



ENDURING ACROSS GENERATIONS

How Boards Drive Value in Family-Owned Businesses

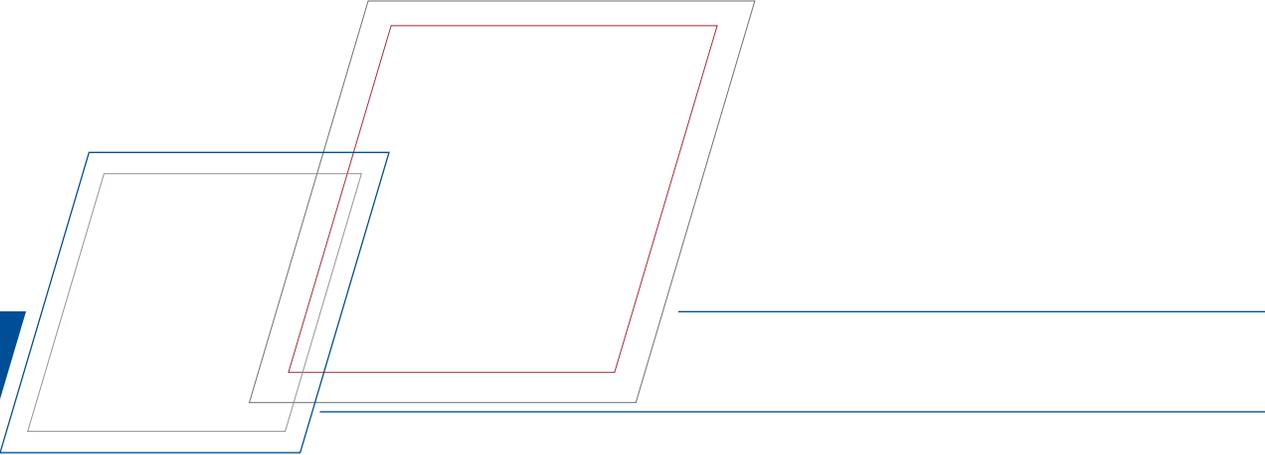


TABLE OF CONTENTS

Introduction	1
Chapter 1 – The Benefits of Governance	2
Chapter 2 – The Three Enablers: Clarity, Culture, Communication	3
Chapter 3 – Building a Strong Board	8
Chapter 4 – Keys to an Effective Family Business Board	13
Chapter 5 – Cultivating and Motivating Talent	19
Conclusion	23
WCD Thought Leadership Council	25
2015 WCD Thought Leadership Commissioners	26

Unless otherwise designated, all persons quoted in this report are WCD Thought Leadership Council Members or Commissioners. A full list of Council Members and Commissioners appears on pages 25 – 28.

Introduction

Vision. Passion. Single-minded focus and dedication. There is nothing quite like the entrepreneurial spirit that sparks the launch—and spurs the growth—of a family business. The combination of performance, profit, and family pride can be a powerful force in driving founders and owners to build great businesses and valued brands. But family businesses that endure across generations tend to have an added edge: a great board.

As discussed in the following pages, strong governance plays a critical role in positioning a family business for the future. From helping to define and calibrate the strategy, grooming future leaders, and navigating (often thorny) family dynamics, to bringing independent perspectives into the boardroom dialogue, an effective board can be an invaluable asset to the business—i.e., the family/owners, investors, employees, and customers.

Much of what has been written about family businesses is based on survey findings (and related analyses) and formal recommendations for governance practices and structures; and while those resources are helpful, as one director told us, “a real-life story is worth a thousand data points.” To that end, our paper goes beyond the “what,” and delves into the “why and how” of family-business governance.

Drawing on our Commissioners’ experiences working with hundreds of family businesses around the world—as owners, board members, executives, and advisors—this paper brings together a body of practical suggestions and insights into building and leveraging a high-performance board—from board composition, information flow, and independence, to cultivating and motivating talent, and focusing on strategy and risk.

Of course, every family business is unique; but the insights shared here can go a long way toward helping any family business tap into the full value of the board, and position the company to thrive and endure across generations.



Sue Townsen
Partner
KPMG LLP

Chapter 1

The Benefits of Governance

“All happy families are alike; each unhappy family is unhappy in its own way.”

Leo Tolstoy

Great family businesses are built on strategy, vision, values, and execution; but family businesses that endure *across generations* have an additional edge: governance.

Based on the Commissioners’ collective experience, governance becomes vital to a family business as it grows and confronts new opportunities, challenges, and critical questions about its future direction. “The growth and sustainability of a family business lies in the fine balance between the needs of the business and the expectations of family members,” notes Christophe Bernard. “Effective governance of a family business can help improve the company’s performance and satisfy the expectations of family members.”

Governance is a broad term that can encompass many aspects relevant to the running of a business; in short, however, it defines the rights and responsibilities of the various stakeholders in the business, determines how decisions will be made, and establishes checks and balances. And a central element of corporate governance is the role of the board.

“The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board’s accountability to the company and shareholders,” according to the OECD Principles of Corporate Governance.¹

There are family businesses that survive—and even thrive—across generations without boards or independent directors; however, in the experience of the Commissioners, these are the exception rather than the rule. “A board that includes independent directors can add value—to strategic planning, succession, execution—by bringing in new ideas, spurring innovation, and helping the owners make necessary, tough decisions,” notes Christine Blondel. This perspective is consistent with the findings of a study conducted in the US of more than 80 family businesses run by the third or later generation that, as referenced in the IFC’s Family

Business Governance Handbook, “showed that the existence of an active and outside (non-family-controlled) board was the most critical element in the survival and success of these companies.”²

Boards—and directors—are not all the same. Contrary to Tolstoy’s line that “all happy families are alike,” all family businesses—whether successful or struggling—face different challenges, and their boards are shaped by different factors, including:

- The legal and regulatory obligations of the relevant geography—which may range from a highly regulated environment that dictates board composition and responsibilities, to no applicable laws at all, depending on the country in which the business is based
- The company’s ownership structure – which may range from a business closely held by a few family members who see each other on a daily basis, to one with numerous, geographically dispersed distant family members, to inclusion of other investors, either through private equity investment or publicly traded stock
- The expectations and interests of key stakeholders including owners, other interested family members (such as the owners’ likely heirs), customers, and insurers
- The company’s attributes – size, resources, maturity, culture and level of complexity.

Each family business is unique, and of course its needs will change over time. The key, as Toti Graham puts it, is to “have the family, the stockholders, and the business well-coordinated.” And it’s clear that family businesses with effective governance—including a board that brings experience, insight and objectivity to the table—are far better positioned to not only survive, but also thrive across generations.

