6 Reasons Why Every Board Needs ‘Fresh Eyes’

Every board needs what I call “fresh eyes.” I define it as being able to see things that others do not. Boards acquire fresh eyes when they add outsider directors to their board.

They are called outside directors because they are not employees or stakeholders in the company. They are especially beneficial when a board has become static in composition (same people, all internal board members, etc.), and, therefore, have been addressing problems in the same way. Outside directors provide unbiased opinions. But, only when they follow the following guiding principal...

Board Principal #1: ‘Eyes in, Fingers Out’

There is the board principle I’ve always subscribed to: “eyes in, fingers out.” This means the board function is not to run the company, but to pick the management and set policy.

If the board is micro-managing the company, there is definitely a problem and either you need new management or outside directors with fresh eyes to help the company get back on track. The board’s job is to govern and management’s job is to manage. Here are the right ways outside directors can use their fresh eyes to a board’s advantage.

6 Reasons ‘Fresh Eyes’ Can Help Your Company

They have different perspective on issues. They aren’t tainted by the existing board’s view on issues and haven’t been part of the politics that have created the issues.

They have experiences and views from other industries that may have already experienced and solved the problems or issues being discussed. Many times more established industries have already dealt with the challenges faced by newer industries. Outside directors can bring that knowledge to the board to help expedite the creation of effective solutions.

They have a new network of resources for the board to consult. Outside directors bring a whole new set of contacts and connections that can be leveraged.

They will ask new and different questions to stimulate the board’s decision-making process. An outside director will ask questions as a way to gain perspective, which will force the existing company to think about its own responses and possibly have “ah-ha” moments related to the situation.

You need to bring in someone who is not a specialist, but someone who has been involved in all areas of running a business. (Cont. Pg 5)
A Quick Self-Assessment of your Business

The beginning of the year is always a great time to pause and ask yourself, “How is my company doing?” Very often we as business owners are so busy solving day-to-day issues and running the business that we don’t take time to reflect on “Is my business performing the way I want it to?”

The following Self-Assessment can be completed in less than 5 minutes. If you answer “No” or “I’m not sure” to any of these 11 issues, it may be time to sit down with a SCORE Counselor for a free and confidential session.

SCORE can ask the additional questions that can help identify the improvement opportunities for your firm. We can then guide you in developing an action plan.

Most of our initial sessions last less than an hour so what do you have to lose besides some problem spots in your business?

Financial: Is your firm as profitable as you think it should be?
What are the trends of your profitability over the past 3 years?
In your opinion, why are you not meeting your profit expectations?
Is your firm in a solid position with your cash flow?

Marketing: What makes your product service better than your competition?
What is really important to your customers when they consider your product or service?
Are you satisfied with your market share compared to your competition?

Do you have a good handle on your sales trends over the last three years?

Customer Service: What do your customers say and think about your overall customer service?
How many customers do you lose annually due to service issues?
What portion of your customer’s purchases come from your company?

Your Chamber of Commerce can connect you with a SCORE representative for a free and confidential session to help you improve and grow your business.

 SCORE Counselor of the Year

The SBA honors the exceptional small business owner and the champions who support them each year at Michigan Celebrates Small Business.

Awardees were selected because of their staying power, financial performance, innovativeness, response to adversity, contributions to their communities, and advocacy for the advancement of small business.

Steve Feinman is the District Director of SCORE district 515 covering Michigan & Northwest Ohio since May 2010 till present (5 years)
SCORE is the premier provider of small business mentoring services in the US with 364 chapters and 13000 mentors.

In Michigan and Northwest Ohio we have 10 chapters with 333 members and provided over 10,000 mentoring and workshop services to the small business community.

As the DD Steve promote SCORE work and facilitate the services provided by our chapters and volunteers throughout the district.

Congratulations Steve Fienman

Chairmans’ Corner

Jim Muir
Detroit SCORE
Chapter 18
Chairman
Welcome to SCORE Detroit

Congratulations!

Our Newly Certified Members

Kalia Atul,
Marc Garrison,
Jim Kornas,
Kim Robinson,

The following members continue the process of working through the training system;
Anjan Chatterjee
Thomas Hoenle

We look forward to their active participation in the near future

Welcome our New Members-in-Training:

George Chessler
Joyce Smith
Gregory Genter
Jacqueline Love Jones
Ken Posner,
Daniel Ross
Paul Anders

SBA News

A Walk Through the SBA Michigan District Website

www.sba.gov/mi
Nancy Grose, SBA SCORE Liaison

For mentors and business owners alike, it is worth taking a look at the SBA Michigan District Website. The SBA Michigan District office homepage is the gateway for some useful information for those counseling businesses and those who are in business. Here are a few links that might be new to you, or might be a good refresher.

