

ATTRIBUTES OF QUALITY BOARD MEMBERS

WHAT TO LOOK FOR IN YOUR BOARD

Article # 6

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

After years of participation on boards of private and public companies, it is clear to me that quality board members possess certain attributes that are important to achieving a productive and effective board of directors.

In this regular column, we 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 its performance.

Our sixth article will discuss the attribute of connectivity to outside resources. Independent, outside directors bring value to your company in many ways beyond filling gaps in experience or expertise; and beyond serving as resources for ideas, feedback and insight. Thinking of your independent board members as a network to the world outside of your company will help you to gain full advantage of the potential of your board.

Including the use of a board member for accessing outside resources can best be accomplished if that role is defined in the job description and expectation prior to appointing an outside director to your board.

Following are thoughts on six avenues to consider for your board to lead your company to outside resources or relationship building opportunities.

Utilizing board member access to customers is an effective way to open up relationships at the very top of both organizations. When considering this approach it is best used when the communication is at a very strategic level focused on aligning the strategies and goals of the two companies. Wasting the top to top relationship or communication on tactical issues undermines the direct functional relationships between the companies; that is best avoided at all times.

At the other end of the supply chain are the suppliers to your company. Board members can play a defining role in dealing with suppliers that represent important components to your company's products. One way to involve board members is in establishing "rules of engagement" such as working toward a profitable outcome for both parties. As with the

customer relationship discussed above supplier relationships at the board level should focus on the strategic level and avoid tactical elements of the relationship.

If your company's business is significantly impacted by governmental regulation then having a board member who has access to and understanding of regulators can be of considerable value to the company. In today's environment concerning the relationship between business and government it is important to conduct activities in a transparent and ethical manner. That does not detract from the potential benefit of the relationship.

If your business is in the position of significant need to access the financial markets having a board member with a keen understanding of the options is of real benefit to the company. The ability of a board member to productively use his access to financial resources can be an important element in meeting the capital needs of the company. Involving a qualified board member in this arena can bring added support and credibility to the company's financial resource options.

Companies with a location near a major university can benefit from having a board member who has access to and understands the potential resources available at the university that match with the company's needs. Universities can provide resources in many functional areas including technical, managerial and legal. A board member who can provide easy access and introduction to the appropriate university resources adds real value to the company.

Companies needing to recruit for key managerial positions can look to board members to quietly obtain feedback on the background, experience and potential of candidates prior any commitment on the part of the company. The value in this process is from the increased probability of a good hire and avoidance of a less than optimal hire.

Clearly defining the needs of the company for needing and utilizing outside resources is one of the ways you can leverage the value of your independent board members. The above six areas of value-adding potential from your board members begins with a clear understanding and matching the attributes of your board members and the needs of the company prior to selecting or when adding independent members to your board of directors. In all of the suggested areas discussed in this article it is important to remember to use your board in selected and appropriate ways that focus on high level strategic needs of the company.

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