¹ The OECD Principles of Corporate Governance are a nonbinding guidance established for public companies globally (and adaptable as appropriate for private companies), to provide an international benchmark for policy makers, investors, corporations and other stakeholders worldwide.

² IFC Family Business Handbook, Third Edition 2011, citing John Ward, *Creating Effective Boards for Private Enterprises* (Family Enterprise Publishers, 1991).

Chapter 2

The Three Enablers: Clarity, Culture, Communication

“When I use a word,” Humpty Dumpty said in rather a scornful tone, “it means just what I choose it to mean—neither more nor less.”

Lewis Carroll

A family business may choose any one of a number of governance models such as an all-family board, a partially independent board, or an independent board,³ or even an advisory board. Whichever style of board is used, three elements serve as enabling forces: **clarity** of roles, responsibilities, and how decisions are made; an understanding of the **culture**—the vision and values—and how that impacts decision making and implementation; and **communication**—transparency and information flow that enables the board to fully understand the challenges and opportunities facing the business and add real value as the company refines its strategy, grooms new leaders, and continues to grow.

Clarity: Roles and Responsibilities – In a family business, there are family members, there are owners, there are members of management, and there is a board⁴. In small businesses, these roles are likely to be filled by the same people, and decisions ranging from geographic expansion to estate planning to family vacation plans move fluidly. However, businesses that endure across generations eventually grow to a point where they can no longer operate that way. “In family businesses, things tend to get a little bit fuzzy sometimes. Directors need to know what decisions they can make and which ones must be made by the shareholders,” said Kitty Mulder. Following are recommendations and observations on common (and potential) roles and responsibilities of key stakeholders:

- **Family:** When the family grows large enough, a family council can be helpful. The family council may help the family preserve wealth through a family office that provides investment advice and estate planning; it may coordinate family

philanthropy; and plan family gatherings. The family council can also be a good forum for developing policies regarding employment of family members. It should be clear, however, that the council is providing input and recommendations on this subject rather than making final decisions.

- **Owners:** The family council group and the owners group will usually have significant overlap in membership; however, they may not be identical for various reasons. For example, there may be outside investors, and/or there may be family members who are active in the family council but have transferred their shares in the business to other members of the family. Even when the membership of both groups is identical, there may be differences in decision rights; for example, one family member may own a greater percentage of shares (and therefore have a vote that carries more weight as an owner) than others.

In light of the high level of membership overlap and the informal nature of many family businesses, extra care may be needed to avoid the frequent confusion that arises between the role of the family council and the role of the owners. Binding decisions about the company are the purview of the owners and not the family council—it is the owners who elect the board and approve major decisions such as whether to issue public shares, make an acquisition, or sell the company.

- **Board:** The board governs the business on behalf of the owners. Boards operate through committees as well as through the full board.

³ NACD (National Association of Corporate Directors), *The Family Business Board, Volume 1, Purpose and Structure*, Directors Handbook Series 2015 edition.

⁴ When the term “board” is used in this paper it refers to the official board of directors of a company, whose members owe a fiduciary obligation to the company’s owners (sometimes called the governing board). With regard to those countries that operate with a two tier system of a management board and a supervisory board, it is used to refer to the supervisory board. Some company owners look to advisory boards which, as the name suggests, advise but do not govern. While the recommendations in this paper relate to governing boards, many of them are equally applicable to advisory boards.

© 2015 | WomenCorporateDirectors. All materials, logos, etc., unless otherwise stated, are the property of WomenCorporateDirectors, Ltd. Copyright and other intellectual property laws protect these materials. Reproduction or retransmission of the materials, in whole or in part, in any manner, without the prior written consent of the copyright holder, is a violation of copyright law. Contact information for requests for permission to reproduce or distribute materials: admin@womenscorporatedirectors.com.

© 2015 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International. NDPPS 310255

- **Management:** Management runs the company under the leadership of the CEO, who reports to the board and/or owners⁵.

Surprisingly, even some large, established private companies with strong governance and an independent board, operate through what Pat Milligan described as an unwritten “sense of the board.” Written governance principles and committee charters are required in certain instances—for example for companies that are publicly traded on the New York Stock Exchange—and voluntarily following this practice serves private companies well, in the experience of the Commissioners.

“My advisory board will become a governing board when succession planning is implemented. The advisory board is the right model for the company at this stage—we want to crawl before we run.”

Paula Marshall



⁵ Some companies do not have a board at all, such as certain companies in countries, such as Brazil, in which a board is not legally required for a private company. In these companies the CEO reports directly to the owners. In some countries, such as the United States, boards are always required; however, the legal requirements are minimal and can be satisfied if a board of one (usually the founder or primary owner), signs a legal document once a year that constitutes the “meeting.” In either of these situations—no board or “paper board”—management as a practical matter is reporting to one or more of the owners.

FINDING VALUE IN AN ADVISORY BOARD

Advisory boards are made up of outside experts who bring niche skills or expertise to a company’s and board’s decision-making. Their advice is nonbinding. They possess no legal or fiduciary responsibility, serve at the company’s (or owner’s) discretion, and are flexible in size, composition, and length of service—if any of those facets are even formalized at all. Family firms, even those with a fully formed governing/fiduciary board, may find advisory boards to be a valuable asset for both management and the board in the following ways:

Walking the walk. An advisory board provides intellectual capital, social capital, and creative capital. Members focus without distraction on specific issues of strategy and operations; they are a catalyst for change and progress.

Minimizing risk, while maximizing opportunity. Advisory boards can play an important role in risk oversight, as they can help evaluate strategies and analyze trends. Generally, advisory boards are risk-free investments; they have no fiduciary or legal responsibilities, while their fees and terms are limited.

Staying ahead of the moment. Advisory boards should have limited, well-defined missions. Often, they are used to anticipate the future, from deciding on a location for a new plant to evaluating market expansion opportunities. They can also be utilized to test a strategy’s soundness.

Anticipating the next big thing. Specialty advisory boards—technology, innovation, development—can be utilized in nearly every industry to focus solely on trends, whereas the fiduciary board has a broader focus.

Opening doors to new networks. As companies expand their global reach, an advisory board can provide a bigger perspective—on the ground throughout the world (or specific regions)—providing the local point of view in managing an expansion of both customers and vendors or suppliers.

– adapted from *Women on Board*, Calderon, Stautberg, Quotation Media, 2014.



“We always keep the mission and vision of the company in mind at board meetings. That way you’re not just asking a question for the sake of asking a question—you’re asking because you really care if the company is headed towards its vision.”

Pacita Juan

“Written charters for the board and its committees not only help new members understand their role; the process of putting it on paper can also benefit long-time stakeholders by bringing to light differences in assumptions, ambiguities, or lack of clarity in important areas that would not otherwise be apparent,” says Susan Angele. “Once written, charters are useful as an annual check-in to confirm that the board has done what is expected of it, and to determine whether the roles and responsibilities need updating in light of changes in the business environment.”

