TOP TAKEAWAYS

Board’s Involvement in Strategic Planning

These are the top takeaways from the roundtable on the Board’s Involvement in Strategic Planning, which was moderated by Deepak Nanda on November 17, 2011, during the NDI Executive Exchange, a segment of Foley’s National Directors Institute. Featured participants in the roundtable were Bryan Armstrong of FTI Consulting, Mary Brevard from Inforum Board Access, Shiv Tasker of T2 Equity Partners and Michael Wynne from International Management Consulting Associates. These takeaways reflect the input of the audience members in addition to the individuals just mentioned.

1. **The Chief Executive Officer plays an important role in setting strategy.** The Chief Executive Officer should be the chief strategist in a company. Investors view Chief Executive Officers as responsible for setting the vision and strategy of the company.

2. **Executives should be responsible for execution.** It is often times difficult for the board to execute strategy due to the structure of the board’s duties; however, the board can hold the executives responsible for the execution of the strategic plans of the company.

3. **Broad backgrounds are better.** Boards should seek to have members with broad background in order to be a resource to the company.

4. **The board’s vision can contribute to developing strategy.** The board can have a strategic vision in certain aspects of management. For example, the average tenure for a Chief Executive Officer is three years, whereas boards sit for far longer periods of time.

5. **Incentivize the director function.** Boards should consider ways in which to incentivize their current and future members to invest more time in their functions as directors.

6. **Focus on accountability in the current environment.** Based on the current market environment, the board should focus on (i) involvement on the front end of crisis management and (ii) holding management accountable for the goals of the companies.

7. **An active board can be a catalyst for progress.** Activist boards are sometimes able to move their companies forward and to be profitable. Boards may have a longer vision of core competencies and manners in which to expand the current business.

8. **Diversity adds value to a board.** Companies with more diverse boards perform better (on average). There is some question as to whether it is diversity that drives the better performance or if the good performance leads to easier and more fruitful recruiting of diverse directors.

9. **Effectiveness begins with a unified vision.** Boards should seek to become unified groups that are willing to work together, both during quarterly meetings and outside of scheduled activities. A shared understanding of the enterprise business model permits boards to be more cohesive.
10. Determining the role of the board. Boards should consider whether they are a committee or a team. Performing duties as a team may aid boards in ensuring more investment on the part of their members.

For more information
For more information on the roundtable on Board’s Involvement in Strategic Planning, please feel free to contact the moderator directly:

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