

# CONTENTS

<i>Acknowledgments</i>		<i>ix</i>
	Peter C. Browning	<i>ix</i>
	William L. Sparks	<i>x</i>
<i>Preface</i>		<i>xi</i>
	Why We Wrote This Book	<i>xi</i>
Chapter 1	The Changing World of Board Governance: How We Got Here	1
	What's in This Chapter?	1
	How and Why Boards Have Changed	2
	Why These Events Are Important	3
	A Barometer for CEO Compensation	5
	2002—A Board Governance Tipping Point	9
	Impact of the 2008 Financial Meltdown	14
	Chapter Summary	17
	What's Next?	18
Chapter 2	Role of the Board	19
	What's in This Chapter?	19
	Home Depot's Leadership Question	20
	Two Key Guiding Principles	22
	Why Boards Exist	23
	Three Critical Questions That Boards Ask	24
	Is the Right CEO Running the Company?	25
	Is a Robust Succession Plan in Place?	29
	Determining the Right Strategy	30
	Chapter Summary	31
	What's Next?	32

Chapter 3	Key Board Leadership Roles	33
	What's in This Chapter?	33
	Public Outcry for Action	35
	Changes in NYSE Listing Requirements	36
	The Debate over the Separation of Roles	37
	Nonexecutive Chairman, Lead Director, or Presiding Director	40
	The Challenge of Board Leadership	42
	Chapter Summary	45
	What's Next?	45
Chapter 4	Board Culture	47
	What's in This Chapter?	47
	Understanding Board Culture	48
	Examples Illustrating Schein's Model of Culture and Board Dynamics	50
	The Three Elements of Board Culture	51
	The Leadership and Board Performance Cycle	58
	Transforming Board Culture	63
	Chapter Summary	66
	What's Next?	67
Chapter 5	Group Dynamics and Board Decision Making	68
	What's in This Chapter?	68
	Why Working in Groups Is Difficult	69
	<i>Groupthink</i> : Managing Conflict in the Boardroom	72
	Understanding and Avoiding <i>Groupthink</i>	74
	Getting Past <i>The Abilene Paradox</i>	76
	Chapter Summary	81
	What's Next?	81
Chapter 6	Board Structure and Schedule	82
	What's in This Chapter?	82
	Board Size	83
	Meeting Requirements and Preparation	84

	Effective Meetings and Service	90
	Chapter Summary	91
	What's Next?	92
Chapter 7	Assessing Board Performance	93
	What's in This Chapter?	93
	The Evolution of Board Assessments	94
	Customizing the Assessment Process	96
	Finding Your Own Best Practice	98
	Chapter Summary	101
	What's Next?	101
Chapter 8	The Challenge of the Disruptive Director	103
	What's in This Chapter?	103
	Disruptive Members a Common Issue	104
	The Ying and Yang of Conflict	105
	An Effective Dissenter	106
	Five Types of Disruptive Directors	107
	Dealing with Disruptive Directors	109
	How Assessments Help	110
	Chapter Summary	111
	What's Next?	112
Chapter 9	The Other Succession Challenge: The Board of Directors	113
	What's in This Chapter?	113
	Why a Board Needs to Plan for Succession	114
	Demographics and Board Service Realities	115
	Enron, the 2008 Financial Collapse, and Dodd-Frank	115
	Building a Board Succession Plan	117
	Educating, Onboarding a New Member	123
	Chapter Summary	124
	What's Next?	124
Chapter 10	What's Next in the Boardroom?	125
	What's in This Chapter?	125

Ongoing Scrutiny of Executive Compensation	127
Continuing Demands for More Proxy Information	129
More Shareholder and Investor Activism	130
Greater Demands for Proxy Access	132
Sharper Focus on Risk Management	133
Ever-Increasing Scrutiny of Board Composition	134
The Way Forward	134
Chapter Summary	135
What's Next?	136

## **Appendices Board of Directors Assessment Forms 137**

Appendix A Board of Directors Self-Assessment	138
Appendix B Audit Committee Assessment	152
Appendix C Compensation Committee Assessment	154
Appendix D Governance/Nominating Committee Assessment	156
Appendix E CEO Assessment	158
Appendix F Lead Director Assessment	163
Appendix G Nonexecutive Chairman Assessment	165
Appendix H Peer Assessment	167
<i>Notes</i>	169
<i>About the Authors</i>	179
<i>Index</i>	183