



September 2015

As a corporate lawyer in Silicon Valley focused on the middle market and emerging companies, I spend a lot of my time working with CEOs and boards of directors, often advising on board best practices. Why is it that despite all the corporate governance reforms undertaken over the past two decades, many boards have failed?

There are many factors, but at the end of the day a high functioning board requires, among other things, a highly-engaged board and the right dynamics between the board and management.

On that theme, my Womble Carlyle colleague, [Newt Fowler](#), with insights from Jason Pappas, Managing Partner of Antson Capital Partners, published an interesting article last month, "[Driving Boards Forward](#)" that examines the challenges boards and corporate executives face in aligning around and executing on a shared vision.

The article notes that highly functioning boards expect the CEO to set the company's vision, while eliciting strategic input from the board, commenting, "It's interesting how many boards don't see the primacy of the CEO's role in driving vision and how many CEOs resist the critical input of boards in shaping vision."

Newt goes on to say, "Boards and CEOs that get this pattern right work hard at it. Critical issues of the day don't derail the discipline to continuously ensure alignment on vision and measure execution. Highly functioning boards 're-craft or fine tune [vision] during the budgeting process each year,' explains Jason. 'It's the natural time for a check in, driven by financial metrics.'"

"Boards that reach this level of function 'trust the CEO as their eyes on the street and expect that [the CEO] should be acutely aware of why a miss occurs.' Jason calls this dynamic 'sensory acuity,' the ability for the CEO to see how the plan is unfolding and for the Board to have enough confidence in their CEO to remain focused on the big picture."

I love the vision of the CEO and the board working together in this way. That's it for this month. See you in the 4th Quarter.

Best, Steve



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