



HOW AN OUTSIDE BOARD OF DIRECTORS (OF AT LEAST THREE DIRECTORS) WILL ASSIST A BUSINESS TO BE SUCCESSFUL

Arizona Corporate Governance Institute Inc.

Executive Summary: An outside Board of Directors of a business must ultimately produce increased cash flow for the business. These outside Board members do this by direct and indirect means. We have created an expansive list of how they accomplish this. Take each item on this list and ask yourself -- if I become an outside Board member, what will I be doing to carry out each of these listings?

The Board will:

1. Bring ideas to the business which may have been overlooked.
2. Lead the business to valuable contacts.
3. Assist management in making difficult decisions using their individual case history knowledge.
4. When outside directors are trained they will train the other directors in Board of Directors protocol.
5. Speed up the decision making process and reduce the time of meetings.
6. Share knowledge about the laws and regulations akin to Board of Directors operations.
7. Serve as a check and balance to an impetuous CEO.
8. Bird dog the business to prospective customers that management may not be aware of.
9. Reduce the chances that the Board of Directors will violate laws with their actions.
10. Find and communicate errors and problems that may have been overlooked by management and suggest solutions for these findings.
11. Assist in finding replacements, needed new employees and management team members from qualified persons when they are away.
12. Serve like military patrols and observers in spotting business opportunities and dangers for the business and bring them to the attention of management.
13. Ferret out for closer examination of employees and members of the management team to determine if they are underperforming.

14. Help management develop financial statements, accounting reports and critical success factors to keep the Board of Directors and management current.
15. Suggest new sources for critical supplies, equipment and merchandise.
16. To the extent that Directors have received education or attended seminars on subjects relative to the business relate the information to management.
17. Allow the business to use the names and prestige of the Directors to improve marketing and prestige in the community.
18. When a Director serves on your business Board of Directors you prevent his/her knowledge and prestige from being used by one of your competitors.
19. When the Directors tour the business and talk to the employees and management they provide camaraderie, friendship and encouragement.
20. Offer any one of several intelligent and supportive conversation companions – when the CEO or others want to brainstorm ideas on or as a one-on-one or small group.
21. Stimulate management to keep their office and grounds in tip top shape knowing that they have outside directors who may inspect the premises at any time.
22. For CEOs and management team members who have had little time to develop a social group, the Board of Directors are always available to provide delightful social and party companions.
23. Have a group of motivated Directors who will be talking up the business with their own business colleagues and social friends.
24. Some Directors will be available to provide “coaching” for management team members when requested.
25. Based on the expertise of the chosen Directors, offer educational and teaching sessions for members of the business teams.
26. With the Directors being motivated by bonuses based on improved sales, increased cash flow and discretionary compensations suggested by the CEO, they will push very hard to create these success factors for the business.
27. Be available to brief and console anxious shareholders who develop anxiety about the workings of the company, particularly those shareholders who do not currently trust management.
28. By their positive energy and expectancy, spread these attributes to others in the business.
29. Provide evaluation and assistance for the CEO in developing his/her job description and assisting him/her in reaching their personal goals and the goals of the business.

30. Contribute meaningful input and direction in developing a business logo, mission and vision, guiding principals, objectives, character statements and budgets.
31. Serve and provide input on committees and task forces of the business when invited.
32. Assist in entertaining clients, customers, dignitaries and others who visit the business.
33. Add creative ideas for the marketing materials and press releases of the business.
34. Should the business ever experience a calamity, catastrophe or serious threat to its existence, be someone who may be called upon to assist.
35. Discuss new and upcoming technology trends appropriate to the business.
36. Offer suggestions as opportunities for expansion and growth arise i.e., mergers, buyouts.
37. Keep the competition on the radar screen.
38. Develop long-range strategic plans: 1-year, 3-year, 5-year
39. Evaluate the CEO.

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