

# EFFECTIVE BOARD MANAGEMENT RELATIONS

**R. Adam McBride, Port Director – Port of Lake Charles**  
**Harry C. Hank, President – Port of Lake Charles**

HARRY C. HANK	ADAM MCBRIDE
<p><b>(1)</b> Effective Board Management relations rests squarely on the recognition that each group, Board and Management, has a vital role to play in a Port's success, and that these roles are interlocked and dependent on each other. To my way of thinking this leads me to the question of what are the roles and responsibilities: The Business School or Economists model is one in which the Board, as representatives of the owners, sets goals and objectives, holds management accountable, and</p>	

establishes strategies, policies, and business lines.

**(2)**

Management's job is to get the job done. To guide and oversee the daily operation of the organization in accordance with the goals, strategies, and policies established by the Board.

There is a separation of duties.

The private sector has modified this Board/management relationship – and not always in the best interests of the shareholders, by including management on the Board. The Inside Directors and the CEO/Chairman combinations are quite common and have blurred the line between Board and management. Part of the logic for this is the business and industry knowledge of insiders.

Ports, of course, as public bodies, have

<p><b>(3)</b> In doing so, they will select, challenge, evaluate and compensate their CEO and hold the CEO and management accountable for results and performance.</p>	<p>not had this tinkering with inside directors in any formal way. Board members, or Commissioners depending on your form of organization, are generally appointed or elected to very specific roles. Board members do not have to be experts in the maritime business. Good Board members are people who bring an understanding of business generally together with common sense, good judgment, honesty and a willingness to ask questions and consider the answers from both sides of the Board Room Table.</p>
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<p>In 2003 the State of Louisiana rewrote the job descriptions for the Board and Port Director at the Port of Lake Charles in order to provide legal clarity and weight to the jobs of each group.</p> <p>Most importantly, although it is the superior body, the legislature prohibited the Board, Committees, or any member of the Board from being active in or participating in the day-to-day management or operational affairs of the Port.</p>	
<p><b><u>Board Job</u></b></p> <p><u>Specified</u></p> <ul style="list-style-type: none"> <li>– Broad Direction Policies - Vision</li> <li>– Hiring Port Director and Performance Evaluation</li> <li>– Management Accountability</li> </ul>	

- Hiring General Counsel
- Restricted Board Travel
- Set Term Limits

Informal

- Questions and Balancing
- Accountability
- Advice and Counsel

**(4)**  
**Port Director**

Specified

- 17 items

Preparing Budgets and Plans for the Board (Based on Strategic Directions)

- Managing Employees (Performance Reviews, Hire/Fire, Development)
- Managing Contracts and Consultants (Best Value for Port – Not Public, Commissioners, or Consultants)
- Comply with Policies
- Board Meetings and Annual Orientations
- Legislator Orientations Annually

<p><b>(5)</b> Since our Board took over in 2003, additional accountability and delegations have been made to clearly define authorities within those parameters. Our Delegation of Authority is one such document, operating and capital budgets are another; and specific recommendations for policies, contracts, and other management measures are made by management.</p> <p>Our system is working. We still grapple with the line between day-to-day management and Board policy, but within the legislative framework.</p>	<ul style="list-style-type: none"><li>– Issue Financial Statements Monthly and Annually</li><li>– Recommend Management Measures Necessary</li></ul>
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	<p><b>(6)</b> Perhaps your Board would benefit from a specific discussion and identification of where your role ends and management begins.</p> <p>Here are a few areas and examples of how we manage these things in Lake Charles.</p>
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**POLITICAL CONTACTS WITH PORT DIRECTOR**

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(7)</b> Refer to Port policy, change policy.</p> <p>When political leaders start getting calls from constituents, especially supporters, on an issue it is not unusual for them to call the Board or Port Director for information or even to demand a change. This can be a great challenge to Board and the Port Director. The Board needs to share the</p>	

context of an issue and the Port policy that is causing the reaction with the politicians: Board members may even feel compelled to change the policy or its implementation and they should be clear with the Port Director why and what they are doing if they decide to do so.

Board considerations.

**(8)**

They want technical details often due to constituent requests.

The most difficult thing for a Port Director can be trying to figure out what a politically influenced Board wants to do because they often either don't know themselves or are reluctant to say it.

Issuing instructions to staff.

Understand consequences of decisions.



	Refer to Board President.
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**SEPARATE THE POLITICAL FROM THE COMMERCIAL**

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(9)</b> Board represents community</p> <ul style="list-style-type: none"> <li>– Bring sensitivity to community issues; i.e. expropriation – we can but we don't like to.</li> <li>– We're not just a business.</li> </ul> <p>The role of the Board is in part, to balance the political aspects of a state or community owned agency with the economic need to run a business. If issues arise that are political, the Board should speak out – if they are business, the Port Director should speak out. Finding the line between the two can be difficult – i.e. BT-1 checkers trying to maintain their no work jobs through legislators and media.</p>	

	<p><b>(10)</b>  The Port Director represents the business; customers, cargoes, and workers.</p> <ul style="list-style-type: none"> <li>– We’re not a government welfare agency. <ul style="list-style-type: none"> <li>○ I.E. - Employment – we can’t pay people who don’t work.</li> </ul> </li> </ul>
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**COMMUNICATION**

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(11)</b>  Read, consider, and ask questions.</p> <p>Discuss controversial items and problems.</p> <p>Talk to politicians and stakeholders in an open environment.</p> <p>Refer to goals and strategies.</p> <p>Let your Port Director know what the Board wants – not just what you want.</p>	