Culture: Vision and Values – Family businesses tend to have a long-term vision and a deep sense of responsibility to and pride in the company that often bears the family name. In strong family businesses, notes Nancye Green, the values may be so deeply embedded into the company’s DNA that they permeate every aspect of the business’s strategy and operations.

A strong vision and commitment to operating in a responsible manner can serve as a touchstone when recruiting talent, from junior positions all the way up to the board, and inform decision making at every level. As the millennial generation—which is known for caring deeply about sustainability and the values of the companies they buy from, sell to, and work for—takes its place in the global economy, a company’s long-term vision and deeply rooted values can provide a strong competitive advantage.

Family members who have grown up steeped in the company’s values may take them for granted and assume that every company operates in the same way. Independent directors may be able to help the business view the vision and values—as a brand—through an external lens, to ensure that the company is communicating and leveraging

them to full advantage. In addition, periodic review and adjustments to evolve the culture and vision (as needed) will maintain relevance, alignment with company strategy, and competitive advantage for generations to come.

Communication: Transparency – The more information directors have access to, the more all-encompassing and valuable their perspective and guidance can be. All boards, including those of large public companies, often face the inherent challenge of “information asymmetry,” i.e., the people running the company know more about it than outside directors. In a private family business, however, lack of information may be of a different order of magnitude altogether.

Adding to the information asymmetry faced by independent directors at all companies, when it comes to family businesses, family members may desire to keep certain matters that are normally the purview of the board—such as executive compensation, succession considerations, or even business challenges—within the family. Extra care taken to build and maintain trust that the information will remain confidential and not be misused, may help independent directors gain access to important information over time as the family becomes comfortable with sharing sensitive information with the board. “Confidentiality is ‘the secret.’ Trust is everything,” says Richard Doern.

Indeed, keeping the board up-to-speed is a critical responsibility of management. “We know the business so well, we’re running so hard to deliver the results that you can’t get so far ahead that you lose them,” says Pat Meyer, a sitting CEO. “It’s just about communication—making sure the board can see the CEO’s taillights so it always knows where management is headed.”

FAMILY BUSINESS VALUES

A study that compared public statements of company values in family-owned and nonfamily-owned businesses found that most companies talk about their commitment to quality, integrity, and social responsibility, and in addition, there are certain words that are associated only with businesses that are family owned: **generosity, humility, communication, and service.**

For more information, see <http://www.iese.edu/research/pdfs/DI-0916-E.pdf>.

© 2015 | WomenCorporateDirectors. All materials, logos, etc., unless otherwise stated, are the property of WomenCorporateDirectors, Ltd. Copyright and other intellectual property laws protect these materials. Reproduction or retransmission of the materials, in whole or in part, in any manner, without the prior written consent of the copyright holder, is a violation of copyright law. Contact information for requests for permission to reproduce or distribute materials: admin@womenscorporatedirectors.com.

© 2015 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International. NDPPS 310255

Airing issues and debating different points of view is also critical. As Sara Mathew cautions, “the last thing you want to do is drive concerns underground; instead, they should be surfaced and discussed thoroughly. That way, you may be able to identify alternate options to address the issue, including options that the family hadn’t thought about.”

The work to achieve and maintain clarity, culture, and communication is not easy; defining roles and responsibilities can be emotional and highly charged, sometimes involving months or even years of hard work. The effort works best when there is open and honest discussion without the emotion or time pressure of a precipitating crisis. Many of the Commissioners cited experiences where a good facilitator with a background in psychology made all the difference. And like the metaphorical task of painting (and repainting) Scotland’s Forth Bridge, this work is never finished. Roles may need to be adjusted as circumstances change, culture must be reinforced to remain relevant, and communication must be ongoing.

Bringing on Independent Directors

The process of attracting and retaining independent directors can be a very valuable one for family-business boards. When looking to bring in an outside director with more operating experience, Susan Remmer Ryzewic says that her company’s family-only board was “pushed into conversations and specifics about the company that hadn’t been done in the past.”

“We learned how to present the company and ourselves to the public,” says Susan.

Working with an outside consultant, Susan and her family drafted a prospectus that included an overview of the business, its organization and its strategy, as well as details on how the corporate governance would be structured going forward. “As we considered director candidates, we also had to walk through the onboarding process, what they needed to know coming in, and what was best for them to learn once on the board.”

“Along the way,” she continues, “we reconfirmed our commitment to each other and the company and formalized our own rules of engagement. In the boardroom, the family members became much more focused on the business issues.”

As Susan points out, some of the risks to be aware of, and avoid, when introducing an independent director include undue deference to the independent director by the family and/or behavior inconsistent with fiduciary expectations such as advancing a personal agenda or creating conflicts of interest. Of course, the effectiveness of independent directors is largely contingent on the commitment of the CEO and the family board members to provide timely, relevant information, seek out guidance, and welcome differences of opinion.

GLOBAL GOVERNANCE PRINCIPLES

Virtually all developed countries and many emerging countries establish rules setting forth minimum standards for corporate governance of public companies. These rules can also be instructive for private companies, to the extent applicable. For further reading, in addition to local governance rules, look for the updated Organization for Economic Cooperation and Development (OECD) Principles of Corporate Governance. The Principles were first established in 1999 and revised in 2004, with a new review that began in 2014 with the objective of conclusion within one year.

The OECD Principles are based on input from stakeholders including businesses, investors, trade unions, and standards-setting organizations from around the world, and are recognized as one of 12 key standards for financial stability by the World Bank and others. See also “[Report of the Committee on the Financial Aspects of Corporate Governance](#),” December 1, 1992 (also known as “The Cadbury Report”), which was one of the seminal documents in establishing modern principles of corporate governance globally.

CHECKLIST: THE THREE ENABLERS – CLARITY, CULTURE, COMMUNICATION

- ✓ *Understand the governance framework—how are the various stakeholders (family, owners, board, and management) organized and what are their roles and responsibilities?*
- ✓ *Establish and maintain living, breathing charters that clearly document roles and responsibilities, and are reviewed and updated as needed.*
- ✓ *Understand the vision and keep it updated and top of mind as you guide the company.*
- ✓ *Understand the culture and be a keeper of the culture. Monitor the extent to which the company's values guide the organization as a whole.*
- ✓ *Be alert to information asymmetry—and work to gain access to needed information by earning the family's trust.*
- ✓ *Recognize that family issues and emotion may make it very difficult to define and enforce roles and decision rights, and help the owners find ways to break through.*

Chapter 3

Building a Strong Board

“It is not that I’m so smart. But I stay with the questions much longer.”

