

JULY 2021 WEBINAR

Advantages of Having a Board of Directors

FINDECSM PRESIDENT AND CEO SHARES ADVANTAGES OF HAVING A BOARD OF DIRECTORS

You've probably heard of a Board of Directors at some point, but may not know exactly what they do. President and CEO of FinDecSM, Michael Lee, broke down the Advantages of Having a Board of Directors on FinDec'sSM recent July webinar. If you missed the webinar and would like to know more about what it means to have a Board of Directors and what some of the benefits are, you've come to the right place — we're recapping Michael's conversation with [Bear Icebox Communications](#) President Bob Spoerl from the webinar!

WHAT IS A BOARD OF DIRECTORS?

A Board of Directors is a group of elected individuals who serve for a period of time and oversee a company's overarching business decisions. They are there to ensure the mission of the shareholders and their goals are met by the people who work for the corporation. A BOD can be compared

to a "checks and balances" system since the board's responsibility is making sure that everybody is doing the right thing. You can have a BOD regardless of size of the company and members are typically nominated by shareholders.

WHAT ARE SOME OF THE REASONS FINDECSM HAS A BOARD OF DIRECTORS AND WHAT DO THEY DO?

For those of you who don't know, FinDecSM was started by Michael's parents, Fred and Nancy Lee. There was no need for a BOD during the early stages of the company since Fred and Nancy were overseeing everything at the time. However as FinDecSM continued to grow and Michael took a senior role at the company, he saw a need for a BOD.

For FinDecSM, having a BOD was an opportunity to bring new perspectives and resources to the company. Every person who serves on the board comes from a different background with unique experiences who can help advise Michael. The BOD offers insights that help Michael and his team best serve FinDec'sSM clients. The BOD solely looks at the business at a high level and is able to provide a perspective that nobody who works in the business day in and day out can. FinDec'sSM BOD is [composed of seven professionals](#) who meet quarterly to advise Michael and FinDecSM how to better serve their clients.

WHAT DO THE BOARD OF DIRECTOR MEETINGS LOOK LIKE?

The meetings for FinDec'sSM BOD are more interactive than most. Directors are provided a formal report that covers major topics such as finances, operations and marketing. This way, they can review the information ahead of time and come to the meeting with questions or ways to improve instead of receiving the report at the beginning of the meeting and having to allocate a large chunk of time to reading over it (the meetings are three hours long). Then, they will discuss the minutes and begin presentations from FinDecSM executives on their specific departments agenda (these are either presented in person or via Zoom). Once the presentations are done, the BOD will have a closed door discussion before concluding.

WHAT ARE SOME OF THE ADVANTAGES OF HAVING A BOARD OF DIRECTORS?

A BOD is very beneficial to the corporation because the members collectively serve as a trusted advisor. They are responsible for knowing the ins and outs of the company as well as everything about the President and CEO's life and experience so that they can provide expert advice. Each one of them serves on the board because they want to bring value to the company and be a resource. It is something they are passionate about. The board also provides a fresh perspective to problems that may not be able to be resolved internally. Sometimes, you need a fresh set of eyes with different experiences than you to approach an obstacle proactively. Michael sees the value in having a board to bounce ideas off of and talk to in confidentiality, which is why he often seeks their advice.

HOW DOES ONE GET ON A BOARD OF DIRECTORS?

As previously mentioned, to serve on a BOD, one must be nominated. This is done within the organization by a shareholder or the current director. An application for the open position goes out, just like any other job. Shareholders meet once a year and go through all of the applications along with looking at the current board and then vote on directors for the following year. There is a working relationship between the

BOD members and the company—there is typically a level of flexibility as many members of BODs are executive or fellow business owners. The board typically consists of professionals who are strangers to one another—it would not be a good idea to hire someone close, such as close friends, as they may either not have the experience or the critical eye of someone who is on the outside of a business looking in.

HOW DOES MICHAEL'S MILITARY BACKGROUND RELATE TO HAVING A BOARD OF DIRECTORS?

In the military, people had full-time jobs alongside working in the reserves. When they went on a mission, there were people with expertise and different backgrounds. Having a BOD is built on the same concept. It is similar because it is a group of people with a wide range of expertise and experiences coming from unique backgrounds. You are only as successful as the people that you surround yourself with. If you have a diverse team, you will be able to run a business to a diverse clientele.

WHAT IS THE IMPORTANCE OF DIVERSITY ON A BOARD OF DIRECTORS?

From the previous point, having diversity within a board of directors is very important as it gives people the opportunity to bring fresh ideas and provide a different perspective to a particular topic. In addition, your BOD can serve as advisors for businesses and individuals, which is why it's beneficial that you hire people based on experience, which also matches up with your business proposition. However, it would be wise to pick your directors carefully.

Any industry evolves and we recognize our industry continues to shift. You have to prioritize running your business like a business first and learn that it is impossible to do everything for your clients. We are human and we don't know everything. If you're a small business owner considering launching a BOD, know that it's a way to bring in people with more knowledge than you to help you grow your business.

The BOD, when structured the right way, can help your team and you create and grow a successful company—together.

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