

Creating a Harmonious Board

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An ideal board works like a symphony (derived from the Greek word for “harmonious composition or arrangement”), where the individual musicians have great talent, but the orchestra produces a collective sound that is extraordinary. This article provides a brief review of the circumstances under which that sound might be achieved.

Perhaps you have reached a point in the evolution of your corporate governance where you have either recruited or are considering recruiting outside, independent directors to your board. The choice of outside directors is critical to the performance of your board, and you have likely read about the need to establish criteria for director selection. Equally important is the concordance of your directors, where the collective benefit is greater than individual contributions. This requires attention to not just individual skills and experience, but also to personal attributes, as well as synergies that might emerge as a result of directors’ distinct value and joint collaboration.

Among the skills and experience that shareholders look for in director candidates, some of the most common include:

- Board experience
- Strong financial literacy
- Strategic planning skills
- Industry or related industry experience
- Strong leadership skills

- Experience with effecting change or significant growth within an organization
- Family business experience
- A strong network

Additionally, directors must possess specific characteristics and attributes that will combine with other talent around the table to produce effective council to management.

When interviewing candidates, we look for attributes that often have implications for whether a director will “serve well” on the board. Some of these include:

- Strong listening skills
- High ethical standards
- Decision making ability
- Appropriate management of “air time”
- A proclivity for inclusion

The optimal mix of personal attributes is more difficult to find than the skill sets and experience base, which by themselves, are easily accessed. A really smart person who has experienced great business success is not necessarily a good choice if he/she does not demonstrate a capacity to work effectively as a member of a group, which by definition is interdependent. This is one of the reasons why the chair’s job is so critical. The chair is really the “conductor” of the orchestra who must ensure that each artist has an opportunity to both share his/her talents as well as enhance the talents of others.

Once a candidate who meets the criteria from both a skills and attributes perspective is identified, consideration must be given to the benefits of integration. You might ask: How much ego does the candidate group demonstrate? Will that get in the way? What about the inclination to build consensus within the group? Is there good distinction among candidates on what type of data each seeks and how information is processed? Is there someone who is comfortable playing a devil's advocate role? Is the style of inquiry distinct among the candidates? Does at least one of them show a good sense of humor? Does it appear that there is some capacity to manage dissension well?

These types of questions merit considerable discussion with the nominating committee (or other decision making body) prior to making a final decision on what represents an optimal mix of competencies. As you can imagine, these decisions emerge from some good discussion amongst the nominating committee, but are also to some extent, intuitive.

A new board starts off as a group of individually talented participants. With the right skills, the best mix of talent and a good conductor, the players learn to synchronize their contributions. The result is what we're looking for from the board: enhanced decision-making and exceptional oversight of the organization.

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