

TOP TAKEAWAYS

Director Best Practices

1. As a Board member, nothing is more important than being knowledgeable and passionate about the company you are representing.
2. When looking to develop and implement a growth strategy, Board members have four major responsibilities: (a) exercise sound independent judgment, (b) demonstrate support of management's plan for growth, (c) facilitate clear and consistent communication between all parties, and (d) protect and develop the underlying goodwill of the company family.
3. A "value added" director in today's public company must enhance shareholder value and protect the interests of shareholders, even in the face of emotional and difficult circumstances for the company. Often the advice of outside counsel can be critical to navigating sensitive situations.
4. From time to time, a company may encounter instances of conflict, wrongdoing, harassment, or other unfortunate circumstances, including among management. A Board member must address issues of morality and other wrongdoing swiftly, ethically and honestly.
5. Always engage third parties on matters concerning executive compensation.
6. At a minimum, exercise the degree of diligence, care and skill that an ordinary person would exhibit, but always strive for more. A Board member should not use his or her position of trust and confidence to advance his or her own position.
7. Board members bring to the table varied skills and backgrounds. A successful Board uses those varied backgrounds and experiences to the benefit of the company and the education of the other Board members.
8. Create open lines of communication between the Board members aimed at seeking to operate by consensus, rooted in a thorough understanding of the company and its goals and needs, whenever possible.
9. Better governed companies have a more sophisticated corporate governance culture. Good governance requires state of the art best practices, together with a genuine commitment of time on the part of a company's Board members. Outside counsel can be critical in developing the framework for this corporate governance culture and best practices.
10. A receipt for success for a company can be boiled down to four elements: (a) an appropriate strategic plan for the company, (b) a top flight CEO, (c) honest, ethical and trustworthy corporate governance culture, and (d) a management and Board committed to increasing shareholder value.