

Maximizing Board Effectiveness

by Cass Bettinger & Associates

Cass Bettinger & Associates offers two Board of Director evaluation products. **Maximizing Director Effectiveness** is a self and peer evaluation process where each director does a self-evaluation, and also evaluates each fellow director. This evaluation provides each director with very specific feedback on how he/she is perceived by fellow directors and how, specifically, he/she can enhance his/her effectiveness. The differences (gap) between the director's self evaluation and the evaluation of fellow directors is quantified. This process, while conforming appropriately with current corporate governance best-practices, also addresses the desire that most directors have to create the most effective board possible.

Maximizing Board Effectiveness provides a comprehensive process whereby each director evaluates the Board as a whole. The resulting report provides quality information that allows the Board, as a whole, to identify and prioritize *specific* opportunities to enhance Board effectiveness.

Please read the following material before proceeding to the survey.

THE MASTER STRATEGY

There are four broad Master Strategies available to all companies. Because the selection of a Master Strategy is a major factor in the determination of all other strategies (because they must support the Master Strategy selected) it is important that the Board and Management achieve consensus on which Master Strategy will be followed over the planning horizon.

MASTER STRATEGY I: AGGRESSIVE GROWTH – under this Master Strategy, quality growth is deemed to be of such importance, and/or the opportunities for quality growth considered to be so significant, that the organization's leaders, over a predetermined planning horizon, are willing to sacrifice a meaningful degree of profitability in order to achieve specific growth objectives.

MASTER STRATEGY II: PROFITABILITY MAXIMIZATION – under this Master Strategy the organization's leaders determine that, over a predetermined planning horizon, growth is much less important than profitability. Therefore, growth is sacrificed in favor of profitability enhancement. This Master Strategy is often selected by Subchapter S Corporations.

MASTER STRATEGY III: BALANCED GROWTH AND PROFITABILITY – under this Master Strategy, the organization's leaders have determined that, over a predetermined planning horizon, the organization is capable of achieving superior profitability and sufficient quality growth to maintain a target capital ratio/equity multiplier.

MASTER STRATEGY IV: SELL – under this Master Strategy, the organization's owners, Board of Directors, and/or CEO, have determined, for whatever reasons, that the most appropriate course of action is to sell the company. Most often, this strategy is selected because the present value of cash flows from Master Strategy IV exceed those under the most optimistic scenarios for Master Strategies I, II, or III.

Statements

1. The composition of our board brings together the proper balance of skills, experience, expertise, independence and community representation.

- Strongly Agree
- Agree
- Somewhat Agree
- Somewhat Disagree
- Disagree
- Strongly Disagree
- Not Relevant

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2. We have good "chemistry" on our board which contributes to our effectiveness.

- Strongly Agree
- Agree
- Somewhat Agree
- Somewhat Disagree
- Disagree
- Strongly Disagree
- Not Relevant

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3. The relative roles and responsibilities of the board and management are clearly defined and differentiated; our board involves itself appropriately to fulfill its' responsibilities but is not guilty of micromanagement.

- Strongly Agree
- Agree
- Somewhat Agree
- Somewhat Disagree
- Disagree
- Strongly Disagree
- Not Relevant

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4. In our regular board meetings there exists an environment which encourages open, honest, and constructive discussion.

- Strongly Agree
- Agree
- Somewhat Agree
- Somewhat Disagree
- Disagree
- Strongly Disagree
- Not Relevant