

SESSION TWO

Competencies of Family Directors

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What We'll Discuss in This Session

- ✓ Review skills and qualifications needed to be successful as a director
- ✓ Gain insight on important perspective you bring to the board
- ✓ Recognize your value as a bridge for board to family
- ✓ Understand the process of preparation for the role



Core Purpose of Boards

- Act as sounding board & support for CEO
 - It is lonely at the top...
- Provide advice, knowledge, & feedback
 - Strategies for success & plans for succession
 - Provide direction & feedback to management as needed
- Oversight
 - Protect interests of all owners
 - Hold management accountable for results
 - Ensure follow-through on long-term planning



These Board Priorities Suggest:

- Directors need business knowledge:
 - To be a good sounding board for management
 - To appreciate complex trade-offs
 - To help with strategic direction
- Directors need strong communication skills and to work well as a team
- Each Director MUST see their role as that of protecting interests of ALL shareholders:
 - To ensure ALL owners' goals are considered
 - Ensure we don't slip into 'branch' thinking

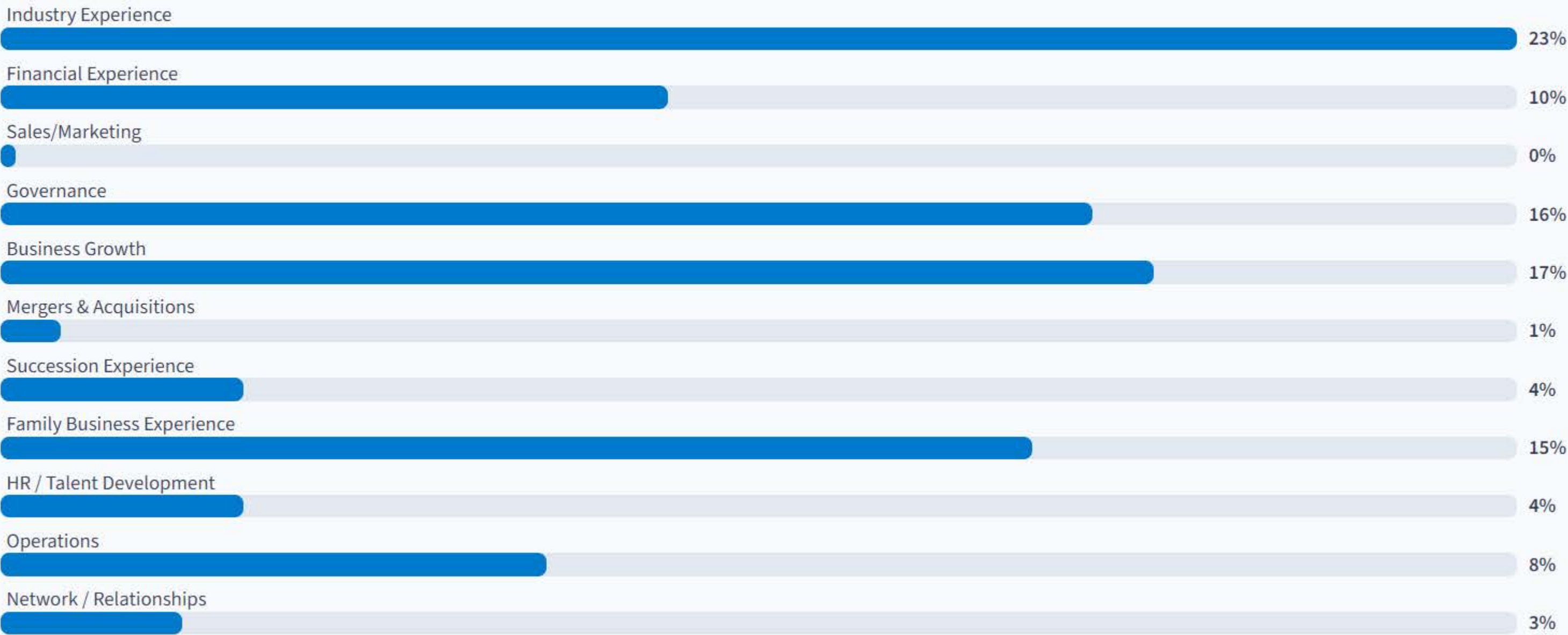


Attributes of Effective Board Members

- Willing to learn “OTJ”
- Adopts a practical vs. academic approach
- Possesses multi-faceted experiences
- Dedicated to lifelong learning
- Networks actively
- Asks meaningful questions
- “Servant leader”- oriented



What's the value your independent directors bring? (Choose Top 3)



Essential Skills for Family Directors



Family Values



Collegiality



Communication



**Leadership
Experience**



Integrity



**Strategic
Thinking**



**Financial
Literacy**



**Governance
Experience
& Knowledge**



**Business
Acumen**



**Company &
Industry
Knowledge**

Family Directors Bring an Important Voice and Perspective

- Represent interests of ALL shareholders
- Deep knowledge of legacy, culture and values
- Reinforce importance of stewardship



Carrying the Weight of this Role

- Representing divergent views
- Managing confidentiality
- Feeling intimidated



Group Discussion

In your breakout groups, please discuss the following questions:

- What situations have you or other family directors experienced in representing the family's voice in the board room?
- What was or should be the role of family directors in these discussions?
- What challenges have you experienced in representing the family voice?

Please assign one reporter per group to share with the main room following your discussion.

