



ARE BOARDS OVERBOARD?

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Ineffectual and protracted austerity will cause renewed anxiety: ***Businesses run short of change.*** To stay current and productive, companies must invest in modernization. And they must always provide for regulatory changes and financial reforms...

How will companies balance the allocation of capital between survival and innovation? Who will reconcile the strategic tradeoffs between quarterly financials, regulatory compliance, productivity, structural change, and business operations? What about the appetite for risk?

Corporate management may be doing their best. Tactical financial surgeries and successful investments may bring some sense of relief. Sustainable performance however, will require a better alignment between the financial might and the productive sector. It is high time that companies in a “survivorship” mode embraced fundamental change.

So who shall take the lead? As many companies run thin on resources and innovation capital, it will be hard for grassroots initiatives to take hold. Here is where their Boards of Directors will make a difference and provide strategic direction. Indeed, the Boards have actual responsibility and must take ownership for the future of their companies.

Are Boards steering in the right direction? Are Corporate Directors exercising good judgment and setting the example? In most cases, it is a matter of principle: If the Directors take charge, management must respond. Absent such clear direction and involvement, managers might end up driving the company down a questionable path.

Corporate Directors have fiduciary responsibilities to their shareholders, business partners, employees, and the general public. So the Boards must instill corporate reform. Information and value added services will boost productivity, ingenuity and performance. Financial management must do better in attending the needs, opportunities and interdependencies of the real sector.

Independent Corporate Directors will play a decisive role in promoting ***necessary adjustments in the ways and means of public corporations.*** Global economic recovery cannot wait. Boards of Directors have the power and must call their companies to order.