

Boardroom relevance of the values of Scouting

Here's how the Boy Scout Law provides guidance on being a good director.

BY DOUG RAYMOND

RECENTLY, a couple of former Boy Scouts (turned corporate lawyers) were reminiscing about their Scouting days and some of the lessons learned. The discussion turned to whether the principles laid out in the Scout Law could provide guidance in the boardroom. So, with apologies to Scouts founder Robert Baden-Powell, here is what we came up with.

Trustworthy: Directors are reliable and honest. They should do their homework, attend meetings, and actively engage in the decision-making process. Shareholders elect directors to oversee their company in large measure because they trust them to do so properly. Directors should be worthy of that trust.

Loyal: Chief among a director's duties is the duty of loyalty, which requires directors to place the stockholders' interests before their own. This duty is manifested in several contexts including disclosing and generally avoiding conflicts of interest, protecting company information and assets, and looking out for the interests of all shareholders, not just some of them.

Helpful: Directors bring all of their talents and expertise to the table. Once they have learned about the company and its industry, they should use their knowledge, skills and networks to help the company chart its path forward. A director's job does not end when the

board meeting is adjourned. A collaborative board, with a diverse skill set, can help a company realize its potential.

Friendly: Well-functioning boards generally act by consensus and make decisions collaboratively. Board and management dinners and other social events are an important part of the process of building trust and a well-functioning board culture. Scouts are expected to participate in all troop activities and engage with their fellow scouts. Directors generally should do the same.

Courteous: But directors of course will at times disagree. Where there are differing points of view, courtesy can keep the process functioning. Each director has been chosen for his or her skills and potential to add value. Being courteous in the midst

of a disagreement can keep the process moving constructively and allow directors to continue to participate in the discussion. Board discussions must be open, thorough and deliberative, even when disagreements occur.

Kind: OK, perhaps not every element of the Scout Law directly applies to the boardroom. It often seems that there is little room for kindness in the corporate jungle. On the other hand, directors make decisions that can significantly affect the lives and livelihoods of many constituencies, including customers and employees. Directors should consider the human impact of their decisions.



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Obedient: It goes without saying that the directors must know and obey the relevant laws that are applicable to the company. They must also obey company policies, such as those respecting blackout windows and disclosing potential conflicts of interest. These policies are often designed to prevent more severe violations of law, and thereby protect both the company and the directors themselves.

Cheerful: Honestly, we don't remember the Boy Scouts as a bunch of "happy-heads," but we do recall their willingness, without complaint, to chip in and help shoulder the load instead of sitting back and letting others do the work.

Thrifty: Directors are charged with protecting and enhancing the company's assets. Being thrifty requires that directors be prudent in exercising that duty. It is no coincidence that corporate law contains a cause of action to remedy waste of the company's assets.

Brave: Leadership at times requires directors to make hard decisions. The courage to stand by one's convictions is a necessary element of leadership. In the

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boardroom this is true both of the board as a whole, as it charts the company's course, and for individual directors who must, at times, be willing to challenge the tendencies to group-think or to take a back seat to those who are more assertive in pushing their positions. Many of the failures in corporate governance can be traced to directors lacking the courage to do what they know is right.

Clean: Directors should run a clean ship. It is one thing to obey the rules, and thereby meet the minimum requirements, but well-functioning boards look to best practices and strive to become models for others to emulate. Directors should aspire to have their company be that model that others look to.

Reverent: Directors are in a position of trust. They are stewards for the owners, and generally are not themselves

major owners of the company. They are bound by fiduciary duties that arise as a result of the trust that the stockholders bestow upon them. While maybe being a director does not rise quite to the level of a sacred trust, the directors speak for and are changed with looking out for the shareholders, and they should be appropriately aware of that. ■

If all of the above qualities seem like qualities that the directors on your board

possess, then you likely have a functioning board helping to guide your company forward. And who knows, some of your directors might even have learned these values in Scouting.

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