Albert Einstein

Board seats are expensive real estate. Care should be taken to ensure that each and every one of those seats is occupied by someone who has the right skills and is willing and able to devote the time to help management and the owners advance the company’s needs and prepare to address its challenges. Building a strong, value-adding board requires attention not only to the skill sets of the individual directors, but also to the overall mix; a strong board works together in a way that enables the group as a whole to add value well beyond the sum of its parts.

Experience and Attributes

The focus on board composition has advanced significantly over the years for both public and private companies. While in the past boards often consisted of the founder’s friends and colleagues, now increasingly, as a matter of good governance and best practice, directors are selected for the strategic value they can add. There is no such thing as an “ideal” composition that will work for every board; the right composition will vary tremendously from company to company, and the ideal composition for any individual company will likely change over time as its strategy and business environment evolve.

To help build the “right” board, and keep it refreshed and aligned with the evolving needs of the business, companies have found it helpful to develop a skills matrix: they determine the attributes that are most needed to help the company achieve its goals over the next five to ten years and mark the attributes of existing directors against this list. This matrix can help identify gaps and serve as the basis for a focused search, both for building a new board and fine-tuning an existing board.

Family businesses may have gaps in skills or knowledge, and a director who has experience in the missing area as well as the ability to provide overall input on strategy can be beneficial. For example, expertise in doing business outside the company’s home country may add a valuable perspective that the company would not otherwise have; a director who is knowledgeable about technology, or marketing, or talent development and succession may add value in helping the company address challenges going forward in these areas; a director who has experience with enterprise risk management (ERM) may provide valuable perspective to aid the board in its oversight of risk. Particularly if the company is looking toward outside financing in the future, either through debt or equity, strong independent financial oversight at the board level will also be essential.

DIRECTOR RECRUITMENT: EXPERIENCE NEEDED

According to the 2013–2014 Private Company Governance Survey published by the National Association of Corporate Directors (NACD), based on responses from 689 private U.S. companies, the attributes that were considered most important for director recruitment over the prior year were specific industry experience (30.3%); leadership experience (28.5%); financial expertise (27.8%); strategy development (23.2%); and corporate governance (15.1%).

Developing a Skills Matrix

“While we originally developed our skills matrix for director recruitment, we now use it more as a governance tool and map for succession planning,” says one Commissioner. In this instance, ownership of the matrix rests with the directors themselves and is reviewed by the governance committee. More on developing a director skills matrix can be found in *Boards that Lead* by Ram Charan and *Women on Board* by Nancy Calderon and Susan Stautberg.

In addition to areas of expertise, boards benefit from directors who have backgrounds or attributes that enable them to share perspectives that are different

than the perspectives of those immersed in the business. For example, one Commissioner identified the value that was added to the board by the perspective of a business owner of a noncompetitive company that was about five years ahead in its life cycle; the wisdom imparted in terms of learnings, cautions, and suggestions was immeasurable. And, like any board, public or private, diversity is a critical consideration to ensure robust discussion by a well-rounded group that brings different perspectives to the table.

SAMPLE BOARD SKILLS MATRIX

General Experience	Director 1	Director 2	Director 3	Corporate Management/Entrepreneur	Director 1	Director 2	Director 3
Industry knowledge			x	Technology/e-commerce/IT		x	
“Out-of-the-box” thinking		x	x	New product development			x
Top government position	x			Success in building or adding value to a growing/profitable business	x	x	
Academic qualifications	x	x	x	Branding/marketing/communication/media			x
U.S. connections	x	x		Strategic planning	x		
Global connections/view		x	x	Financial/CEO	x		
Diversity	x	x	x	Labor management		x	
Governance experience	x			Sales		x	x
Environmental/social responsibility/sustainable development	x	x		External relations	x	x	x
Corporate and advisory boards			x	Government/regulatory and public affairs	x		
Independence	x	x	x	Procurement/supply chain/operations/customer service		x	
Financial expertise		x		Strategic alliances/M&A		x	
				Cybersecurity	x		
				Risk Management			x

Source: WCD OnBoard Bootcamp

The Importance of “Fit”

The right skill sets and experiences are no guarantee that a director will be successful in his or her role on the board. Demeanor and personality; chemistry with other board members, management, and the family; emotional quotient (EQ) and other “soft” factors, will also determine whether a director is a good fit for the board.

And while the contributing factors may be “soft,” the impact can be significant. Simply put, the right fit can make or break a board. Fit is important in the boardroom of any type of company, but the extra layer of the family dynamics adds another dimension to family businesses. As Paula Marshall puts it, “You come in at the purview of the one running the company, and you’re going to be dealing with those other 14 or 15 family members.”

It is difficult to recruit for fit, as it doesn’t easily slot into a matrix or a job description. Rather, it is more in the nature of “you know it when you see it.” Indeed, fit can take many forms. One Commissioner comments on the importance of ensuring that a

director is aligned with the company’s values of sustainability and social responsibility. Another remarks on the value of having a director whom the retired founder trusts and connects with on a personal level. And a number of Commissioners reference the psychological aspects of serving on the board of a family business; it is every bit as important to understand the family dynamics as to understand the business.

As important as fit is, it is equally important to understand what it is not. This is **not** about finding board members who simply “fit in,” get along, and fall into the trap of groupthink. In fact, when the fit is right, “the discussion is open and flows freely in a way that encourages difficult conversations and strong opinions,” comments one Commissioner. An independent director should be “strong enough to create change.” To ensure the right fit, candidates for board membership often meet with every member of the board as well as key family members before they are elected. And fit should be revisited over time as the dynamics may change. “Always be independent. Evaluate your contribution after every board meeting. If you are not adding value, it is no longer a good fit and it’s probably time to leave,” suggests Richard Doern.

SERVING ON THE BOARD

Board service, whether for family members or independent directors, should not be undertaken lightly. Doing it right takes time and a strong commitment to continued learning, about the company, the industry and the overall business environment and trends. A robust onboarding process can help a new director get up to speed. For suggestions, see KPMG’s *New Director Onboarding and New Audit Committee Member Onboarding* at <https://www.kpmg.com/directoronboarding>. Once the board is up and running, consider an evaluation process. Is the board tackling the issues of

most importance to the company? Does it have the right members? Does it have the right committee structure? Is there strong board and/or committee oversight of the company’s major risks? Are the meetings operating efficiently? What can they do to improve? A hard look with open discussion and follow-up planning undertaken annually can help ensure continuous improvement. For additional resources on board service, see *Women on Board* by Nancy Calderon and Susan Stautberg.

Many of the Commissioners suggest that owners of other family businesses can make valuable members of the board of a family business due to their understanding of the unique challenges. “People who have been there, felt it from their gut, can better empathize with and understand” what the owners are going through and are a tremendous asset on other family business boards, observes Liora Katzenstein.

