

BLOG

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Board Chairs Should Be More Like Judges

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As I argued in my [previous post](#), it is all too likely for a company to end up with a board full of the people it can find rather than the people it needs. I have given six markers that suggest a company has bad director; but what are the indications that can help the company's external stakeholders tell if they have a good one?

There are no perfect indicators, but the following signs are encouraging:

1. They don't complain. Not about the workload, not about the fees, not about Sarbanes Oxley.
2. They don't expect it to be fun. They're not in it for the social kudos or to make friends. They understand that it's a hard job. A very hard job.
3. They don't like to be overpaid. They don't need or depend on the fees and they prefer to be paid at or below the comparable median.
4. They want to protect stakeholders. They realize that their job is to ensure that investors feel confident that the company will use their capital productively and respect their rights.

The director you need to watch most closely is, of course, the board chair, because the chair sets the tone for the entire board. If board chairs don't complain, understand it is a hard job, avoid overpayment and see their work as an important public service, other board members will be dragged along with them in the right direction.

You might think that people like this are few and far between, especially in business. But in other walks of life they occur surprisingly often. The legal profession provides an interesting parallel. Lawyers have a terrible reputation yet Americans have, rightly, a sense that the legal system is broadly fair. A lot of this is because of the people at the top: the judges.

Think about who these people are for a minute. Judges are usually drawn from the very top drawer of the legal profession, yet they are willing to take considerably less remuneration than they could get as practicing lawyers and face a largely thankless task with more hardship than exhilaration.

They do it because, in the legal profession, there is a strong sense that to become a judge is the highest form of public service — one that allows them to apply their wisdom and judgment to ensure that the judicial institution serves its country well. By and large — at least at the higher levels — judges take the bench out of a desire to serve the public, and the public recognizes this fact.

If we could begin to see board chairs as we think of judges, and if they could increasingly act in the public interest as judges do, even when it means taking unpleasant actions, our system of democratic capitalism would be the stronger for it.

Do such people exist? They do; in fact, I have met and served with several. They are terrific. But the real question is: Are we doing enough to make sure that business managers have a sense that their job is not just about making more money?

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