INTRODUCTION

The original Boy Scout Handbook, authored by Adam Baden Powell in 1910, offered confident guidance concerning the intricacies of knives, arrows, knots, woodcraft, plant identification, hygiene, citizenry, and navigation of trails by moonlight. A modern version of that handbook is still published and in use today.

Those who find themselves in a public company boardroom might welcome a similar ready reference, given a legal and business environment in which straying from the trail entails consequences far greater than a nasty case of poison oak.

There have been thousands of articles, hundreds of court cases, and dozens of treatises dealing with board responsibilities. Many have been written from a theoretical or legal perspective, while others suggest best practices.

This Handbook takes a different approach.

While bashing corporate directors and officers as irresponsible has become increasingly fashionable in both the media and governmental circles, my experience in boardrooms over the last three decades has convinced me that nearly all public company directors are honorable people trying to do the right thing by their shareholders, customers, and employees. Unfortunately, the “right thing” is not always clear, and discerning it requires identifying underlying issues that are, themselves, sometimes less than obvious.

Based upon that experience, the twin premises of this Handbook are that

• among the most powerful tools available to any director is the ability to ask the targeted questions; and
• when a group of intelligent, well-meaning people is presented with the relevant facts, it will generally come to a proper answer.

With those premises in mind, this Handbook identifies 101 topics commonly encountered by public company directors and devotes a brief chapter to each of those topics. The first portion of each chapter sets forth a general discussion intended to provide basic context. The second section of each chapter suggests a list of questions or issues that a
director might consider in connection with the topic at hand, including information to be sought from the company’s management or advisors to inform the board’s deliberations.

The final portion of each chapter identifies additional resources to which the director might turn for a more in-depth analysis of the particular topic. Employing this format, this Handbook is intended as a ready-reference or field guide, rather than a definitive or exhaustive exposition on any particular topic.

The collective effort of the authors to arm directors with the right questions reflects a view that, while there is rarely a one-size-fits-all answer to the issues encountered by directors, in most cases there is a sound set of questions that will help lead an individual company to its right answer.

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