

How the Board and CFO Work Together

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1. Mutual trust, respect and credibility between the CFO and the Board (especially with the Audit Committee Chair) is key to developing the productive and positive relationship needed to successfully work through critical strategic decisions. A clear understanding and appreciation of the role of the Board and the CFO in this process is also important. The role of the CEO must be respected and communications among the Board, CFO and CEO remain transparent.
2. A trusted mentor is extremely valuable if you are relatively new in the role of Audit Committee Chair or CFO. Find someone you respect and trust that will serve as a sounding board and provide helpful guidance on how to best carry out your role.
3. Management should provide the Board with meaningful information and thoughtful analysis of strategic alternatives as well as a point of view on the best course of action well in advance of the meeting where the Board is asked to make the ultimate decision.
4. Once a strategic direction has been well considered and adopted do not get distracted by short term issues such as volatile stock prices and quarterly results.
5. When considering the use of non-GAAP measures in shareholder communications and SEC filings management should educate the Audit Committee well in advance of first using the measures. Clearly communicate why the measures being presented are helpful to investors in understanding the company's results. Consider if they are just as relevant whether they have a positive or negative impact on the reported GAAP results.
6. When strategic decisions do not work out as expected, the Board and management need to work together to carefully debrief and learn from the experience so mistakes will not be repeated and future decisions will be enhanced.
7. When new and distinctly different strategic directions are taken it is a necessary and natural process to re-evaluate the skills and experiences needed on the Board and the management team. If needed make the changes in the Board and management in a thoughtful but expeditious manner.