

# DEVELOPING BOARD OPTIONS FOR YOUR CAREER: A workshop for the Boston Bar Association.

December, 2008

Larry Stybel

Maryanne Peabody

Board Options, Inc. & Suffolk University

Board Options, Inc.

[lstybel@boardoptions.com](mailto:lstybel@boardoptions.com)

[Peabody@boardoptions.com](mailto:Peabody@boardoptions.com)

617-371-2955

-----

- 1.0 The Basics of Governance: a look at the functions of a 1620 Board of Directors.
- 2.0 You know the cons but what are the pros of creating board options in your career.
  - 2.1 Review of published research regarding how and why Boards make a difference in improving shareholder value (Leeds; Purdue; Georgia State, and Stanford)
  - 2.2 You improve your “brand” if you are perceived as providing a unique Board perspective to CEOs in addition to your legal perspective.
  - 2.3 You enlarge and upgrade your professional network.
  - 2.4 When you are Too Old to Get Hired And Too Young to Play Golf Every Day.....
- 3.0 What is your value proposition to be on a Board? Hint: you will be brought on a Board DESPITE your being an attorney!
  - 3.1 Industry knowledge, e.g. legal profession, your industry.
  - 3.2 Industry contacts, e.g. GC who was on an early stage software company.
  - 3.3 Strategic Perspective and experience, e.g. mergers acquisitions, IPOs, sources of capital.

- 3.4 Committee Participation: Audit, Compensation, Nominating & Governance.
- 4.0 Your Board Resume.
- 4.1 Sample Board Summary
- 4.2 Distribution Sources: corporate partners; valued advisors to CEOs like consultants; social networks like Church and golf; Recruiters; Board Talent Banks like NASDAQ, Boardoptions.com. Look for people who you suspect might be on Boards by googling “investing businessweek (name of individual).” See attachment for “investing businessweek Madoff.” Private equity/venture partners.
- 4.3 Message: “I only have time to serve on one Board and I want to make it a good one.”
- 5.0 Is this Board right for you: questions to Ask Yourself and Fellow Board Members.
- 5.1 Are there people I can learn from?
- 5.2 Is there diversity of problem solving perspective or do I get a sense that “fitting in” is more important. See our link to a Board Problem Solving Matrix. Show the Matrix to Board members and ask them where they would slot their peers?
- <http://boardoptions.com/boardcompositionmatrix.xls>
- 5.3 Is there a written job description?
- 5.4 Are there clearly defined commitments in terms of meeting dates and hours expected?
- 5.5 Is there D&O Insurance?
- 5.6 For nonprofits: am I motivated by the mission or motivated by the desire not to offend by saying “no thanks?”

## 6.0 Compensation.

6.1 For public companies, go to investing business week (name of company) or go to SEC.gov.

6.2 For private companies not family dominated, look at .5 to 1.5% of total equity (dilution a possibility).

6.3 For family dominated boards, look at an annual retainer and/or phantom stock.

## 7.0 Leaving a Board.

7.1 Board participation with specific companies can be a habit that continues long after value has been given and received. If the company grows you should expect to be asked to leave. If it fails to grow, you should want to leave. Insist on term limits. This protects all parties and is important with a nonprofit or trade association: getting on the board is easier than getting off.

7.2 If you are starting to feel your reputation may be at risk, quietly leave.

7.3 If you are not being taken seriously, quietly leave.

## 8.0 Types of Boards.

### Public:

8.1 Large Cap Public

8.2 Mid Cap Public

8.3 Small Cap Public

### Private:

8.4 Pre IPO

8.5 Subsequent Rounds of Venture Funded or Private Equity Funded

8.6 "Heritage" family businesses.

8.7 Other family dominated businesses.

8.8 Start Ups.

Nonprofits:

8.9 Large nonprofits

8/10 Small nonprofits serving the community

8.11 Trade/professional associations.

Other:

8.12 Boards of Advisors.

#### SAMPLE BOARD SUMMARIES:

ASSISTANT GENERAL COUNSEL. INDUSTRY EXPERTISE INCLUDES LIFE SCIENCES AND FINANCIAL SERVICES. STRONG PASSION FOR THE PERFORMING ARTS. STRONG NETWORK WITH FEMALE SENIOR PROFESSIONALS IN BOSTON. SEEKING OPPORTUNITY TO SERVE ON DEVELOPMENT COMMITTEE OF A MAJOR ARTS ORGANIZATION IN BOSTON.

ASSOCIATE GENERAL COUNSEL. EXPERTISE IN EMPLOYMENT LAW COMBINED WITH A PASSION FOR IMPROVING HEALTH CARE DELIVERY SYSTEM. STRONG NETWORK WITH CHIEF HUMAN RESOURCE OFFICERS OF MAJOR BOSTON AREA COMPANIES. SEEKING TO SERVE ON THE BOARD OF A HEALTH CARE SYSTEM IN BOSTON OR SOUTH SHORE.

