

"The new global competition, with increasing demands for renaissance thinking, entrepreneurial action by top management, and constant concern for shareholder value, seems increasingly at odds with conventional notions and the functioning of boards - particularly when they are composed of outside directors.

- You will gain an improved understanding of the latest developments in corporate governance from around the world. You will become familiar with current best practices and research insights in the corporate governance field, with special emphasis on the role of boards.
- To be able to evaluate your own performance as a board member and gain a better understanding of the growing responsibility and liability of board members.
- As board members typically have "shelf-lives", even experienced directors need to remain familiar with the latest conceptual and practical developments if they wish to continue to be valuable to their boards.
- The majority of time will be spent in discussions, the exchange of ideas, and the sharing of experiences. This will be achieved with the help of the "benign circle" shown in the figure below. At the beginning of each round of the cycle, an issue will be identified. Participants will then be asked for their experience with regards to the issue.
- participants will be informed about what the latest research (including IMD's own board research), conceptual thinking and best practices can contribute to the issue. In addition, outstanding practitioners will be asked to talk about their experiences.
- **research in the board area:** a major empirical study in countries on both sides of the Atlantic has resulted in important new insights on board behavior, tensions and paradoxes. Among them are: the power balance between board and management, the composition of the board (detachment vs. involvement) and the working style of the board.
- **Best practices in board function:** this input will be mainly provided by prominent outside speakers from multinational companies with an excellent track record in the area of corporate governance and boards.

Aspects covered in the discussion include:

The shareholders/stakeholders issue

- How should boards deal with the (sometimes) divergent interests of shareholders and other stakeholders?
- Which companies are performing better financially: shareholder-oriented or stakeholder-oriented companies?
- Is the way in which shareholders/stakeholders play their corporate governance role satisfactory?
- The growing influence of institutional shareholders: is there a time bomb ticking?

An international comparison of board structures

- Factors determining structures and processes
- Is there a convergence of board behavior underway?

The power balance between board and management

Elements of the power balance:

- The charisma of players on both sides
- The ability of the board to become involved in shaping the strategy
- The ability of the board to influence the achievement of corporate objectives
- The ability of the board to influence the appointment, evaluation and retention (or otherwise) of the CEO
- The ability of the board to control its perpetuation identification and election of new board members)

The composition of the board

- Who to invite to join the board and who not to
- The significance of the independence of board members
- The evaluation of the performance of individual board members
- The liability of board members

The board's working style

- Flaws that typically effect boards
- The role of "Groupthink"
- The role of the chairman (and his/her evaluation)
- The climate within the board
- The evaluation of the board as a group