The Challenges of Corporate Governance Today

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Being a Director in the 21st Century

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The last decade showed us

- The corporate catastrophes of the last decade like WorldCom, Hollinger and Enron showed us,
- That good boards are much more important than previous appreciated.
- The public, and law makers, are holding directors to a much higher standard.
- Personal liabilities have increased.

It’s never been more difficult

- At the same time that we need boards more than ever before.
- It has become much more challenging to recruit, compensate and retain excellent directors.
- Some writers have described it as a ‘crisis of governance’.

Fewer want to be directors

- The increased time commitment, accountability and personal liabilities,
- Have caused many experienced, successful business people to decide that they don’t want to be directors.
- The shortage is acute and compensations have increased correspondingly.

Advisors, observers and coaches

- The challenges of governance are increasing the popularity of observers, boards of advisors and coaches.
- All roles without the time commitments and liabilities.
- But without the governance that is required by all companies that need equity financing.

Term sheets are evolving

- Investors are realizing that they can no longer rely on the assumption that there will be good governance in place.
- Angel investors especially are changing their term sheets.
- To incorporate more controls and investor protections.

Governance is changing

- The only thing that is certain is that governance is changing.
- Lots is being written and workshops like this are growing in popularity.
- Hopefully today will provide some insights,
- And excellent ‘take home value’.