

Introduction

It is not uncommon for a Board of Director's Meeting or any other similar meeting, to be unnecessarily unwieldy and lengthy without the objectives for holding such a Board Meeting been achieved. A common reason for this failing is the lack of sufficient information and training regarding the importance of Board Meetings. Another reason is the lack of an appreciation of the role that the Directors of a company play in the success or failure of a company.

The following material is our contribution to the advancement of holding regular, efficient and productive Board Meetings, and the entrenchment of good corporate governance practices in the process.

Who are Directors?

As a company is an artificial creation of the Law, it's ?.. brain and mind ?? is traditionally put to use by its appointed Directors. Thus, the Directors of a company direct and manage the business affairs of a company in a faithful, diligent, careful and skillful manner.

Due to the very important role that the Directors of a company play in a company's success or failure, only Directors with the requisite industry-specific skills and maturity should be appointed as the Directors of a company. Board appointments that are driven by emotional or sentimental reasons will do more harm to a company, than any good. So too must the Directors of a company be rotated or changed every few years to meet the inevitable changes in the market.

A fiduciaries and trustees of a company, the Directors of a company must ensure that at all times, they do what is in the best interest of the company as a whole by among other things preserving the asset of the company, formulating, furthering and promoting the company's business objectives.

While the Board of Directors of a company directs and manages the business affairs of a company, the day-to-day administration of the company is usually vested in one of the Directors who is called the Managing Director of the company. Where the Managing Director of a company is not also the Chairman of the Board of Directors, an independent outside Director is usually appointed to be the Chairman of the Board of Directors. The Chairman in turn manages the Board Meetings of the company.

Why hold Board Meetings?

The principal function of an effective Board of Director's Meeting is the **formulation of a profitable Business strategy**

, which the Board must consistently monitor and realign to meet the demands of the target market whenever the need arises.

It is the function of an effective Board of Director's Meeting to monitor the financial performance of a company. This is because it is the financial performance of a company that provides the best indication of the effectiveness of its business

strategies.

Where a company's profitability is in doubt (or irredeemable), the Directors must take a decision on whether the company should remain in that line of business or realign such a business with other businesses or exit entirely from such a business.

A further reason for holding regular Board Meetings is for the Directors to monitor and ensure that all legal and other regulatory compliance issues are met by the company.

Holding Board Meetings

To efficiently perform its role, the Directors of a company are statutorily required to meet as often as they deem fit, to deliberate on the business strategies, and the effectiveness of such strategies to their company. The number of Directors required to constitute a **quorum**

for a Board Meeting to be held is usually stated in the company's Articles of Association. Where the number is not stated, two (2) Directors present at a Board Meeting can be deemed to constitute a quorum.

It is however not the primary role of the Board of Directors of a company to deliberate on the operational day-to-day activities of their company at their Board Meetings. Such a role is vested in the Managing Director and other senior members of the company's management team. Where the operational activities of a company take up too much of a Board Meeting's time, a change in the management team may be necessary. Barring repetition, it is the role of an effective Board of Directors to at their Meetings deliberate and proffer advice and solutions on **core business strategies** that will keep the company profitable. Board Meetings should therefore be structured with this primary role in mind.

Checklists for Holding Effective Board Meetings

Early preparation is critical to an efficient Board Meeting. A well-structured Board Meeting should therefore adhere to the following step-by-step protocol:-

Notice ? Every Board Meeting should be convened with the circulation of a Notice to the Directors. The Notice usually indicates the name of the company, the Meeting venue, the time, the duration and the agreed Agenda for the Meeting. The Chairman, the Managing Director and the Company Secretary to the company play very important roles in this regard.

Agenda ? Embodied in the Notice convening a Board Meeting must be the Agenda for the Meeting. A well prepared and adhered to Agenda is critical to the success of any Board Meeting.

Board Reports ? The early preparation, advance circulation, and the review of all Board Reports before any Board Meeting usually saves valuable time for meaningful deliberations at any effective Board Meeting. A clarification of any unclear item in advance of the Board Meeting also helps. Where the opposite occurs, the real purpose of the Board Meeting

will not be sufficiently achieved.

Minutes of the Last Board Meeting ? A review of the Minutes of the last held Board of Directors? Meeting, with the matters arising/pending from such a Meeting enables the Directors to be brought up to date regarding the matters deliberated upon at their last Board Meeting, and the resolutions passed at such a Board Meeting. From the updates on the matters arising from the last Board Meeting, the Board is able to make progress on each item head that is outstanding for resolution.

Accounts ? Prior to deliberating on business development issues, considerable time should be expended on reviewing the Company?s Management Accounts, its Income Statement, Budget performance and other financial records of the company. This is because it is these financial records that remain the best indicators of how well the existing business strategies of a company are performing.

Management Report ? The Management Report is usually presented by the Managing Director of the company. It provides the Board of Directors with information on how well the existing businesses of the company are performing; as well as threats and opportunities; with any other new or prospective business.

Any Other Business ? This item allows the Directors to deliberate on any other issue that may not be in the original Agenda for that Board Meeting but which issue can be properly deliberated upon at such a Board Meeting.

Date for Next Board Meeting ? It is always important to select a date convenient to most of the Directors present at a Board Meeting, for the next Board of Directors? Meeting. This enables the Directors not to lose momentum in regularly meeting to consider, review, monitor and advance the business objectives of their company.

The important role of a Chairman

An effective Board of Directors Meeting should always be led by a strong-willed, wise, matured, industry-knowledgeable and patient Chairman who commands the respect of the other members of the Board of Directors, the management team of the company, the industry Regulators in the line of business that such a company is engaged in, and members of the general public.

In addition to moderating concise and courteous deliberation in adherence to the Agenda for each Board of Directors? Meeting, the Chairman of a Board also ensures that distractions and interruptions are curtailed and excluded during Board Meetings. Examples of such distractions include using electronic gadgets that have no relevance to the Board Meeting; too many side comments or conversation amongst some Directors; unnecessary movements into and outside the Board Room; etc.

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