intervals between meetings of the board. For the charter of an executive committee, typical language in a purpose or similar clause would read, "the executive committee will have and exercise the authority of the board in the management of the organization during the interim between meetings of the board, subject to any restrictions established by the board." Typically, any action or authorization by an executive committee is to be effective for all purposes as the act or authorization of the board, unless the board otherwise determines or directs. Executive committees are very common in nonprofit organizations but less common in publicly-held and privately-held for profit corporations.

- An **oversight committee**, such as the audit, compensation or nominating/governance committee, generally "carries out" all authority of the board with respect to their matters of responsibility. The carry-out oversight committee is the result of the Sarbanes-Oxley Act and subsequently SEC, NYSE and Nasdaq rules requiring that oversight of the financial statement preparation and audit process and of executive compensation be by a committee composed of, or otherwise by, independent directors. For the charter of a carry-out oversight committee, typical language in a purpose or similar clause would read, "the audit committee will carry out

the board’s oversight responsibilities for the integrity of the organization’s financial statements and reports.” As a result, the actions of these two committees are effective for all purposes as the act or authorization of the board, unless the board otherwise determines or directs by not less than majority vote of those directors having no financial or personal interest in such matter.

- A **recommendation committee** assists the board in reviewing certain matters but only makes recommendations to the board as to appropriate action. For the charter of a recommendation committee, typical language in a purpose or similar clause would read “the committee will assist the board by reviewing... and recommending some action for the board’s consideration.” Accordingly, any act of the committee is not the act or authorization of the board unless the board affirmatively approves or authorizes such action.
- An **advisory committee** is not a statutory committee of the board but only advisory to it.

If the committee is properly composed, the right of reliance entitles non-committee directors to rely upon an executive, oversight or recommendation committee, but not an advisory committee because advisory committees are not statutory.

Is it clear who the committee’s voting members are, and, if so, are they directors?

Under most states’ laws, directors are entitled to rely upon committees only if the committee is composed of directors. This does not mean there cannot be non-voting members of committees, such as non-director officers, but only those members who are directors may have the right to vote. Voting members, accordingly, must have all rights to receive notice, attend, present and consider matters, vote and otherwise participate in any proceedings of the committee. Non-voting members can be entitled to be present in person, to present matters for consideration and to take part in consideration of any business by the committee at any meeting of the committee, but non-voting members cannot be counted for purposes of a quorum nor for purposes of voting or otherwise in any way for purposes of authorizing any act or other transaction of business by such committee.

Is it clear who can call meetings, what notice is required, how meetings can be held, and what constitutes actions of the committee?

Although not legally required, it is recommended that each committee’s charter contain provisions as to how it conducts its proceedings, such as who can call meetings, the notice requirements for meeting and how meetings can be held (including written consents in lieu of meetings), etc.

Are specific responsibilities of the committee stated, and, if so, do the stated responsibilities reflect the balance of both (1) the interest of non-committee members to be protected from liability for the matters delegated and (2) the competing interest of committee members not to be imposed with unreasonable liability?

The most important provisions of a committee’s charter are the committee’s responsibilities. These should be written in terms of what is expected of the committee keeping in mind the balance of both (1) the interest of non-committee members to be protected from liability for the matters delegated and (2) the competing interest of committee members not to be imposed with unreasonable liability.

An example of responsibilities of an executive committee include: transacting all of the business of the organization and exercising the authority of the board in the management of the organization during the interim between meetings of the board, subject to any restrictions established by the board.

An example of responsibilities of a “carry-out” oversight committee, such as an audit committee, include: carrying out the board’s oversight responsibilities for the integrity of the organization’s financial statements and reports, including (1) retaining and terminating the organization’s public accounting firm responsible for auditing and providing an audit report on the organization’s financial statements; and (2) approving the scope of all auditing services and the compensation and other terms of engagement of the external auditor.

An example of responsibilities of a recommendation committee, such as a finance committee, include: periodically before each fiscal year or other appropriate period review making changes in proposed operating and capital budgets of the organization and recommending to the board adoption of those budgets for such period.