Family Members on the Board

While having family members serve on the board can provide real value, care should be taken to ensure that the family member is on the board for the right reason, and that his or her role is clearly understood.

- Like any board member, family members on the board should have experience that is of value to the company and fills a gap on the board’s skills matrix, as well as personal characteristics that will enable them to operate successfully in the boardroom. A number of Commissioners say that family members who have experience with other companies in addition to the family business make particularly good board members due to the breadth of their perspective.
- A board that consists of a majority of nonfamily members may be best positioned to gain the benefit of independent thinking. In some companies, the majority of the board members are independent directors. For other companies, the nonfamily directors may include members of management and/or individuals who have ties to the family such as advisors or lawyers, as well as independent directors. Regulations and best practices may vary from country to country (for example in Brazil, it would be inappropriate for management to join the board while in the United States it would be highly unusual for the CEO not to join the board). The key is to ensure that whatever the mix, the board includes independent thinkers and diversity of thought.
- Every board member is obligated to act in the interests of the business and the owners as a whole, regardless of how they came to join the board. Particularly in family businesses that allocate board seats to different branches of a family, there can be misunderstandings regarding this obligation. Training can help.

POWER THROUGH DIVERSITY

Women are often the family glue or chief emotional officer in family business, according to Commissioners Christine Blondel and Susan Stautberg. But now, more and more women are succeeding fathers and uncles as CEOs of the business, unlike in prior generations.

A number of highly respected research organizations – Credit Suisse, McKinsey, Catalyst – have correlated gender diversity with better financial performance and a healthier attitude toward risk. The commitment to gender diversity varies by country,

from those with quotas to those where very few companies have women on their boards; and by industry,—those that interface directly with consumers are often quicker to recognize diversity as important. “Diverse family business boards that are multigender, multiskilled, multinational, multiethnic, and multigenerational can make a difference, not only around the table, but also in the world, and for the world,” says Susan Stautberg.

CHECKLIST: BUILDING A STRONG BOARD

- ✓ *Develop a skills matrix, considering the future direction of the company, the expectations of stakeholders—outside sources of capital as well as family owners—and experience gaps within the existing business. Plot the attributes of existing directors against the desired skills, and look to fill gaps.*
- ✓ *When defining the skills needed, also consider the family and board dynamics – it may be helpful for example to recruit a director who has strong emotional intelligence and communication skills and can serve as a link between the board and the family. Including this capacity on the skills matrix will help keep it front and center as an important component of board recruitment and succession planning.*
- ✓ *Build a diverse board. Look for differences in background and perspective that will add to the richness of the conversation.*
- ✓ *Recruit for fit as well as experience. Seek out a mix of directors who will be able, collectively, to raise tough questions and offer constructive advice.*
- ✓ *Implement onboarding and board/committee evaluation programs to ensure that directors will be able to hit the ground running and the board will achieve and maintain peak performance.*
- ✓ *Consider and help develop a plan for the next generation of family members to gain the experience and perspective needed to contribute to the board through experience at the family business, external business experience, and/or mentoring by independent directors.*

Chapter 4

Keys to an Effective Family Business Board

“In all affairs, it’s a healthy thing now and then to hang a question mark on the things you have long taken for granted.”

Bertrand Russell

A family business board’s effectiveness depends on getting “the basics” of good governance right (i.e., good process, clear roles and responsibilities, information flow); but the Commissioners identified other factors that distinguish highly effective boards and individual directors from others.

A family business board is only as strong as its weakest link. For this reason, every member of the board—family member or independent director—should be sharply focused on his or her effectiveness. This goes well beyond “good governance” on paper—following procedure, adhering to bylaws, and “box checking.” As one Commissioner says, “it’s definitely not just about minimizing liability to the company and the board.”

Board effectiveness is about directors being committed, prepared, and engaged, not only during board meetings, but throughout the year. What are board members seeing or hearing that could significantly enhance management’s view of the business environment? And how is the business perceived externally? Are there areas of focus that have slipped over the years? Has there been a management or ownership transition? For family businesses in particular, directors may want to be mindful of nuanced shifts in the company’s reputation or standing in the community. Is enough time spent listening outside of the boardroom, getting out in the field, meeting with key customers, and evaluating reputational issues to help the company understand the many lenses through which it is viewed?

Boards are most effective when they focus on the hard issues. “As a board member, sometimes you have to be the instigator, and then the chief architect, and then the monitor,” comments Darcy Howe. This is where understanding the family dynamics can be critical: “It’s like playing with ropes. Sometimes you push, sometimes you pull. So you need a lot of psychology,” says Toti Graham.

Of course, family members on the board also need to be prepared to confront the hard issues. A number of Commissioners noted that family members sometimes meet prior to the board meeting to discuss the items on the agenda so that, united or divided, the board discussion considers the agenda item in a way that’s businesslike and not emotional. By airing opinions and differences within the family council first, the discussions can be, as Kitty Mulder puts it, “rounded a little bit,” and then in the boardroom, points of view including differences of opinion, can be discussed “neutrally, objectively, coolly.”

Beyond Effectiveness—Sightlines

Family boards—public or private—have to deal with an element of deep personal relationships, within the board, among shareholders, in management, and even rank-and-file, that non-family boards don’t often have to handle. Working within, through, and around that family dynamic can make several core trappings of board effectiveness that much more difficult in a family setting.

“Once a family business consultant told me: ‘Family is about love, business is about making money.’ My experience confirms that independent board members can help defuse the emotions that overflow from family to business, bringing objectivity to the decision-making process.”

Sigrid Simons de Muller



While the law of the land (whichever land that may be) usually establishes the core expectations of the board including the duties of care and loyalty, boards are most effective when they go beyond the core and provide the company with oversight, insight, and foresight to move the company forward.

Oversight— Assurance that the company is operating with acceptable levels of strategic, financial, operational, and legal risk.

Insight— Asking probing questions, challenging assumptions, and bringing in an outside perspective.

Foresight— Focusing on the future, both risks and opportunities.

Translating these three “sights” to governance is critical for maintaining and enhancing the value of family businesses, keeping them nimble in competitive markets.

Moving the Company Forward: Collaboration on Strategy

The complex, volatile, and uncertain business environment of today, characterized by globalization, new technologies, and upstart competitors, makes the board’s role in strategy more critical than ever. As executives and directors of successful companies know, factors to be considered in developing a robust strategy include the business’s goals, the current business environment, and the rate at which it may change, potential disruptors including technology, competition, socioeconomic and geopolitical forces, financial considerations, customer needs, and the broad range of other factors that may

impact the business over the next five to ten years. Management, with the oversight and guidance of the board, weighs the proposed strategy against potential alternatives, tests underlying assumptions, and considers whether the business’s financial resources, capabilities, and culture will enable successful implementation.

