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Board may be best option for key advice



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EARLY IN MY CAREER, I HAD THE opportunity to transition from sales manager to general manager within the same division of S&W Fine Foods.

Unsure of what career path to take, I called my dad for advice.

"Chris," he replied, "the trouble with being the boss is that you have to make the right decisions. When I'm faced with a tough decision, I ask the 10 most experienced and smartest people I know for their opinions. Then I decide based on their input and my gut instinct."

All these years later, I can't tell you how many times I've used that sage advice.

My dad's method — asking 10 people for 10 opinions — approximates the benefits of having a board of directors. This in-house, yet independent, think tank can add immediate power to your firm's strategic arsenal. Not only is it simple and cost-effective, but it also provides an excellent counterbalance to your own personal inclinations, strengths, and weaknesses.

Since so many produce companies are closely held and/or family-run, you might never have considered establishing a board of directors or advisors.

My advice is simple: Don't overlook this invaluable business tool. It can help you scan the competitive skyline, look for threats and opportunities and forecast immediate and long-term paths to success.

Brainstorm and organize.

Brainstorm whether your company warrants a formal, professional board of directors or an informal board of advisers.

By definition, a board of directors is your company's legal governing body. It has an established mission and clearly delineated powers. Responsibilities may encompass reviewing financial results; appointing, evaluating and terminating senior executives; negotiating compensation packages; naming committee heads; issuing stock and so forth.

However, in the post-Enron world a massive hurdle confronts boards of directors —

the Sarbanes-Oxley Act of 2002. This legislation addressed lax corporate governance by imposing strict requirements and responsibilities on boards of directors especially.

A board of advisors presents a less structured alternative. It lacks the legal status and decision-making powers of a board of directors; nonetheless, an advisory board can provide advice, support, and expertise while avoiding complicated Sarbanes-Oxley compliance.

Despite its simplicity, an advisory board fills a powerful role: it's an external, unbiased third party that can see the forest through the trees.

This big-picture, bird's-eye view is invaluable, especially when it's free of the conflicts of interest and lack of perspective that may encumber even the most talented in-house advice.

Whatever option you choose, one further benefit exists: creating a board of directors or advisors forces even privately held companies to think and act more like public firms. In my opinion, an independent group holding management accountable is a good thing regardless of your business's ownership status.

A third option, and the one most companies default to (whether through lack of interest, foresight, or time), is omitting a board entirely. Choose this course if the only advice you'll take is your own, no matter how gold-plated outside counsel might be.

Once you've brainstormed the board's form, you will need to organize its function. Develop a written description of the board's activities, responsibilities, and scope.

Outline whether the board should meet monthly, quarterly, semiannually or annually, how many members should serve and for how long, and how the group relates and/or reports to senior management.

Consider drafting position descriptions for board members. Potential candidates should know what you expect, be it twice-a-year, ad hoc advice on the company's general mission and direction or detailed monthly meetings that discuss specific competitors, customers, goals, projects, strategy and financial results.

Assess and recruit.

Assessing potential board members is the next step. Aim high. The board is your in-house — yet independent — adviser, so aspire to nothing less than a group of gifted business experts who genuinely want to help grow your business.

In my opinion, you should ensure the board's independence by avoiding appointees whose primary business might give them an axe to grind, such as your company's outside accountant or lawyer. Keeping this in mind,

use the "three T" rule: time, talent and touch to guide your selection process.

First, pick candidates with enough time to prepare for and attend meetings. It's better to leave a spot empty than to waste it on someone who's unprepared and/or a constant no-show.

Second, select talented senior executives familiar with industry in general and with complementary disciplines or expertise. Avoid appointees who fail to grasp your business's complexity, speed and special demands.

Target candidates whom you respect and whose experience applies to your situation. For instance, if your company aims to grow 20% over the next five years, find someone whose previous expertise lies in sales, marketing, and/or a fast-growth environment.

Third, choose board members whose networks and experience complement your own strengths and weaknesses. This balanced approach usually yields a reliable sounding board and a priceless contact circle.

At this point, recruit members with your ideal board makeup in mind. Just like when courting any top manager, you must pair a challenging opportunity with the right incentives.

Figure out what motivates your potential board members, and then match your lures to their preferences. Be creative when considering incentives. Aside from cash or bonuses based on results, possibilities include:

- Hosting a spouses-included getaway working weekend at a five-star resort.
- Making a handsome donation to the member's favorite charity.
- Awarding stock options or stock-related options.

Dive in.

With your board in place, dive in and derive the benefits.

To be sure, establishing and maintaining a board of advisors or directors demands considerable time and effort. At the same, though, it's a surefire source of expertise and ideas, the 10 opinions from 10 people strategy that my dad advocated so many years ago.

"Board" may be a small word, but in my opinion, it packs a huge punch: Best Option for Advancing, Raising and Developing your business.

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