# The Supervisory Board as a competitive advantage

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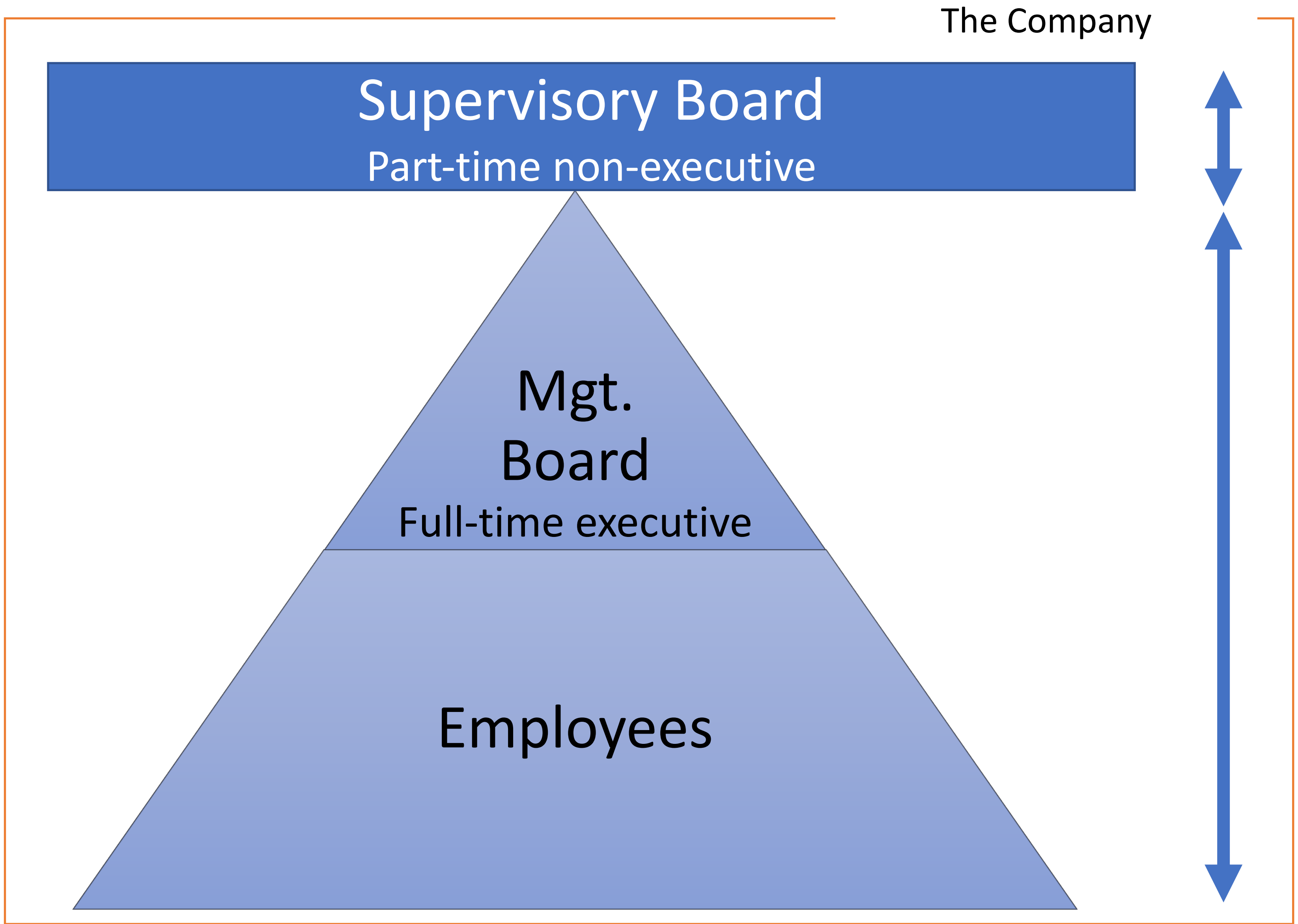
Professional Board Member and Chairman

