

Joining a Private Board? Preparation, Actions, and Behaviors are the Keys to Success

(April 2021 by Mitch Wienick)

Across today's fast-paced, dynamic, interconnected business landscape, private companies must be fast, nimble, and flexible to successfully deliver on their goals. The ability of a Board with family and independent directors to work together effectively to provide the requisite guidance, expertise, direction, and support that enable organizations to drive results is paramount.

At their core, private company boards are responsible for ensuring sound governance, controls, and financial performance of the company; a viable and sound business strategy; a first-rate CEO to effectively run and lead the organization; and a fiduciary obligation to shareholders.

Once you've been appointed to a private company Board, early preparation, positive actions, and constructive behaviors are keys to success.

Preparation

Perform a deep information dive prior to your official start to better understand the situation you're about to enter.

- Understand family dynamics and preexisting governance mechanisms.
- Determine who else is on the Board and what are their backgrounds.
- Interview the CEO and other Board members - what do they see as the key challenges, opportunities, and short and long-term issues in the industry and within the company

Allocate ample time at the start to quickly build your depth of knowledge.

- Conduct a discussion with the Chairman or Lead Director on company vision, strategy, and positioning as well as family participation.
- Review the company's strategic plan, operating plan/documents, and risk plan. Get familiar with any outstanding legal and/or regulatory issues.

- Review documents related to prior year Board meetings. What was emphasized by the Board? What decisions were made and what actions were taken?
- Understand M&A activity. Is there an M&A plan in place? Were there any material acquisitions or divestitures in the last 12 months? Are there current discussions taking place?
- Spend some “soak time” with the CEO and key shareholders. Have a set of questions and be sure to listen to the answers.
- If you are given a Committee assignment, reach out to the other Committee members. What Committee business is pending?

Over time, interact with other members, C-Suite, and Business Unit heads. For example:

- CFO – understand the financials including debt carrying obligations and servicing costs, P&L, Balance Sheet, Cash Flow Statement, and any specific financial or tax issues.
- CHRO – understand the talent management and succession planning strategy and what retention and attrition data show.
- Chief Legal Officer – is there any critical outstanding litigation and what future litigation is anticipated? Are there any regulatory or other potential issues you need to understand?

Visit, in-person or virtually, a representative sample of company sites and facilities.

- Get a sense of field operations including production, distribution, R&D, sales, and call centers.
- Get to know field leadership.
- Understand the key operational levers and business value drivers, particularly at critical facilities.

Actions

Be a keen observer of Board process dynamics such as interactions and information flows.

- How deep or wide is the agenda?
- How is information conveyed?
- How much is questioned?
- How does the agenda move from topic to topic and who takes the lead?

Be an active contributor with a spirit of collaboration, contribution, and encouragement.

- Listen carefully.
- Ask thoughtful questions.
- Share your perspective.
- Don't be overbearing.
- Don't get caught up in groupthink.
- Assert yourself when necessary.

Maintain continuity and forward momentum.

- Demonstrate personal accountability and responsibility.
- Review updates and progress reports, particularly on issues with greatest opportunity and risk to the company.

Behaviors

Focus on the following:

1. **Energy.** Board positions are demanding, both intellectually and physically. Maintain a high level of vigor.
2. **Communication.** Engage in respectful conversation. Listen attentively and be clear and succinct in your comments and questions.
3. **Courage.** Be comfortable offering an independent point of view. After all, your unique experience and perspective is why you were asked to serve.
4. **Absorption and Synthesis.** You will be exposed to a large amount of information over a short period of time. Dedicate the time necessary to become educated.
5. **Emotional Intelligence.** Recognize emotional cues and use emotional

information to guide your thinking and behavior. Mentally step into the shoes of others before asserting yourself.

6. **Detachment.** Maintain a healthy level of detachment separate from the social side of any engagement with the CEO or Executive Team. Focus on what's best for the company.
7. **Humility.** Checking egos at the door and self-effacement provide the strongest foundation for collaboration and a productive esprit de corps.
8. **Sense of Humor.** Embrace humor in yourself and others. It helps dissipate and release tensions, facilitating a stronger team dynamic.

Board dynamics have changed significantly in recent years. The growth of social media drives broad and rapid transmission of information and stories with more public facing issues requiring more ad hoc communications strategies. Companies are running more global operations with complexities and risks that must be built into company strategies. The war for talent continues to drive unprecedented cross-industry demand for highly skilled employees. Proactively cooperating with governments and regulatory agencies is essential. And the accelerating pace of innovation and digital transformation with the realities of a virtual workforce, increased safety concerns, and significantly altered consumer buying behaviors have all placed new pressures and demands on Boards.

Hitting the ground running in a private company Board role will accelerate your contribution to business success.