Is it clear whether the committee has authority to have, at the organization's expense, independent advisors?

One of the most important authorities of any oversight committee is the right to retain, at the organization's expense, such independent counsel or other advisors as it deems appropriate. This is particularly important for "carry-out" oversight committees. Typically, this may not be an express authority of an executive or recommendation committee and is infrequently an express authority of an advisory committee.

Is the committee required to evaluate itself, its composition, the performance of its members and the provisions of its charter?

Self-evaluations by the committee of its proceedings, as well as the skills and experience of its members, are important to the governance of not only the committee but also the board and the organization itself. Typically, a committee should

conduct a periodic evaluation of the provisions of its charter, its performance under those provisions and each committee member's contribution to the committee's performance.

How can the charter be amended?

Finally, each committee charter is a governing document of the board as a whole, and it may not be amended except by the board. Accordingly, any considerations of the board in its self evaluation become recommendations to the board. The board may defer to such recommendations for consideration of a governance committee.

Evaluating and answering these questions at the beginning of each year will ensure that all committee charters are current and properly structured. Further, such a review will ensure that all directors are aware of the authority that is delegated to each committee and to understand whether he or she may rely on that committee for an a particular issue that the board is facing.

Ohio's New "Business Courts"

On January 2, 2009, Ohio officially launched its specialized commercial docket. This specialized commercial docket, or "business court" as they are sometimes commonly referred to in other states, is an outgrowth of the specialized court dockets used in Ohio for drug, mental health and asbestos cases. The commercial dockets are part of a four-year pilot program to handle complex business litigation in select Ohio counties.

The creation of specialized commercial dockets is expected to benefit Ohio's business climate by both expediting the resolution of business disputes and boosting business litigants' confidence that their disputes will be resolved fairly in Ohio courts. The enhanced predictability gained through an expanded body of commercial law precedent and the specialized expertise gained by commercial docket judges are each expected to contribute to this increased confidence by business litigants. Given these potential benefits, at least sixteen other states have similarly authorized specialized commercial dockets.

The "business courts" will operate under temporary rules and Ohio Supreme Court Chief Justice

Thomas Moyer will designate one or more sitting common pleas judges in each participating court to act as judges for the specialized dockets. Initially, judges in Franklin, Hamilton, Lucas, Cuyahoga and Montgomery counties will participate in the program. In Franklin County, Common Pleas Court Judges John P. Bessey and Richard A. Frye have been designated as the first judges to handle the new commercial docket. Judges assigned to a commercial docket are required to complete an orientation and training seminar provided by the Ohio Judicial College. Once appointed and trained, commercial docket judges will be assigned to a variety of civil cases involving business disputes, including:

- Business formation and dissolution
- Rights or obligations among partners or shareholders
- Trade secrets
- Partner, officer or director liability, and
- Contract disputes among business entities.

Commercial docket judges, however, will not accept civil cases relating to such cases as:

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- Personal injury or wrongful death matters
- Consumer claims against business entities or insurers
- Wage, hour or workers' compensation disputes
- Environmental claims (except as between business entities) or matters in eminent domain
- Employment law cases (except as between a business entity and an owner)
- Cases in which a labor organization or governmental entity is a party
- Discrimination cases or administrative agency appeals
- Individual residential real estate disputes, foreclosure or petition actions, and
- Any domestic, juvenile, probate, municipal or criminal matter.

The program provides an incentive for new business to incorporate or organize under the laws of Ohio. Historically, the state of Delaware has been a magnet for new business, and one reason for such a draw was its Chancery Court. Additionally, Chicago, Manhattan and North Carolina have successfully run business courts for more than a decade and Rhode Island, Massachusetts, Las Vegas,

Atlanta, Boston and Pittsburgh have also instituted business courts in some form. More recently Maine and South Carolina have implemented specialized business dockets.