Success Stories: At the top of the homepage is where we like to feature businesses that have worked with our resource partners. There have been many SCORE success stories posted from around the state. We would love to feature one of your clients and tell their story.

Email sign-up: In the middle of our homepage is an opportunity to “get email updates”. If you are not yet on our email update list, I recommend you sign up for at least the Michigan newsletter. There we post valuable information and events of interest to businesses and resource partners.

Resource Guide PDF: Under the heading “Learn about SBA Programs, Services and Local Partners in Our Resource Guide” the SBA Michigan District Resource Guide is available as a pdf that SCORE mentors can share with their clients, or businesses can link to when they are on our website.

Advocacy: The SBA has an office of advocacy. It is listed in the bottom section of our website under the heading “Advocacy and Oversight”. The Office of Advocacy conducts research about small business. Each year there is a profile completed for each state that provides small business statistics. Here is the link: https://www.sba.gov/advocacy. In addition, there are several special studies that have been conducted over the years. The Office of Advocacy also provides oversight for SBA programs, and houses the Office of the National Ombudsman.

Analyze Your Business Tool: Under “Tools and Features” at the bottom of the homepage is a tool called Analyze Your Business – SizeUP. If you are a small business owner, you need to know how your business stacks up with the competition in order to succeed. SizeUp will help you manage and grow your business by benchmarking it against competitors, mapping your customers, competitors and suppliers, and locating the best places to advertise. This is a great tool for SCORE mentors and businesses.

I hope you find this quick tour of the SBA Michigan District website a useful companion to the wonderful resources on the SCORE website.

Nancy
After a long hard winter, spring is a welcomed site. Flowers are in bloom, landscapes are becoming lushious greens, the birds are singing and some are planning garden layouts. Thus this is a good time to welcome in an assessment of your business. Keeping your mission as your guide. How is your board of directors doing? Do you have the right mix of directors? Or are you at the beginning of putting a board together?

What better time to assess than now – springtime. Once you have assessed your financial position, marketing, and customer service, now assess your board of directors. Are they an effective board?

Why are boards so important to a nonprofit? Nonprofit proliferation – is the foundation of a nonprofits growing and developing stages – through the leadership of a board. Nonprofits must be prepared to compete with for-profits for funding, meaning nonprofits must run like a for-profit organization. This is where an effective board comes in play.

Effective boards actively participate in the development and sustainability of the organization. Although the executive director/CEO reports to and is accountable to the board and the board chair, the board and staff works with the executive director/CEO to achieve the mission and goals of the organization. To make this happen effectively, there is a five quandaries pyramid to follow; 1) Funding – fundraising, finding diversified funding sources and fund development are the primary functions of a board; 2) Implementation and approval of policy, progress, new programs, audits, financial reports and investments are the driving force of the board; 3) Management – The ED/CEO is charged with managing, monitoring and implementation of all activity; 4) Governs – Board of directors body has the ultimate responsibility to ensure clear goals and visions are achievable and achieved.; and 5) Stakeholders – who do you serve, -who benefits from the existence of your business –who are your supporters, - It’s vital that you can identify all stakeholders.

Selecting the right mix for board members is just as important as having a board. Members should be divers in age, background, expertise, gender, race and geography. The key to achieving a positive balance between board members is that they should have a good relationship with the ED/CEO. The key components are; trust, communication, transparency, and confidence. The ideal board is productive, knowledgeable and self-renewing. Board members should be the frontline ambassadors for the nonprofit, well versed in the programs, goals of the organization for expansion, and much more.

No matter the experience of your board, board training should be an annual event. The training can be done at the same time of the ED/CEO annual report.

In this edition your will see on page 2, SCORE’s chairman speaks to Self-Assessment of the whole organization. The self-assessment helps to know if your on the right path of your mission – you have to know where you are to know where you are heading; page 5 speaks to your business structure – Bylaws. The same rules apply to a nonprofit. And on Page 6 keep them stimulated “When a board is engaged, they are organically driven to ask a lot of questions about the state of the business.”

Happy reading.

Gwendolyn Esco Davis
Editor-in-Chief

Acknowledgements

Passed Away: Monday, March 23, 2015

In Memory of
Mr. Roy Cunningham"
They can bring a new understanding of a board member needs to be able to see all sides of a problem and all the implications it can have. Outside directors are usually highly qualified generalists who know a lot about all aspects of running a business.

a subject that the board does not have. Outside directors usually have a specialty (i.e. industry knowledge or skill set) they leverage to educate the boards they join. For example, one of my specialties is data storage and disaster recovery.

