

Bowen, William G. – The Board Book

W.W. Norton & Company, 2008, [Business] Grade ★★ ★

In any area it is almost always a good idea to learn from those with great experience. The late William G. Bowen (1933 – 2016) was certainly a person with an abundant familiarity with boards. The former president of Princeton University and Andrew W. Mellon Foundation served on the boards of a number of Americas largest listed companies as well as being a trustee for numerous non-profit organizations. This book aims to shine some light on the topic of how a board functions. It provides many wise and common sense opinions from an experienced person who has also taken the time to contemplate about the finer details of how board work should be performed.

Still, Bowen hasn't written a boardroom primer. Instead *The Board Book* is a text where the author picks up on and discusses a number of aspects of a director's work as he sees them after a lifetime of experience. Further, when writing the book he collected the opinions of other directors in his large network and concludes that consequently it should be seen as a collective endeavor as well as his own work. Although Bowen says that he doesn't want to be normative but pragmatic, he still clearly argues for his opinions, like for example that a former CEO shouldn't stay on the board of the company he once led etc.

The 8 chapters of a combined 170 easily read pages start with a more philosophical introduction around the role and purpose of boards. Then the next 4 chapters, comprising more than half the book, center on the board's work towards the CEO. The discussions target the board-CEO relationship and how it has changed, the evaluation and compensation of the CEO and finally CEO transitions and how the process of succession planning could be developed. The latter activity is according to the author the aspect of board work that perhaps shows the most potential for improvement. The next 2 chapters are on the composition of people on the board and then the mechanics of board work follow. The book is then summarized in a concluding chapter where

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Bowden returns to the themes he thinks most important including the relationship between the CEO and the board.

In the preface Bowen notes how autobiographical most his and other peoples' opinions are with regards to governance. What has worked out for someone is generalized as a good solution overall. This is both a strength and a weakness of the text. The reader gets personal advice from a veteran director but at the same time the book has a subjective feel and it might not be especially all-inclusive. Another significant trait of *The Board Book* also comes with Bowden's career. He served on a mix of public and non-public boards and throughout the book there is ample space dedicated to discussing them both and the differences between them. Personally, I would have liked to see less space devoted to the non-profit area but that is my own preference.

The discussion that the author presents is clearly American. And while one reflection is that the trends around how board work is developing are international and the opinions of what constitutes best practice in the US have clear parallels around the globe, it also continues to astound me how weak the position of the owners is in the US. While references are made to creating value for shareholders, Bowden's thoughts concerning the board are generally rather decoupled from the owners. The board is not seen as the owners' representatives with regards to the governance of the company but as an autonomous entity. There is no reference made at all to the general meeting in the text and institutional investors aren't seen as fully proper owners, they are more like surrogate owners. Even though the opinion is rather typical among directors, many institutions hardly have stepped up as business owners and it is never the less problematic.

Read this as a personal, likable and thoughtful complement to a more comprehensive primer on the workings of boards.