And because strategies are not fine wines, there is little benefit in keeping them stored untouched for long periods of time. Strategic planning and implementation benefit from a vigilant board that brings an external lens on an ongoing basis. The report of the NACD Blue Ribbon Commission on Strategy, released October 2014, proposes a framework for deep board engagement in strategy—from formulation, monitoring execution, testing the continuing validity of assumptions to recalibrating strategy throughout the year—and serves as a good benchmark against which to measure the board.

In family businesses, not only the business environment but the family situation should be top of mind, one Commissioner suggests. Generational shifts may spur changes in company strategy; for example, the next generation may look to pursue a path that is more socially responsible or makes better use of technology, and experienced directors can help the new generation anticipate and prepare to address the full range of changes—touching the supply chain, customers, organization, and possibly the community—needed to successfully transition to a new strategy.

“For a company to perform well it all begins with strategy. Strategy is central, but strategy itself isn’t enough. You also need to have the capabilities, culture, and the talent to be able to execute it effectively in the marketplace.”

Sara Mathew



Keeping the Company Healthy: Oversight of Risk

An overly aggressive company can overshoot, overleverage, and overpromise. An overly conservative company can become captured by the status quo and drift slowly toward irrelevance. The key is to appropriately balance risk with potential reward. These discussions are woven into the fabric of the board's review of strategy and significant decisions, e.g., how much debt to incur, whether to make an acquisition, the extent to which to hedge against currency exchange fluctuation, etc. The board can help the business strike the right balance, as well as define the risks that the company will not take (such as legal compliance); and also oversee establishment and implementation of processes that enable management to identify, prevent, detect, and manage risk.

As businesses grow and mature, they move by necessity from informal practices to more formal processes. Are there appropriate controls over financial reporting? How does the company ensure legal compliance? How does management prevent, identify, and respond to inappropriate conduct such as fraud or corruption? Does the executive team, including the CEO, set a strong tone that the company will operate with integrity? Do employees feel comfortable raising concerns? Does the board have visibility to the risks and access to information that will enable it to provide strong oversight?

BE ALERT FOR CONFLICTS OF INTEREST

A director's role on a board is to use his or her best judgment to act in the long-term interests of the company and its owners. In this regard, "family boards should not be run any differently than nonfamily boards," asserts Pacita Juan. In many countries this is a legal obligation, often known as the duties of care and loyalty. Even directors elected to represent a specific set of shareholders undertake a fiduciary obligation to act in the interests of the whole, whether the company is public or private, whether the shareholders represent different family branches, different families engaged in business together, or a mix of family and nonfamily investors.

As one Commissioner notes, potential conflicts of interest not only occur frequently but often the potential for conflict is not obvious: "You have to have your antennae out constantly because conflicts of interest can occur without

those involved even being aware of the issue." There may be decisions that will benefit one owner at the expense of another. Family owners may prefer to do business with people they know, such as an in-law, a close friend, or even the family member's own side business, even if they charge more than others. A family member may have a personal interest in receiving payment of dividends at a certain level – and this may not be in the best long-term interest of the business.

Directors must be alert for potential conflicts of interest and be prepared to navigate them. Local groups that counsel family businesses may be able to help directors identify and watch out for any specific conflict concerns that may be common in their region or industry.

“Family businesses in particular may be at risk of ‘boiling frog syndrome’—while a frog placed in boiling water will immediately jump out, a frog placed in water that is heated gradually will not notice the temperature change until it is too late. As a business grows, it may not be obvious that the risk profile has changed, until something happens,” cautions a Commissioner. This is particularly relevant to family-owned businesses that are rooted in a community. Not only does the family grow up with the business, but the organization may be built on employees who have only worked for the company, along with their parents and grandparents. Clearly, there can be strong advantages, but there is also risk—whether it is that these employees can’t help management identify a risk because they are also too close or that an untrustworthy employee is given too much benefit of the doubt, either instance can lead to problems.

Whatever the risk—strategic, financial, operational, compliance—independent-minded directors who see the risks through an external lens can push the conversation, even to uncomfortable levels, as needed. Have the right risks been contemplated? Is there a realistic view of the company’s ability to manage the relevant risk? Are the right controls in place? Here, a true outsider—strong and resolute—can make all the difference. “You need someone on the board who will say ‘Wait a minute, have you thought about this? Hold on—hang on. Here are all the risks.’ It just gives balance,” suggests Darcy Howe.

“Here’s what directors of family businesses should know: It is important to understand that family-owned businesses are different than public ones. A healthy family is equal to a healthy business, but a sick family will contaminate the business. Do not try to solve family disputes or mediate conflicts. Look for special assistance if necessary. Be available. Spend time between board meetings. Make at least one phone call every week to 10 days. Invest in continuing education. You need to know more than others. Be a role model to the younger generations, mediate the relationship between the family members and outside executives and act as a coach to the executives when needed. Always be independent and evaluate your contribution after every board meeting.”

Richard Doern



CHECKLIST: KEYS TO BOARD EFFECTIVENESS

- ✓ *Understand directors' duties of loyalty and care and the best practices that have been established for boards of public companies, and regardless of whether the company is public or private, apply them where they make sense.*
- ✓ *Recognize that every director must act in the interests of the company and owners as a whole, even if he or she was elected by a subset of the owners.*
- ✓ *Dig deep when it comes to oversight of strategic planning. Work collaboratively with management to understand the drivers of long-term value, challenge assumptions, stay ahead of disruptive forces, and strike the right balance between risk and potential reward.*
- ✓ *Don't limit strategy oversight to the planning phase. Ensure talent and resources are aligned to the strategy, monitor implementation, look for changes that impact key assumptions, and be ready to provide guidance that will help management make adjustments in real time when changes in the business environment dictate.*
- ✓ *Hold management accountable for performance and serve as a mentor as needed.*

- ✓ *Look to see if management appropriately identifies and manages strategic, financial, operational and compliance risk as part of the company's way of doing business, and if not, push for the company to implement enterprise risk management (ERM).*
- ✓ *Oversee each of the company's top risks. Discuss them as part of the board/committee agenda. And don't forget about cyber risk; it's becoming a top risk for every company.*
- ✓ *Push for appropriate controls to prevent and detect potential fraud, theft, legal or regulatory noncompliance, and conflicts of interest.*
- ✓ *Keep up with the speed of change, and don't allow the company—or the board—to become complacent.*

Chapter 5

Cultivating and Motivating Talent

“I find the family the most mysterious and fascinating institution in the world.”