# From executive to non-executive

Danish (Born 1968)

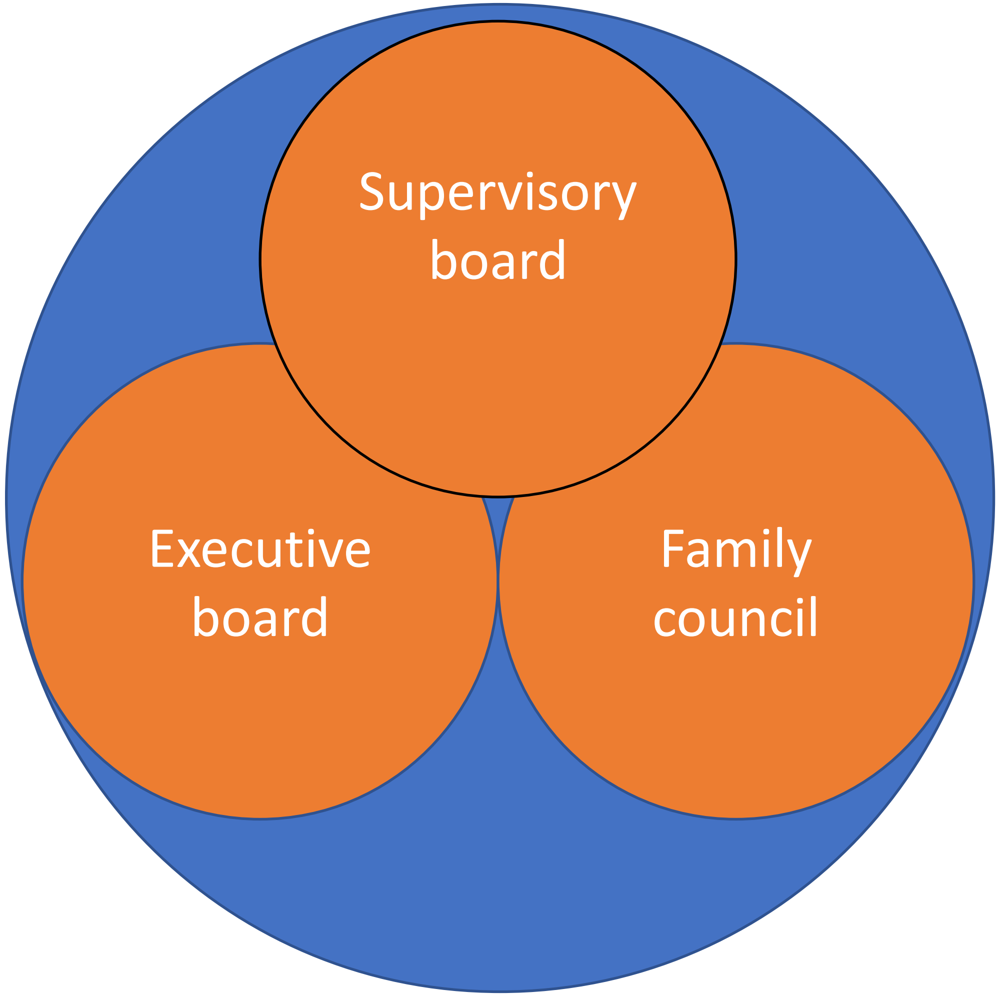
- Master of Business Administration
- 9 years in food processing
- 10 years in the media industry
- 13 years as Board professional
  - Retail
  - Finance (retail banking, investment funds and pension funds)
  - Professional services (architecture, advertising etc.)
  - Media (news media and publishing)
  - Internet services
  - Food ingredients

