

# Why do I need a professional board in my company?

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# My background

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- Lawyer/partner in Advokatfirma Sekse & CO AS
- Various board positions in the last 15 years, and more
  - Football/sports
  - Merchandise trade
  - Property
  - Asset management
  - Banking/finance
  - Law firm, lawfirm nettwork
- Legal adviser for boards, owners and other stakeholders

# What is essential - checklist

## *Should I say yes, when asked to join a board?*

- Do I have the skills that are relevant?
- Do I have the necessary capacity to take up a position?
- Do I have sufficient integrity and independence?
- Do I acknowledge the company's values and business?
- Or is it just flattering to be asked????

## *What to look for?*

- Competence is added
- Contribute with support and guidance to the CEO/DL
- Regularly evaluate CEO/DL
- Ensure breadth and diversity in management
- The board's main function is to add value to the company
- **The owners must find candidates who satisfy these requirements.**

# Board work

The board, and work on the board constitute more than just a mandatory task, and an efficient and professional board will be a resource for the company.

It is therefore important to be aware of how the board should be composed and what competences the board members possess.

# The composition of a good/solid board of directors?

The shareholders?

Family and friends?

Key employees in parent company in subsidiaries?

External candidates?

# Who do board members represent?

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Board members only represent themselves in the board, however they are sometimes expected to report to those who elected them to the board.

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**BUT;** They have a responsibility to work in the interest of the company, not the interest of specific shareholders or others.

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The same goes for board members elected by the employees



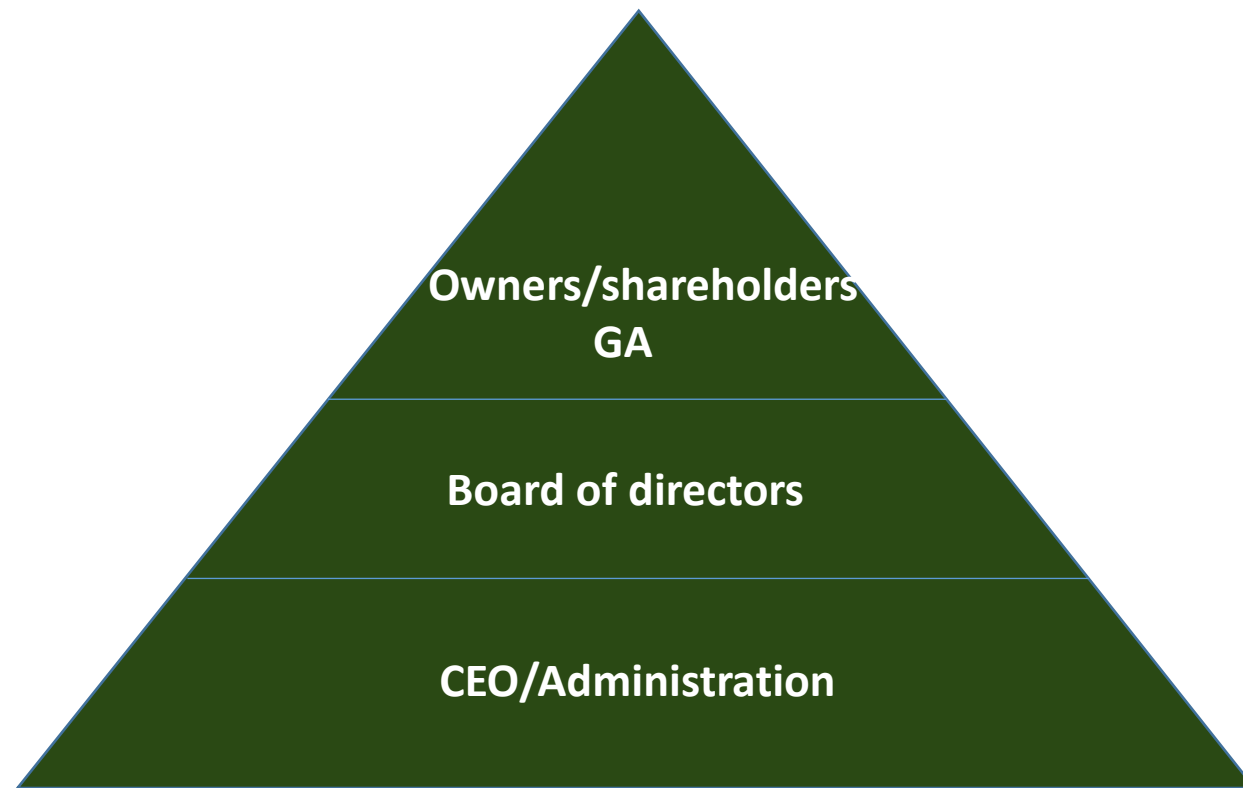


# Remuneration to the members of board

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- Voluntary work?
- Paid work, if so how much?
- Board of directors as shareholders?
  - Shares as an incentive
  - Stock options?
- The Norwegian code of practice for Corporate Governance (NUES)

# The company`s structure





# What is the main duties for the board?

- Supervise the activity of the organization and the general management.
  - Are the company appropriately organized?
  - Are there clear lines of responsibilities and qualified personell?
- Keep itself informed of the enterprise`s financial position
- Make sure the company has sufficient equity and liquid assets in relation to scope of the activities.
  - If necessary; if the equity is insufficient, the board is obliged to immediately propose measures and convene a general assembly/meeting.



# What is the main duties for the board?

- Make sure the company has adequate plans, budgets, financial reports, insurance, guidelines and audits.
- Appoint and assign the general manager/CEO
- Make sure the CEO is following plans and reporting routines
- Be a support, but also a challenge for the CEO

# Strategy development

- Strategy – action plan – budgets
- The administration in the driver`s seat
- The board needs to challenge, and support

Strategy development and strategywork might be the most important task for the board, after hiring/firing CEO.

# «Worst case» and «best case scenarios»

Describe the company`s

Strength  
Weaknesses  
Opportunities  
Threats

SWOT

KPI`s

- Maintain or raise marketposition
- Reduce costs
- Increase profits
- Strengthen competence
- Consider reducing staff
- Etc.....

WHAT & HOW



# Compensation liability – get clear!!!

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- Board members can be held liable to pay compensation for damage/loss they cause the company, shareholders or others (creditors).
  - Make sure the board acts properly, reacts in time, follow the rules, and document all the work properly in board minutes.





Thank you for your attention, and good luck with your companies, and board of directors.

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[www.sekse.no](http://www.sekse.no)

Link:

[2021-10-14-The-Norwegian-Code-of-Practice-for-Corporate-Governance.pdf \(nues.no\)](#)

