

Board-ing School

By Reg P. Wydeven
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Because my wife was an elementary teacher and because we have two small kids, we needed a practical vehicle for her that she could use to lug supplies and children around town. She opted for the fuel-efficient Toyota Camry station wagon in a light bronze color.

While the wagon certainly is helpful in carting around kids and stuff, and it saves us money on gas, it's not the most masculine vehicle on the road. Wuss-factor aside, it is a very reliable car that we have had few problems with.

Like us, millions of American families own Toyotas for their fuel efficiency and reliability. That's why the automaker became the world's top auto seller in the first quarter of 2007, passing General Motors Corp. for the first time. Toyota sold 2.348 million vehicles worldwide, compared to G.M.'s 2.26 million.

Toyota's success is a double-edged sword, however. The more cars the company sells here, the greater the chance Americans will turn their backs on Toyota for draining U.S. manufacturers' profits, causing them to cut Americans' jobs and close plants.

Hoping to avoid this backlash, Toyota has recently named a non-Japanese person to its board of directors for the first time ever. American James Press, Toyota's president of North American operations, is one of five new directors added, increasing the previously all-Japanese board from 25 members to 30.

The 60-year-old Press, probably the most visible Toyota executive in North America, joined the company in the U.S. in 1970, after two years at Ford. He has been president of Toyota Motor North America Inc. since June 2005, and was also promoted to senior managing director from managing officer along with being named to the Board.

Having a strong board of directors is critical to the success of any business. For most small businesses, the company's owners, officers and directors are typically one and the same. Family businesses commonly have several family members make up the board. Usually only larger companies consider having non-family member directors, or even more rarely, directors that aren't associated in any way with the business.

Some companies bring in outside board members to include an impartial perspective to the company. A simple way to introduce fresh ideas and innovative visions into a stagnant business is to recruit outsiders to join the board of directors. Companies that aren't ready for outside directors sometimes have an advisory board that doesn't govern the organization, but instead serves to make recommendations or provide key information to the actual board.

The most popular choice for outside directors is successful businesspeople. These folks made their mark in the business world, and hopefully they'll share their secrets of success. Professional advisors, such as attorneys and accountants, are often asked to serve on boards as well. Finally, faculties of local business schools are also great resources for board members for the academic insight they provide.

To induce these candidates to actually serve on the board, the company better be prepared to pay a proper director's fee in addition to providing D&O insurance. Remember, these folks are bringing their expertise to the table and are assuming substantial liabilities and duties as directors. It's only fair that they are adequately compensated.

I'm hoping Press advises Toyota to drop the bronze color in favor of cool black or red station wagons.