# Board = Supervisory Board




Two tier system

# Governance in the family owned company
# Start-up



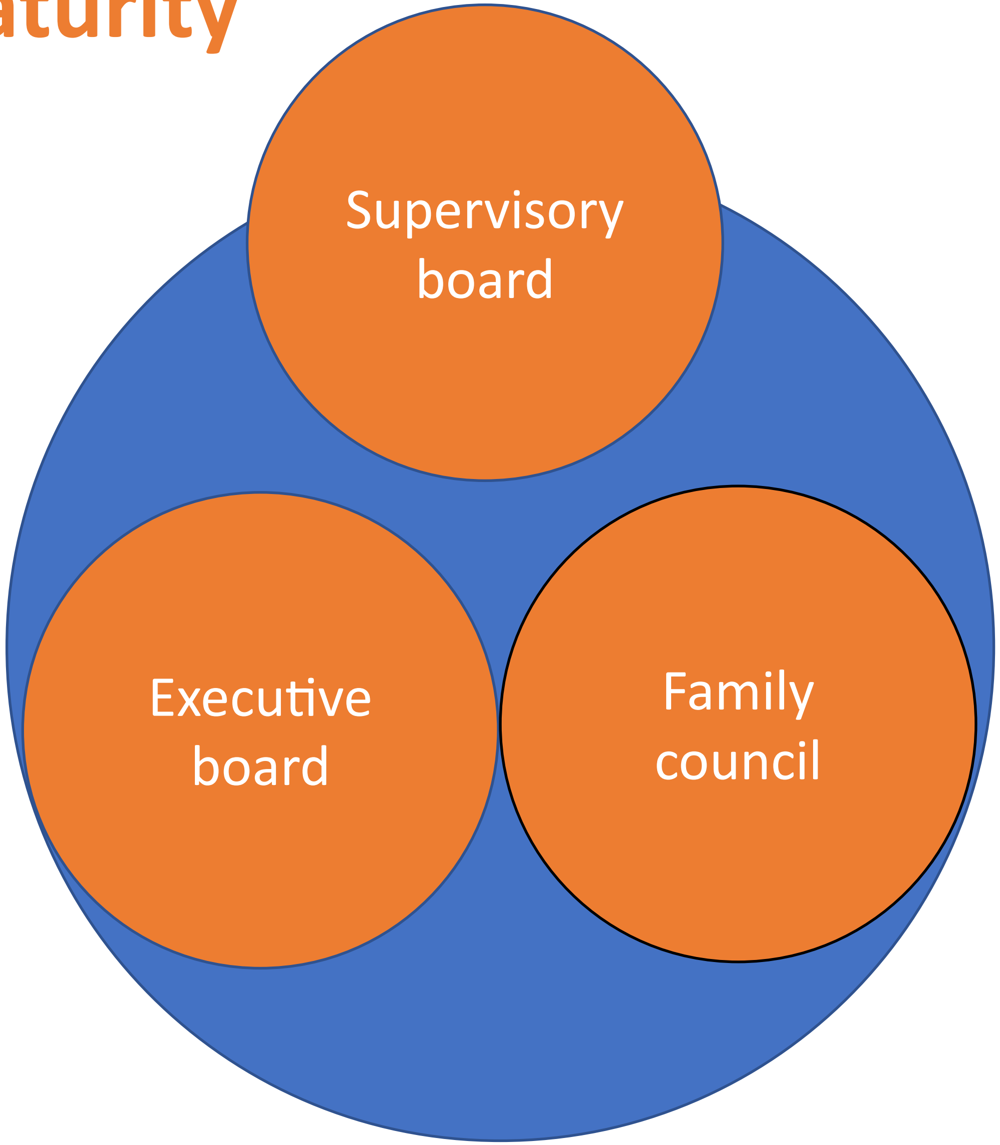

All decisions are made by the founder.

Speed and agility is important.

Formal governance structure is considered a hindrance.