The unknown and unpredictable nature of complex commercial litigation can be stressful enough for business owners. With the new commercial docket, businesses involved in legal disputes in Ohio can now take comfort in knowing that such matters will be under the watchful eye of judges familiar with technical corporate governance issues, shareholder and other ownership rights of individuals, intellectual property, and knowledge of sophisticated financial transactions.

If you have any issues currently with a matter being litigated in Ohio or have any additional questions surrounding the Ohio commercial docket please contact, Drew H. Campbell, chair of the Litigation Department, Bricker & Eckler LLP, or Bridget Purdue-Riddell, associate, Bricker & Eckler LLP. If you are considering incorporating or organizing a new business in Ohio and have questions surrounding the benefits of the new commercial docket please contact Kevin M. Kinross, associate, Bricker & Eckler LLP.

Attributes Of Quality Board Members: What To Look For In Your Board

As the owner of a private company you have formed and invested in a board of advisors or board of directors to bring value to the company. That value comes in part from the unique attributes that the outside directors bring with them to their board participation. Using and leveraging those unique talents of each of your board members multiplies the return to the company.

Years of participating on the boards of private and public companies have made it clear that certain attributes of outside board members are important to achieving the purpose of a productive and effective board of directors.

This series of articles will consider and describe some of those attributes. As you consider the composition of your board these articles are meant to

provide you with thoughtful insight for enhancing the performance of the board.

The fifth article in this series will discuss the attribute of INTEREST IN MENTORING MANAGERS.

Think of mentoring as a vehicle for your key managers or next generation of family to advance the pace of learning, absorb the value of experience, and establish role models. Selecting board members with skill and interest in the art of mentoring exponentially increases the value of your board. Board member mentoring of identified succession candidates for key management positions provides new eyes to evaluate the performance and potential value of the human capital in your business.

A key objective to remember as you add or replace board members to your company is to fill gaps in



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experience and functional or process skill sets. If you can identify potential board members with the skill to teach and the interest in mentoring you essentially get two board members for the price of one.

When attempting to evaluate the potential mentoring skills of a board candidate you might consider the following yardstick. Clearly you will probe the background and experience of the candidate. You will likely find candidates more than willing to tell you what they have experienced and accomplished that might be applicable to their potential contribution to the company as a mentor and board member. There is another important perspective to explore in the identification of board candidates with the skills and experience to mentor. Ted Levitt, respected professor, at The Harvard School of Business once told me that understanding what a manager learns from his mistakes is perhaps even more important and more valuable than the lessons learned from his successes. Board candidates who can describe the lessons learned from mistakes bring a perspective or maybe retrospective that is most valuable in the mentoring process. The perspective gained from the experience of mistakes brings a whole new value to the teaching

and nurturing process of mentoring. Therefore in considering board candidates with the skill to mentor explore both their success experiences and their “mistake” experiences. While identifying qualified mentors among your board members it is important to also consider the intangible quality of the chemistry between the mentor and the manager protégé. For a mentor to deliver and a protégé to receive maximum value from the mentoring process there has to be a quid pro quo on the attributes of trust, respect and willingness to communicate. In addition there must be a passion for the mentor to teach and for the protégé to learn. Think of the mentor and protégé as a mini-team working to accelerate the learning curve. When the chemistry in the relationship is right the speed and slope of the learning is accelerated. Should you decide to add mentoring as an important skill for your board members you will find that your board members and your key managers become more productive and effective in bringing value to both the hard and soft metrics of the company.

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While identifying qualified mentors among your board members it is important to also consider the intangible quality of the chemistry between the mentor and the manager protégé. For a mentor to deliver and a protégé to receive maximum value from the mentoring process there has to be a quid pro quo on the attributes of trust, respect and willingness to communicate. In addition there must be a passion for the mentor to teach and for the protégé to learn. Think of the mentor and protégé as a mini-team working to accelerate the learning curve. When the chemistry in the relationship is right the speed and slope of the learning is accelerated.

Should you decide to add mentoring as an important skill for your board members you will find that your board members and your key managers become more productive and effective in bringing value to both the hard and soft metrics of the company.

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