I help boards understand their responsibilities and their exposure when they do not have a proper plan in place for the company they are guiding with respect to data backup and recovery. Outside directors bring incredible value with their “fresh eyes” I believe boards that have not brought somebody new to the organization in the last one to two years run the risk of stalling the growth of the company. What’s been your experience with boards? Have you seen situations where adding an outsider director with fresh eyes made a measurable difference? I’d love to hear your comments and experiences below.

P.S. – Do you need an Outside Director, Advisory Board Member or Interim CEO? Someone who can help you see your business and your goals through “Fresh Eyes”? Contact me and I will work with you to look at where you want to go and help you find the best way to get there.

Sometimes all it takes is someone with a fresh viewpoint, unencumbered by company politics or culture to help find the right solution.”

About Larry Putterman- Technology and Industrial Executive specializing in next-stage growth and competitive advantage strategy, serial entrepreneur, CEO, and board director. Husband, father... and major golf and fishing enthusiast. Website: www.larryputterman.com Twitter: www.twitter.com/larryputterman LinkedIn: www.linkedin.com/in/larryputterman

Define Your Structure: Corporate Bylaws

Sometimes it’s hard to play by the rules, but what if you’re the one writing them?

Every small business does need some basic rules in place. Along with articles of incorporation, corporate bylaws provide a major—if not the major—foundation for your small business. Not only do they help keep everything legally in sync with state requirements, they also map out how your company is run and operated.

The good news is that you, the business owner, get to decide these rules. Corporate bylaws are usually hammered out at the business launch stage, and they establish things like when meetings are held and how often, who the board of directors are and what powers they have, how stock is distributed and so forth. Your corporate bylaws just need to comply with state law, like in the case of annual shareholder meetings which most states require.

What’s in your typical set of corporate bylaws? Like a country, a business benefits and thrives under a government. Your corporate bylaws define this governing body—the board of directors—and map out how many there are, how long they serve, and what their duties and responsibilities are. This is also where you spell out the roles of company officers (president, vice president, etc.) or any committees.

Corporate bylaws also make crystal clear how these individuals are selected and replaced.

Next order of business is corporate meetings. Corporate bylaws detail how often these meetings occur (annually, quarterly, or more often), where they’re held and who has to be there to make it official. Voting procedures get clarified here, like nominations, rules and how many people need to be there to make a quorum—or, the number of officers present to make the vote valid—in addition to your record-keeping procedures both at these meetings and in the day to day business of your company. In some ways, your corporate bylaws are kind of like a mini-constitution, providing a solid structure but also allowing for amendments and adjustments over time depending on the needs and nature of your business.

Some of these details can at first seem a little overwhelming, making the task of corporate bylaws look like a speed bump on your road to success. But adopting a slow and steady start to the procedure can make it all come together in no time, especially considering that in some cases, directors or partners will take a company they admire and use their bylaws as a reference. Or this could be one of those situations where you speak with an attorney to get a little boost. Either way, solidifying your corporate bylaws can make sure everyone involved is on the same page and probably prevent unnecessary squabbles or disputes.
All nonprofit organizations need a board as state law dictates but it's not a bad idea for companies to have a board of directors as well. Boards can be more than helpful in helping raise money and generate revenue. A board represents the stakeholders of the organization/firm. But if your board starts to get unmotivated, it will become ineffective.

Look for the signs that your board is bored. "You can tell if your board is bored when they stop asking questions. When a board is engaged, they are organically driven to ask a lot of questions about the state of the business. If your board meetings are delayed frequently or are frequently cut short, you have a bored board," says Christopher Murray, marketing director at HiringSolved, who often meets with board members.

You need to take steps to turn things around when your board has become ineffective. "You can tell when a board is bored by how they effectively communicate with each other. When members are no longer interested in the goals of the organization, they begin to deal more with personal and self-involved goals," says communications expert L. Michelle Price-Johnson. "This usually spirals into arguments and politically induced decision-making which becomes very dangerous to the organization."

But you can get your board back on track and reinvigorated. "Always have a clear and focused plan that the organization needs to reach. I would also suggest that all goals have dates. In getting a team to work collaboratively, it is important to have a specific date, any specific goal, set that the team is aiming for," says Price-Johnson. "Make sure that the board understands how each project works as part of the whole for the organization. Showing the importance of each task to the whole will give members a clear understanding of why they need to do the things they need to do, and of their importance. Repeat these three things at every meeting to keep members focused."

Make sure you have the right kind of board. "There are two kinds of boards: one that is based on expertise and is usually comprised of stakeholders. These boards are usually highly effective because their bottom line is profitability or success in the undertaking to which they are in a committed. Most times, these members are specifically voted onto the board or asked to be on the board because of their relevance and expertise in the field. The motivator for this type of board is usually profitability or success," explains Price-Johnson.