Optimal Role of Family with Board

- 2 to 3 Qualified Family Directors
 - Selected for business/governance knowledge
 - Represent ENTIRE family, not just their branch
- Effective Training/Orientation for Directors
 - Ensure all directors ready to fully contribute
- Communication Between Owners & Board
 - Family/owner's council plays vital role
 - Formal & informal interaction to build trust and mutual understanding

The 5 Cs of Trust

... or what it takes to succeed in this role



Caring



Character



Commitment



Competence



Communication

What are the top three skills or qualifications you want your FAMILY directors to have?



Clear Qualifications & Selection Process for Family Directors



Competencies
inform
qualifications



Clear
qualifications
leads to "fair
process"



Alignment needed
on prioritizing
qualifications and
on selection
process that works
for you

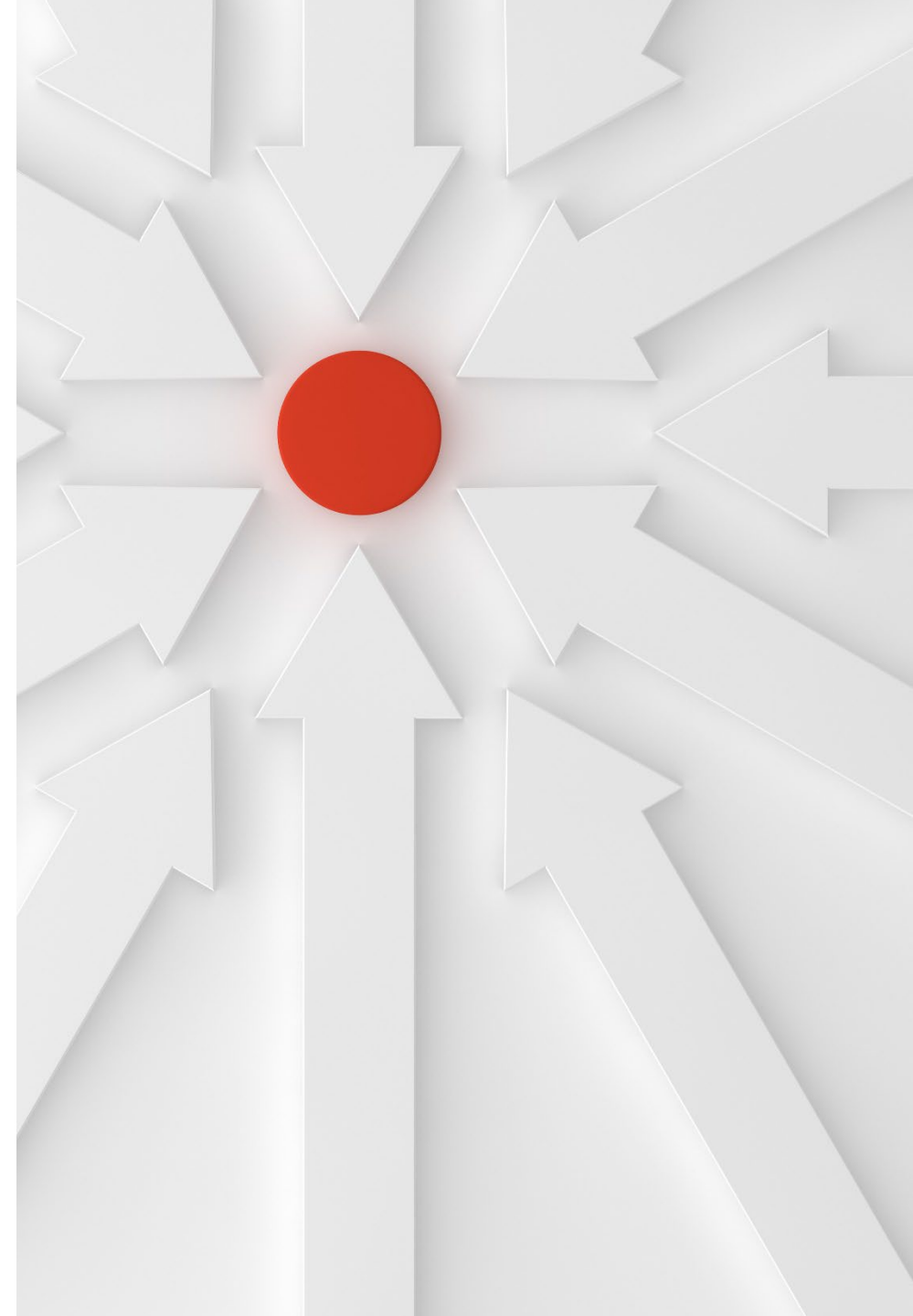
Developing Qualifications and Selection Processes

Engage shareholders to build buy-in

- Drafting qualification and selection rules

Leverage existing decision-making structures

- Family council
 - Setting policy
 - Screening applicants
- Nominating committee
 - Screening applicants
- Independent directors



Board Skills Matrix

Board Skills Matrix																
				CULTURE FIT					PROFESSIONAL EXPERIENCE							
				ETHICS/ CHARACTER/ STYLE	ABILITY TO RAISE GOOD QUESTIONS	PERSPECTIVE/ INSIGHT	ABILITY TO COMMIT TIME	DNFTG EXPERIENCE	SCALING A BUSINESS	LEADERSHIP DVLPMT	STRATEGIC VISION	M & A	FAMILY BUSINESS	GOVERNANCE	REAL ESTATE	SUM
Importance																
CURRENT BOARD MEMBERS																
CANDIDATE BOARD MEMBERS																

Discussion

Share the kinds of backgrounds and experience you would want your family directors to have in order to be able to participate in important discussions.

