Corporate Governance Thoughts 2017

It surprises me how many graduate business school students struggle to define shareholder value. I’ve been the largest investor in two Pharmaceutical companies it’s clearly defined as share price times the number of issued shares.

Never forget the rules of Board governance.

Audit and GNC Committees

That’s where the decision making of the Board has to be focused when they serve on required audit, and/or the General, Nominating, & Compensation Committee. By focusing on maximizing shareholder the audit committee can confirm the reported financials match the business performance and the GNC committee is focused on paying section 16 officers to maximize shareholder value. In addition the GNC needs to maintain a Board of Directors to oversee the operations team, which is always delegated to the CEO.

Board Size

Keep the Board of Directors as small as possible through every stage of business growth, so starting with 5 Board members is a great number for early public companies to manage.

Board Recruitment

Subject matter expertise should complement the Operations team. The longer the operations team knows the Board member the probability of a successful Board member will increase.

Exit Interviews

Always require exit interviews for staff who create the corporations intellectual capital. Never let IP walk out of your company without a deal in place which can be secure at the exit interview. Never let IP walk into the marketplace for the completion to use, so HR documents are keys to capturing the intellectual capital of the staff.

If scientific fraud is suspected of staff, the exit interviews should focus on capturing information to meet the needs of future legal proceedings or very brief.