The other type of board is centered around advice more than finance. "The second kind of board is more of an advisory board and it is made up of interested people from the community. This kind of board is, most often, a bit more difficult to work with because their goals may not be in line with the organization’s goals," Price-Johnson points out. "When a board member is not a shareholder or directly impacted by the profitability or success of the board, their decisions may become more self-involved. In this scenario, it is very important to understand the power or emotional payoff needed by that board member. The leader must understand what would inspire this type of member to work collaboratively to accomplish strategic, organizational goals," she adds.

There are other ways to stimulate your board. Business coach Jason Dukes, founder of Captain’s Chair Coaching, suggests, "Create a vision for the board; make sure the board members are aligned to the vision of the role of the board; and maintain a relationship with the board. Don’t just contact them when it’s time to have a meeting or when you need something."

So how often should you meet with your board? "Community boards should meet quarterly or bi-monthly and shareholder boards should meet based upon the schedule of profitability. Many boards meet quarterly to manage the success of the organization, while others also meet bi-monthly," says Price-Johnson. But do not schedule too many meetings. "It is important to note that having too frequent meetings can cause fatigue in members. This can increase the chances of members becoming bored and can limit their success metrics for progress being made towards organizational goals. Frequency does not equal efficiency," notes Price-Johnson.

When it comes time to change board members, don’t hesitate to bring in fresh faces—and ideas. "If you have a defined purpose for the board, changing board members will happen organically. When board members are no longer aligned to the purpose of the board or don’t want to be on the board any longer, then it’s time for a change," says Dukes.

So keep on top of your board; engage them and encourage them. You’ll see results.
MEMBER SPOTLIGHT

Dan Mistura has been an active member of SCORE since July 29, 2012. He is a valued asset to our organization bringing with him many years of experience in the field of HR. Dan is a graduate of the University of Detroit and did work on his MBA at Wayne State University and the University of Cincinnati. He was President of the Michigan Association of Personnel Consultants and past Director of the National Association of Personnel Consultants. Dan served 8 years as chairman of the Advisory board for the State of Michigan Department of Licensing for Employment. He has conducted training seminars for the Florida, New Jersey and Illinois Association of Personnel Consultants. Mr. Mistura’s company, Professional Personnel Consultants had branches in Dallas, Tampa, and Atlanta while permanent Staff and Temporary Resources had seven offices in Metro Detroit. Dan was on the board of the National Association of Independent Temporary Help firms. He was president of the Suburban Employers Association and a past Board Member of the Detroit Management association - now the Human Resources Association. After the sale of his Personnel companies Dan formed The Personnel Group. This firm does some search work for clients seeking talent. He offers complete confidentiality and commitment to finding the right candidate. He also assist people in making a job search a positive process by defining their objectives, evaluating their resumes and advising how to market their experiences and accomplishments. Dan wears many hats for SCORE also. In addition to mentoring, serving as Vice Chairman of Marketing is one that is demanding. Dan says “SCORE has given me the opportunity to help others in their pursuit to have their own business and with my past background I am able to give them some direction and motivation to succeed.” Dan also manages an office building and with all that still finds time to play some golf!

Giving Programs

**Friends of SCOREDetroit** - Is a program where Individuals and small businesses may donate $50—$5,000 in honor of a friend or business associate that mentors for SCORE, or perhaps SCORE was helpful to you and your business or even as a way to celebrate and or honor a happy event. SCORE Detroit Chapter 18 has a way to pay tribute to someone who has touched your life. By making a small donation to SCORE in their name, makes you a Friend of SCOREDetroit committed to helping make a difference in the lives of those we serve.

**SCORE with SCOREDetroit** This campaign is designed for businesses, corporations and foundation to contribute $5,000 and up. SCORE with SCOREDetroit provides an opportunity for us to continue with our community outreach and mentoring to thousands of small business owners in Southeast Michigan. These partnerships make it possible for SCOREDetroit Chapter 18 to fulfill it’s dedication to help entrepreneurs make good business decisions for the life of their business. For more information on the opportunity to become a partner and SCORE with SCORE-Detroit please contact Vice Chair –Fundraising, Lorne Greenwood @ Lorne.greenwood@scorevolunteer.org

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SCORE strengthens small businesses, local communities, and America by supporting our nation’s proud heritage of entrepreneurs seeking opportunities and building success.

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Save the Date!

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Mark Your Calendar

SBA: Orientation—8(a) Business Development Program  
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SCORE: BP 101 - Business Start-up The Essentials  
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