



How Do Family Businesses Choose Outside Directors?

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An NACD Minnesota Chapter Roundtable

Facilitator: Paul Knapp, NACD Minnesota Chapter Director

Presenters:

Sara Stern, Family Business Minnesota

Matt Cohen, Replenex

Mike Gilbert, Empirehouse

During this roundtable discussion, family business representatives shared their thoughts on the important considerations when bringing in an outside director, and we discussed the prospective director's concerns.

Prospective directors:

- Learned how to present themselves for such positions
- Uncovered what motivates family business people
- Developed a deeper understanding of how they might best serve on a family business board

The discussion resulted in attendees offering several take-aways regarding family business boards and outside directors:

- Must understand family culture
- Get to know the extended family's frustrations
- Disagree without being disagreeable
- Three circles are good lenses
- Advisory versus regular board related to maturity
- To who is the fiduciary obligation?
- Continue the arc of the family
- Ask questions
- Challenges and complications of family businesses no two are the same
- Ownership succession is a unique issue
- Talk to the other independent directors
- Ownership goals are multi-dimensional
- Help create alignment between constituents
- Legacy – what worked 100 years ago might not work today.
- What is the current generation looking at?
- Identify the Chief Emotional Officer
- With family succession, be more mindful that the board has a role in helping them, especially the Chief Emotional Officer.