



INVESTOR ALERT

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Variety is the Cure

When the Board of Directors' roster is predominantly made up of professional directors, rather than CEO's, then new investors would be wise to conduct thorough due diligence. Professional directors may lack deep management experience and perspective needed to properly advise companies facing today's wide-ranging issues. Certainly, professional directors have their place in today's boards, but red flags are raised when the board is stacked with many professional directors who are relying on board compensation as a retirement income supplement. Those professional directors may be unwilling to risk their board pay by opposing inappropriate or insufficiently vetted strategic directions that are supported by company management.

It is true that today's boards of directors are required to do more work than they have in the past. However, loading the board roster with professional directors who only sit on other boards does not always provide for a good balance of experience and advice.