Board Training – What Has Changed and What Needs To?

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Our Roots Date Back to 1932

**Pinion** is a recognized, national business advisory and financial services firm to the Food & Ag Industry

- **450+ employees**
- **Top 70 Firm in USA**
- **Industry Expertise**
- **$90M Revenues**
- **Recognized Leader**
- **National Scope & Resources**

**To have impact** and make a difference in the lives of our people, clients, and the world we live in.
Our Focus

Two-thirds of our business is Food & Ag

Commodity, Permanent & Specialty Crops
Beef and Other Livestock
Top Dairies
Food and Beverage Manufacturing
Technology
Equipment Manufacturing
Equipment Dealerships
Beer, Wine, and Spirits
Distribution
Biofuels
Ethanol Boards – What has Changed?

Many Boards have members coming from multiple roles

Clarity and Training is Critical!
- Me vs Us
- Strategy vs Operations
- Short Term vs Long Term
Ethanol Boards – What has (not) Changed?

Traditional Best Practices Are Still Applicable Today

- Odd number of members
- Vote your seat, not your percentage
- Outside members bring value
- Payment for serving on the Board
- Consistent communication to avoid members feeling disconnected

Additional Useful Best Practices

- Term limits to encourage diverse mix of skills, knowledge, and perspectives
- Staggered terms to transfer institutional knowledge
- Chairperson is Coach to the CEO
- Chairperson and CEO are Coaches to the Board
Ethanol Boards – What Needs to Change?

- Vision
- Industry Trends
- Financial Results
- Future CAPEX
- Management’s Performance

Typical Historic Board Agenda
Ethanol Boards – What Needs to Change?

Additional topics that progressive, top performing Boards are discussing

- RISK MANAGEMENT
- ESG/SUSTAINABILITY (MORE THAN JUST THE E)
- PRODUCT MIX
- SHAREHOLDER ENGAGEMENT/SATISFACTION
- RECRUITING...BEYOND JUST EMPLOYEES
Does the Board have adequate working knowledge of the risks in the business, that is sufficient to evaluate management’s response to those risks, and determine if that aligns with the Board’s vision and fiduciary duties?
Ethanol Boards – What Needs to Change?

- Formed 20 years ago in the early 2000’s
- Wanted to include many to encourage participation...so large number of board members
- As a result, members are 20+ years older
- No one wants left out
- Succession Issue exists at the Board level

- Board members haven’t changed since the formation

ADVISORY COMMITTEE
“UP AND COMING” TASKFORCE
CREATE SOCIAL GATHERINGS
DEFINE OFFICER ROTATION
Ethanol Boards – What Needs to Change?

Calibrate between Respect and Candor to Maximize Trust

➢ Respect
  ➢ Clear expectations
  ➢ Preparation makes meetings meaningful
  ➢ Eliminate “back channels”

➢ Candor
  ➢ Encourage engagement and participation
  ➢ Enforce expectations

Trust is NOT blind acceptance...rather it means relationships are strong enough to endure different points of view through posing challenging questions.

Respect

We NEVER get anything done

I can’t wait to do this AGAIN!

Candor

I just DON’T CARE

Everyone here is such a JERK
Board Training and Planning – What Has Changed and What Needs To?

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