Amos Oz

Boards play an important role in connection with the myriad issues related to talent, such as monitoring of performance, linking compensation to strategy, and planning for and implementing succession. In family businesses, these areas are often exceptionally challenging due to family dynamics/emotional considerations. This is one of the biggest differences between family owned businesses and other companies. It is also an area where directors can add enormous value—if they remain objective and maintain the family’s respect and trust. As Kitty Mulder suggests, “independent directors—alone or with the help of advisors—can play a valuable role as facilitators in decision-making.” Commissioners across the board, family members, independent directors, and advisors, emphasized the valuable role that psychology plays in helping them understand and navigate the family and business dynamics.

Succession

Having the Tough Discussion

“I need a plan for who runs this ship and decides what happens next if I get run over by a bus,” the CEO of a successful family business recounted. Not every family business owner thinks this way. Unfortunately, many family businesses have experienced an owner/CEO who simply refuses to admit the possibility that nothing lasts forever, and, therefore, does not allow any discussion of succession planning. An owner/CEO may be reluctant to name his or her successor for other reasons, e.g., to avoid having to choose one child over another, or to avoid confronting the fact that there is no qualified successor within the family.

Succession planning—both long-term and as a plan that can be activated immediately in the event of crisis—is critical to the company’s survival, and, as a matter of strong governance, it is the responsibility of the board to ensure that a plan is in place.

Some recommendations to help:

- **Begin the discussion early.** Many boards begin the succession process as soon as a new CEO is named, and keep it on the agenda at least on an annual basis. The CEO may resist, but starting the discussion early and keeping it on the annual agenda make it simply a part of the company’s governance and may help make the idea of having the discussion less threatening.
- **Set the stage.** For owners who may be resistant to the topic, thought should be given to whether there is a context that might help make them more receptive. For example, compare these two approaches: bringing the discussion up in a board meeting that already has a packed agenda may fall flat; while there may be better success if a director who is also the owner of a family business lays the groundwork by bringing it up in an informal, one-on-one discussion in which he relates his own experience of succession planning discussions with his company’s board.
- **Make it objective.** Here also, external directors who are involved in other family-owned businesses can help, as can consultants who have experience working with family owned businesses. The more there is clarity regarding the strengths and experiences that are required in the next leader, the more there can be an objective assessment of how the capabilities of potential successors match up against the requirements, and where there are gaps.

“What are the owners’ dreams for the kids? What are the kids’ dreams? And how can they all be matched together? [At a recent conference on family business governance,] I was blown away by how many people work hard to figure this out.”

Darcy Howe



- **Look at it broadly.** CEO succession is paramount, but there are other roles to consider. From a company perspective, the board should be assured that the organization has plans in place in the event it loses other key talent, such as the CFO or head of R&D. And from a family perspective, there may be ways to keep talented family members engaged in the business even if they are not going to become the next CEO.

Mentoring the Next Generation

As a certain point, “it wasn’t about us—the siblings—any more, but the upcoming generations,” Sigrid Muller recounts. Liora Katzenstein opines that it is critical to make sure the next generation joins the business only if they are passionate about it – “not just a nice spot, but something where they will really, really want to devote their life to it.” And, as Darcy says, it is important to help them understand that there can be roles for them even if they are not going to run the company: “If you don’t want to run the company, that’s okay. We can find people to run it. But you’re going to be an owner, so this is your golden goose. Do you want to keep your golden goose for your kids and grandkids, just like your grandmother and great-grandmother did for you?”

If the answer is “yes,” directors can use their deep experience to help.

Directors can help the family identify the skills that the leaders of the next generation will need, and develop a plan to help them develop. The key is to start early, and there is no right or wrong. Pacita Juan describes having her nephews begin by working in the office during the summer, gradually becoming part of management and

eventually joining the board. In contrast, Liora and Kitty add that family members in their companies are required to have external experience before being allowed to join the business. Many directors talk about meeting with the next generation over the years as mentors, helping them to learn about business, understand and leverage their strengths, and identify and work to fill gaps.

Retaining the Value of Experience

Family members who have spent their lives devoted to running the business may not find it easy to channel their energy elsewhere when it is time to hand over the reins. If the transition is not managed carefully, they may act in ways that cause conflict and confusion, and even unintentionally cause damage to the business.

Some companies have successfully managed this dynamic by including on the board a director who will be able to serve as a bridge between the board and the prior leader. The individual should be someone who has the experience and foresight to help guide company strategy and also has the ability to remain independent while forging a strong relationship with the prior leader. A “committee of elders,” essentially a council that directly provides input to the board, offers a good solution in the experience of Christophe Bernard. The key is to enable the prior generation to maintain a connection to the company and provide perspective/voice opinions in a context that is not disruptive and does not take away control of the company from the current owners, board and leadership.

EXTERNAL HR FOR THE FAMILY

Pat Milligan offers the example of a large, successful private company that relies on an independent HR professional to oversee the performance and help develop the careers of family members who are employed within the organization. “The head of HR, who reports to the CEO, does not have to navigate the sensitivities and potential conflicts; instead, the HR person responsible for family members exercises independent judgment to do what’s best for the long-term interests of the business.

Linking Compensation to Strategy

Family businesses that grow rapidly may have a casual approach to compensation, with the board consulted infrequently (or not at all) with regard to compensation. For one matter, since there are no compensation disclosure obligations for private companies, they do not have the same external pressures with regard to executive compensation and therefore may simply not be in the practice of scrutinizing it closely. In addition, companies that do not have experience with aligning compensation to company strategy may not recognize the value this alignment can bring. Sensitivities may also arise for families that prefer to keep compensation information private, and this may prevent them from bringing in outside perspectives and expertise.

All family businesses, public and private, can benefit from the alignment of compensation to the strategy of the business. Doing so drives behaviors that further the company's long-term goals at all levels of the organization. Family businesses that are privately owned do not have the pressures that public companies face to use the "cookie cutter" practices often favored by proxy advisors. Therefore, they have flexibility to design compensation plans that are individually tailored, and are able to align incentives to the unique factors that are critical drivers of the business's success. Independent directors who have run their own businesses or otherwise have experience in this area can add value by insisting on this alignment and pushing until the company gets it right. Directors will need to be sensitive to the concerns that may arise regarding sharing information and may have to work extra hard to push through a reluctance to share this information, and earn the family's trust.

Evaluating Performance

"Who owns the assessment of family members?" This is a question that is not easy to manage in family businesses. With respect to the CEO, does the board (which may include the CEO's siblings or cousins) engage in a performance review? Who monitors the children of owners and/or board members who work in the business, and how do the managers of family members handle performance issues? Is a family member who is unable or unwilling to perform exited from the business or simply moved to a different role?