Few family members are involved in the company

# Governance in the family owned company
# Towards maturity



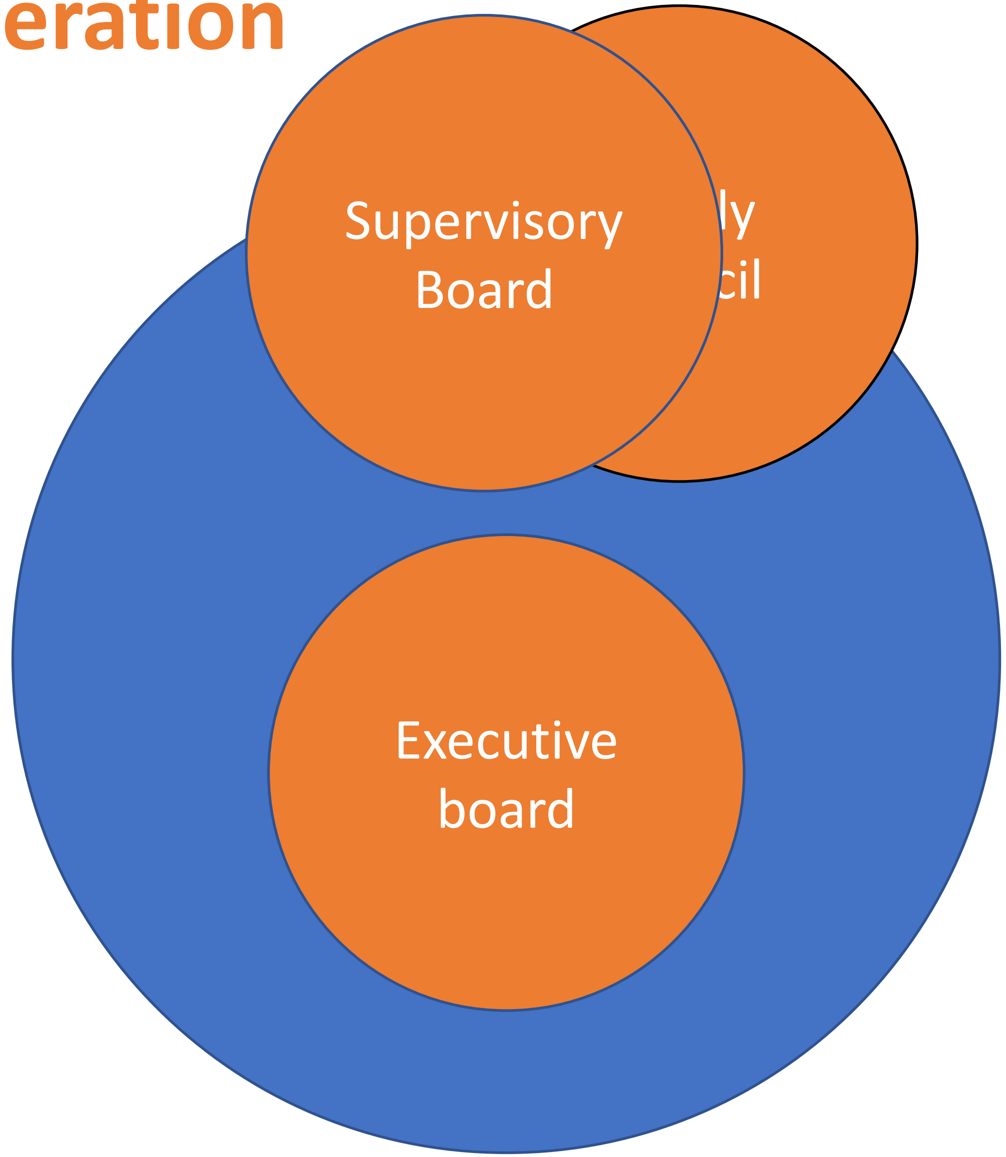

All decisions are in reality still made by the founder, but:

- Need for more competences, experience and network.

