

A Chairman Defines His Role

By Craig Aronoff, Ph.D.

We know a thoughtful family business leader who is retiring as CEO, but will continue as chairman of the board. (The firm has an active board with four outsiders and two family representatives.) In preparation, he attempted to define the chairman's responsibilities. We wanted to share it with our readers.

1. Assure that shareholders are kept adequately informed of affairs of the company, and develop and maintain shareholder relations program of the company. This includes giving thoughtful consideration to shareholder concerns and needs and reporting those concerns and needs at least once per year to the Board.
2. Accountable, with other directors, to shareholders for proper execution of duties and responsibilities of the board in connection with shareholder rights and interests.
3. Develop responsibilities to be assumed by the company's board of directors.
4. Through the president and CEO, (a) offer counsel when asked; (b) assure that board decisions are understood and implemented; and (c) assure that management has an active and effective strategic planning process.
5. Keep informed on state of the company's affairs, and through the president and CEO, assure adequate flow of information to the board.
6. Develop board as dynamic, constructive force in company and guide it in discharging its responsibilities. Propose methods to the board to help it identify opportunities and means to improve board functioning.
7. Ensure board members as knowledgeable in industry matters.
8. Propose time and place of board meetings; call meetings; preside at meetings of shareholders and meetings of family shareholders.
9. Review reports and proposals of management with officers prior to presentation to the board.
10. Lead board in preparing annual slate of directors and selecting candidates to fill vacancies.
11. Responsible to secure reliable, certified audit to verify management's conduct of the business.

12. Make recommendations to committees of the board. Present to the board reports and recommendations made by committees of the board. Serve on the compensation committee.
13. Maintain top level contacts with members of the community to ensure that company is properly recognized, dealt with and appropriately represented in community affairs.
14. Identify ethical dilemmas in the company and report on those annually to the board.
15. Consider leading special projects as proposed by CEO.

Back

Articles purchased or downloaded from Family Business Consulting Group® are designed to provide general information and are not intended to provide specific legal, accounting, tax or other professional advice. Since your individual situation may present special circumstances or complexities not addressed in this article and laws and regulations may change, you should consult your professional advisors for assistance with respect to any matter discussed in this article. Family Business Consulting Group®, its editors and contributors shall have no responsibility for any actions or inactions made in reliance upon information contained in this article. Articles are based on experience on real family businesses. However, names and other identifying characteristics may be changed to protect privacy.

The copyright on this article is held by Family Business Consulting Group®. All rights reserved.

Articles may be available for reprint with permission. To learn more about using articles for your publication, contact editor@thefbcg.com.