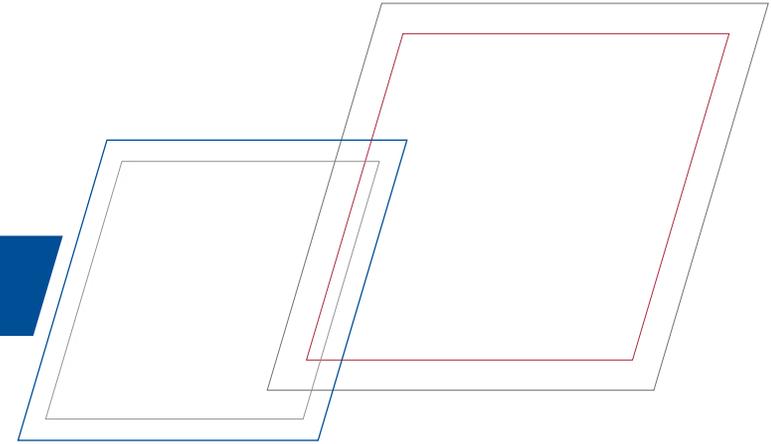
While many of these issues are the purview of management, the board plays an important role. The board is responsible for overseeing CEO performance, and there is no doubt it can be difficult in family businesses—sometimes because the board's authority to act is not clear, and also because of the difficult emotional implications. Sigrid Muller frames it up this way: "Let's say a CEO is one family member out of 30 and it is not working out. He has to be removed from the position, but imagine the family riot. If you do not have a board with truly independent thinkers, who is going to do it?"

Even if a nonperforming CEO is the sole owner, by taking appropriate action, the board is protecting the company and its future owners—the CEO's heirs. In addition, the board can help by taking an external, objective look at the company's overall approach to organizational structure and performance. Getting it wrong can result in a demoralized, disengaged workforce at all levels of the organization; while getting it right can help the company attract, retain, and motivate top talent within and outside the family.

CHECKLIST: TALENT

- ✓ *Develop a “plan” for succession planning. The stronger the resistance from the sitting CEO, the more necessary it may be to ensure that planning gets done.*
- ✓ *Help the next generation move toward taking their place, whatever place that may be. Family members on the board as well as independent directors serve as mentors, and can help define constructive alternatives for the next generation of owners who do not want to, or should not, become leaders of the company in the future.*
- ✓ *Help smooth the transition. If applicable, establish a role that enables prior leadership to offer perspective and suggestions without hampering the ability of the new generation to drive necessary change.*
- ✓ *Take a professional approach to compensation and oversight of performance. Align incentives to strategy; hold management accountable and link pay to performance.*
- ✓ *Ensure that the company is positioned to attract and retain both family talent and external talent through appropriate compensation, career opportunities for nonfamily as well as family members, and a culture of performance without favoritism.*

Conclusion



Governance provides an edge for family businesses—roles are clear; decisions are made objectively; and the various stakeholders work together to ensure healthy growth of the business over the long term. A top performing board is a critical piece of the equation. Service on a strong family board—whether for a family member or an independent director—can be extraordinarily satisfying. This report has offered insights, considerations, and practical recommendations—focusing on the key areas of governance enablers, board composition, board effectiveness, and talent.

In the experience of the Commissioners, solid governance rests on a foundation of clear roles and responsibilities, an organization in which there is a strong culture—with alignment of the company’s vision and deeply held values—as well as open communication. The skills that are needed to successfully guide the business over the next five to ten years should be the touch point when new board members are recruited—and those skills are likely to include emotional intelligence as well as critical knowledge and experience in areas such as strategy, finance, and human resources. Board effectiveness requires preparation, engagement, and directors who don’t hesitate to speak their minds and challenge management and the family—constructively. With regard to talent, outstanding directors find ways to have tough discussions about succession, align compensation to strategy, and insist on performance while serving as coaches and mentors for the next generation.

CHECKLIST: ENDURING ACROSS GENERATIONS

As a final checklist, based on the collective wisdom of the Commissioners, every director of a family business should:

- ✓ *Align expectations—before joining the board and on an ongoing basis—to make sure that what the owners expect from a director is consistent with your own expectations.*
- ✓ *Strengthen the overall board by using your knowledge and experience to add new insights and perspectives.*
- ✓ *Focus on the long-term interests of the business—strategy, risk, succession, performance—and don't be afraid to drive needed change.*
- ✓ *Be perceptive about family dynamics and how they may impact the board's ability to make decisions.*
- ✓ *Be prepared to navigate constructively through the challenging psychological issues that relate to talent.*
- ✓ *As a director, you are a steward of a business that takes the long view, reflects strong values, and takes deep pride in the business that bears the family name—nurture it, protect it, and do everything within your power to keep it strong, healthy, and enduring!*

WCD Thought Leadership Council



Susan Stautberg
CEO, Global Co-Chair,
and Co-Founder
WomenCorporateDirectors



Sue Townsen
Partner
KPMG LLP



Julie Daum
Leader, North American
Board Practice and
Board Member
Spencer Stuart



Melissa Means
Managing Director
Pearl Meyer & Partners



Davia Temin
President and CEO
Temin and Company



Deborah Wince-Smith
President and CEO
Council on Competitiveness

Editor

Susan Angele, Senior Advisor, *KPMG LLP*

Editorial Staff

Judy Macdonald, Director, *KPMG LLP*
Ari Weinberg, Associate Director, *KPMG LLP*

2015 WCD Thought Leadership Commissioners



Susan Angele
United States



Christophe Bernard
France



Christine Blondel
France



Maria Fernanda Couto
Brazil



Sigrid Simons de Muller
Panama



Richard Doern
Brazil



Carmen Rosa Graham
Peru



Nancye Green
United States



Darcy Howe
United States



Fatima Al Jaber
United Arab Emirates



Pacita Juan
Philippines



Liora Katzenstein
Israel



Lou Ann Layton
United States



Paula Marshall
United States



Sara Mathew
United States



Estelle Metayer
Canada



Pat Meyer
United States



Pat Milligan
United States



Dr. Anna Mokgokong
South Africa



Catherine Mulder Panas
Peru



Susan Remmer Ryzewic
United States

For More Information

To download a PDF of this report, go to www.womencorporatedirectors.com and find the Thought Leadership Council page under “WCD Initiatives” or go to http://www.womencorporatedirectors.com/?page=_ThoughtLeadership. A copy of the report can also be found at kpmg.com/us/wcd.

To learn more about **Women Corporate Directors** and its **Thought Leadership Council**, go to www.womencorporatedirectors.com.

© 2015 | WomenCorporateDirectors. All materials, logos, etc., unless otherwise stated, are the property of WomenCorporateDirectors, Ltd. Copyright and other intellectual property laws protect these materials. Reproduction or retransmission of the materials, in whole or in part, in any manner, without the prior written consent of the copyright holder, is a violation of copyright law. Contact information for requests for permission to reproduce or distribute materials: admin@womencorporatedirectors.com.

© 2015 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International. NDPPS 310255