



## Stanford eCorner

### Enhancing the Effectiveness of a Board of Directors

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Video URL: <http://ecorner.stanford.edu/videos/1747/Enhancing-the-Effectiveness-of-a-Board-of-Directors>

Dell describes what he looks for his board of directors to do in a business that changes rapidly. He requires each director to select and learn as much as possible about an area of Dell, Inc. During board meetings, the directors report what they have learned. This method, Dell notes, is much more effective in increasing the knowledge of the board and understanding the business of the company. To ensure that the company gets a board of experienced leaders, Dell uses a well-established company process to evaluate their development capacity.



#### Transcript

And what do you look to a board to do? The first thing I'll say is, when you have a business that's changing very rapidly, if you have five or six meetings a year, it's incredibly hard for somebody on a board to know a whole lot about your business. So one of the things that we've done for a while now is, we have this thing called Director Day. And we require each director.. We give them a list of areas in the business, and they get to select their first, second, third choice. They're required, every year, to go into the business, into one part of the business for a whole day and learn everything there is to know about that. We're not there, we're not watching them or anything. And then they have to come back to the board meeting and report what they've learned. And I found that that increases their knowledge and understanding of actually what the company does tremendously, because somebody comes in, presents for an hour, "Here's what we're doing in China." "Okay, fine, how much of that did you really capture?" It's just very hard. So I think that that's helped a lot. We've looked for the board to help us avoid some of the potholes that they might have seen in their experience, and to kind of be a sanity check on our plans and our strategies.

Not so much for technological advice, which is extremely hard to get in a board sense, but more on "Does this business strategy make sense?" and helping us evaluate the team. We have a pretty well-established process at Dell now where we evaluate our leaders and development capacity. And we go through that with our board as well, for all of our senior leaders, so they kind of see how our leaders develop.