LAW FIRM PARTNER WITH EXPERTISE IN ESTATE PLANNING & PROBATE. EXTENSIVE EXPERIENCE IN COUNSELING FAMILY BUSINESSES. STRONG ABILITY TO BALANCE FAMILY ISSUES AND BUSINESS ISSUES. SEEKING TO SERVE ON THE BOARD OF A MID-SIZE FAMILY BUSINESS LOCATED IN NEW ENGLAND.

CAN CONTRIBUTE TO STRATEGIC DISCUSSIONS OF THE BOARD INVOLVING M&A, DIVESTITURE, RAISING CAPITAL, AND ANTITRUST.

EXPERIENCE AND NETWORKS INCLUDE SPORTS BROADCASTING AND HEALTHCARE MARKETS. VENTURE CONTACTS. CAPABLE OF SERVING ON BOARD OF PRE IPO COMPANY. QUALIFIED TO SERVE ON COMPENSATION, AUDIT, AND NOMINATING & GOVERNANCE COMMITTEES.

INDUSTRY EXPERTISE INCLUDES TELECOMMUNICATIONS AND SOFTWARE. KEY CONTACTS WITH INDUSTRY LEADERS IN EUROPE, US, LATIN AMERICA AND PACIFIC RIM. INTERESTED IN SERVING ON BOARD OF SMALL CAP PUBLIC COMPANY.

GENERAL COUNSEL WITH 30+ YEARS EXPERIENCE IN THE U.S. AND EUROPE IN FOOD MANUFACTURING, ENTERTAINMENT PRODUCTS DISTRIBUTION, FINANCIAL SERVICES, ENGINEERING, VENTURE CAPITAL AND INTERNATIONAL BANKING. EXPERIENCE INCLUDES NASDAQ LISTED COMPANIES, TURNAROUNDS, FUNDING; M&A. NETWORK INCLUDES GLOBAL LEGAL COLLEAGUES AND KEY DECISION MAKERS IN THE FOOD INDUSTRY. CAPABLE OF SERVING ON AUDIT COMMITTEES OF PUBLIC COMPANIES

FAMILIAR WITH BUSINESS PROTOCOLS AND PROCESSES OF MOST WESTERN EUROPEAN COUNTRIES, RUSSIA, INDIA, TURKEY, AND THE MIDDLE EAST. - Competent at conducting complex business negotiations and

structuring legal and financial frameworks. Extensive working relationships with the majority of Big four Accounting Firms and top tier law firms in New York City, Boston, and Washington, D.C.

## MORE RESOURCES

### DO BOARDS MAKE A DIFFERENCE?

Stanford University research on “overconfidence” among CEOs. This may prove to be a critical value proposition for having strong, independent Boards.

<http://boardoptions.com/overconfidence.pdf>

University of Leeds Study on the relationship between outside directors and shareholder value. There is also a discussion of the value proposition of “trophy” directors versus “shirtsleeve” directors:

[http://boardoptions.com/headline\\_090804.htm](http://boardoptions.com/headline_090804.htm)

Purdue University/City University of New York study on the relationship between adding outside Board members and ROI:

<http://boardoptions.com/boardcompositionandroi.pdf>

Georgia State research on the relationship between high/low Institutional Shareholder Services CGQ scores and shareholder value:

<http://boardoptions.com/iisscoresandshareholdervalue.htm>

Why do we need Boards? To provide an institutional balance against the dangers of “overconfident” CEOs. Stanford University provides a fascinating view about “overconfidence” among CEOs.

<http://boardoptions.com/overconfidence.pdf>

#### OTHER ARTICLES OF INTERST

New Roles for General Counsels in the wake of the new balance of power between CEOs and Board members:

<http://boardoptions.com/ofcounsel.pdf>

Boards are not responsible for having the right answers. They are responsible for asking the right questions. What are the questions?

<http://boardoptions.com/questions.htm>

Recruiting Board Members for Early Stage Technology Companies, a Board Options, Inc. presentation:

<http://www.boston-org/pdfs/March06Mtg/Stybel.pdf>

Structuring Boards of Advisors for Success:

<http://boardoptions.com/robbrussell.pdf>

#### BOARD OF DIRECTOR TALENT BANK.

Review the Board of Director Talent Bank:

<http://boardoptions.com/bod.htm>

Sign Up:

[http://boardoptions.com/signup\\_bod\\_talent\\_bank.php](http://boardoptions.com/signup_bod_talent_bank.php)

Board of Director Recruitment Options:

<http://boardoptions.com/boardtalentoptions.htm>

#### ABOUT BOARD OPTIONS, INC.

Governance Related Education: you are invited to Seat at the Table programs. Below is a schedule of programs. If you would like to be on the mailing list to get invitations to these free small group workshops, send an email to [lstybel@boardoptions.com](mailto:lstybel@boardoptions.com)

<http://boardoptions.com/seatatthetable.htm>

Mission and Services:

<http://boardoptions.com/aboutboardoptions.htm>

Consultants:

<http://boardoptions.com/staff.htm>