- Pressure from external stakeholders (banks etc) for more governance

=> Establishment of supervisory board with
family members, external board members and the founder as chairman

# Governance in the family owned company
# Second generation

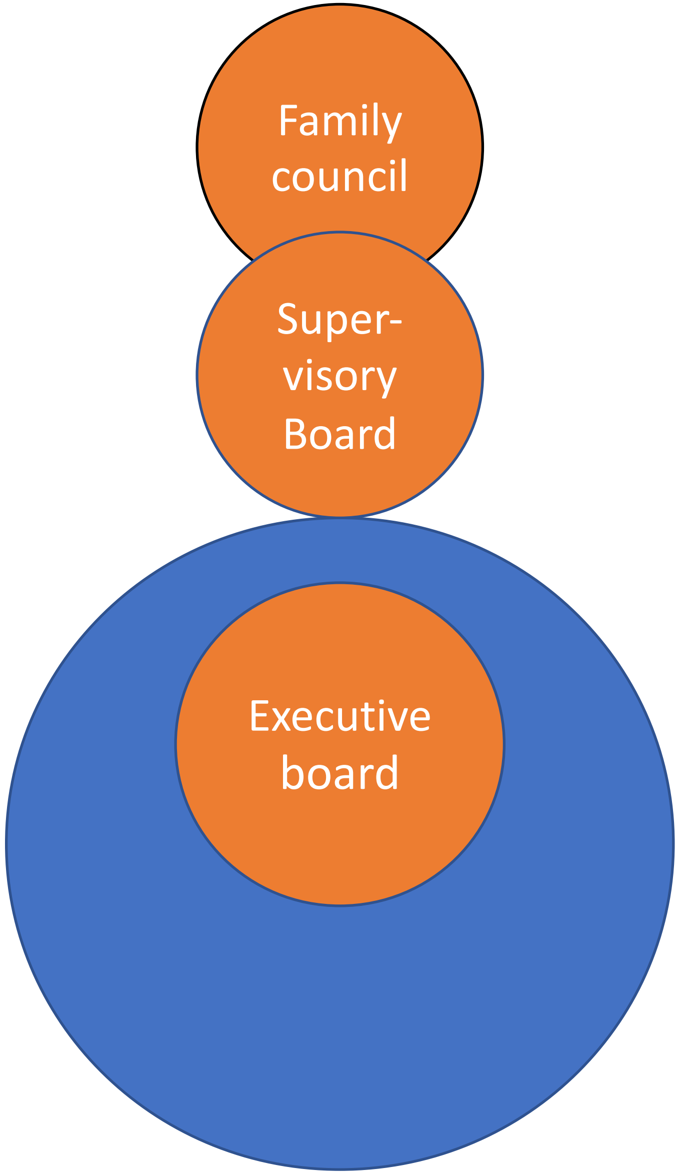



The company increases in size and complexity

The founder retires

=> Need for new executive board responsible for running til company. The day-to-day role of the family disminishes

# Governance in the family owned company
# Third generation




The family is no longer involved in the day-to-day operation. Ownership questions are discussed in the family council.

The supervisory board consists of independent board members elected by the family.

The CEO/executive board is chosen by the supervisory board.

# How can an independent supervisory board create value in a family business?

- Brings new experience and network to the company
- Only focused creating value in the company. Separates company’s needs from family’s needs.
- Creates space for the CEO to run the company.
- Provides long-term and strategic guidance.
- Improves accountability and risk management.
- Smoothes ownership transition to the next generation.

# How to create value adding supervisory boards

- Accept that there is no ‘one size fits all’
- Strike the right balance between controlling and advising
- Work with the board dynamics
- Have the right people on board – including the right chairman

# Why have a family council?

When ownership is divided among several family members across generations it is very beneficial to have a formal forum to meet and discuss – outside the company and supervisory board. Typical topics are:

- The composition of the supervisory board
- Next generation talent management
- Rules for inter-family share trading
- Long term ownership planning