

Business Finance Magazine

Ways to Deal With a Frustrated Board

Rich Brenner, CEO of the Brenner Group, says that the role of boards of directors has significantly changed in the past year. Now, directors must pay close attention to Sarbanes-Oxley to ensure that they're maintaining independence and providing sound insight. For CEOs and CFOs, working with the board has always been a critical challenge. In many cases, the new legislation and its attendant compliance mandates has further heightened that challenge. "As a general rule, a board is most likely to be frustrated when there is a lack of communication," Brenner points out. "Poor information or a lack of information can often lead to a communication breakdown." Here, Brenner identifies five actions CFOs can encourage their CEOs to take to the board:

1. Make sure the CEO and his/her management team are pulling in the same direction. Board members should have open lines of communication with all senior executives -- they should talk to each member of the management team on a regular basis to make sure this is the case. (A big red flag: if the CEO tries to control the board and comes between the executive team and the board.)
2. Pre-sell board members on what you are going to tell them. Board meetings should not be a once a month visit with nothing in between. Prior to the board meeting, the CEO should discuss pertinent matters with each board member individually. By keeping the members informed you will avert a six-person uprising at the next BOD meeting.
3. Pick your partner to be your champion -- the person who will stick up for you or your position/strategy -- at the meeting. Make sure you set expectations with that person prior to the meeting.
4. A way to keep the ball in your board's court is to make sure of what criteria they will use to judge you and your team's success. If it's something simple like share price, push for richer criteria -- perhaps company culture, profit measures, or specific milestones. Try to take the lead in determining what specific measurement(s) they will hold you to account for.

The board isn't just there to judge, but to contribute. Make sure you pick board members who will genuinely be involved in the business and understand the business model.