

Governance Structure Reorganization Evaluation: The Elements of Project Process

1. Working Group: This involves an identification of the advisors, executives and board members (e.g., the Governance Committee) who will be involved in the project on a regular basis, who will have the information that will be relevant to the evaluation, what attorney-client privilege issues arise and who will want to be kept “in the loop” on project progress.

2. Goals and Objectives/Specific Issues: This is a two-pronged point. The *first* relates to the need to confirm the specific governance structure goals and objectives of the board. What are the underlying motivational factors? What level of change would constitute a successful project? The *second* relates to the presence of any particular issues, laws, decisions, statutes, legal barriers, regulations, political/cultural considerations, etc. that the advisors need to take into particular consideration as they conduct their analysis.

3. Documents: This is the “document dump”. The advisors will request the organizational documents and governance policies that are implicated by, or are otherwise relevant to, the board’s articulated goals and objectives. Advisors may also ask for board and key committee meeting minutes going back a certain period of time. These documents may prompt follow up questions to members of the working group or executive leadership, and will form the basis for the eventual analysis and recommendations. It is painstaking but necessary.

4. Interviews: With the core information in hand, the advisors will turn to interviews with key corporate personnel; certainly leading members of the executive leadership team as well as knowledgeable and long serving board members. What the advisors are looking for is not only an understanding of specific governance opportunities and benefits that might arise, but also the history, or “lore” associated with particular existing elements of governance structure. The advisors will also ask questions relating to the effectiveness of the current governance structure and processes.

5. Prepare Evaluation Grid: At this point, the advisors would prepare a grid intended to serve as the basis from which they would evaluate the possible options associated with board and governance reorganization as compared against the board’s articulated project goals. The grid would reflect consideration of all of the principal identified legal, mission and political issues and barriers that their effort to date has identified as critical to be considered.

6. Review Documents v. Grid: This would be the analysis—in which the advisors evaluate each possible option identified as available to address the board’s goals, and “grade” them according to operational, legal and cultural feasibility. From this analysis would come a very preliminary recommendation on a governance reorganization.

7. Discuss Initial Observations with Group: This would be the “here’s what we’re thinking” portion of the project, in which advisors would share their preliminary corporate governance reorganization perspectives with the Working Group and take their feedback.

8. Report to Board: After consideration of the Working Group feedback, and review of the draft by executive and governance committee leadership, advisors would present their recommendations on governance reorganization to the full board for its consideration, in advance of a board meeting to discuss the report. Board feedback and comment would follow.

9. Guidance from Board: This would be the formal action of the board with respect to the advisors’ report, in which the board would take action on whatever recommendations on corporate governance are ultimately presented in the report.

10. Implementation Plan: This would be the logical follow up; i.e., the development of an “action plan” intended to implement the specific recommendations contained in the report, as adopted by the board. Depending upon the scope and nature of the board’s action, this could be, of course, a fairly involved process focusing on corporate actions and regulatory filings.