	<p><b>(12)</b>  Provide information in advance.</p> <p>Highlight controversial or problem areas.</p> <p>Monthly reports.</p> <p>Weekly reports.</p> <p>Ad hoc reports.</p> <p>On policy plans directions etc., Board expresses its view via a resolution or vote.</p>
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**BOARD CONTACTS WITH STAFF**

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(13)</b>  Want technical or details on profitability, pricing, construction technicalities, vessel activity.</p> <p>Board members are often interested in details that can be provided by technical staff, not necessarily because they are managing but out of personal</p>	

<p>interest or expertise. This is normal and to be expected.</p> <p><b>(15)</b> Our approach is to encourage prompt, complete, honest, and accurate responses to Board questions.</p>	<p><b>(14)</b> Port Directors want to manage information flows to Board for consistency, reliability, accuracy and relevance.</p> <p><b>(16)</b> Immediately advise the Port Director.</p>
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**EMPLOYEE ISSUES**

<p>HARRY C. HANK</p>	<p>R. ADAM MCBRIDE</p>
<p><b>(17)</b> Hiring requests, family and friends, politicians, etc.</p> <p>It is not unusual for members of the</p>	

<p>community to contact Board members for jobs for family, friends and contacts. By all means pass these requests on to the Port Director for consideration but without guarantees.</p>	<p><b>(18)</b> Hiring discussions made by technical officials based on qualifications.  Board requests come to Port Director and always get an interview.</p>
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**PORT MARKETING**

<p>HARRY C. HANK</p>	<p>R. ADAM MCBRIDE</p>
<p><b>(19)</b> Want to hear plans, opinions and forecasts from customers.  It is normal for Board members to have an interest in seeing major customers and learning from them about their plans for the future and their experience at your port. This is helpful in understanding your own</p>	

development plans, evaluating your Port Director and learning about your business.

Convey Board's esteem.

Support of State leadership in trade missions.

You may also be asked by your State leadership to participate in and support Trade Missions to certain regions or industries – This is often called a junket. You should probably do it if it helps the State or you can visit with existing customers.

**(20)**

Presence of Board creates impression on customers

Not on preliminary or new sales calls.

Combine with staff/ Port Director - Not with Marketing Director.

**PROFESSIONAL SERVICES**

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(21)</b> Political Influence.</p> <p>Politicians, their supporters, regional companies, friends and business contacts often see contracts for attorneys, auditors, engineers, and consultants as bonuses for the victors, or their own power to award. They will often get calls and visits encouraging a contract for a specific group.</p> <p>You need to establish a written policy setting out how these contracts will be evaluated and awarded so that you can avoid the lobbying and pressure. This is a Board policy.</p> <p>Ensure policy application.</p>	<p><b>(22)</b> Best value.</p> <p>Port Directors are interested in getting the best value for money that they can</p>

	<p>when considering professional services contracts – even if that is not from the home-town group.</p> <p>Technical skills and experience.</p> <p>Except for the most significant strategic planning or major consulting issues, Board members should not participate in the evaluation – but they should make sure that the staff has properly and fully followed the policy.</p> <p>All staff in routine cases.</p> <p>Apply criteria.</p>
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**BUSINESS NEGOTIATIONS**

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(23)</b>  Get contacts from carriers or cargo interests; ILA leaders and pressure on us to do certain things.</p> <p>Important, long-term and economically substantial negotiations with</p>	



international cargo interests and ship owners is a normal part of your Port business. Labor negotiations can also be part of your routine and will affect your Port's future. It is likely and not unusual that some of those parties will call you and pressure you and your colleagues for a specific outcome. The Board's role should be to establish desired outcomes or goals for the Port Director and staff to achieve and maybe even outline an approach or tactics. You should not be discussing specifics with customers or politicians. That is your Port Director's job. Remember that those silver tongued devils trying to influence you to "call off" your Port Director have their own specific interests they're trying to protect and no matter how convincing

they are that they're really looking out for you – they're not.

Do follow-up with your Port Director on questions. DO NOT agree to help offer new rates, or step in to “help” the situation.

Consider outcomes in terms of policy, plans, and strategy – esp. in new initiatives.

**(24)**

Industry has learned to divide and conquer.

Do not set tactics, or participate in meetings.

Set goals or outcomes.

Recognize the interests of those who try to influence you.

Labor negotiations even tougher – politics.

## MONITORING

HARRY C. HANK	R. ADAM MCBRIDE
<p><b>(25)</b> Set Budgets.</p> <p>You can't just set the plan, budget and Port Director in place and hope for the best. Boards give the Port Director a lot of authority but they have to monitor the results. Regular operating and financial reports, updated forecasts, and relevant detailed support will help you see if goals, policies and plans are being followed. Use your Audit Committee and your annual audit to make sure you're getting reliable information. As President Reagan said, "Trust, but verify."</p>	<p><b>(26)</b> Monthly financial reports</p> <ul style="list-style-type: none"><li>– Operation and Capital</li><li>– Lines of Business</li><li>– Tonnage and activity statistics</li></ul>

<p><b>(27)</b> Review goals and results and question changes.</p> <p>Use your Audit committee.</p> <ul style="list-style-type: none"> <li>– Policies, accounting principles, reliability of internal systems. Get the auditor to test and make sure your policies are being applied.</li> </ul>	<p>Annual audited statements.</p> <p>Regular quarterly updates and forecasts.</p>
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**PORT DIRECTOR**

<p>HARRY C. HANK</p>	<p>R. ADAM MCBRIDE</p>
<p><b>(28)</b> Probably your most important choice in making sure your port succeeds on its plan, is the selection and evaluation of a Port Director. Boards give this person a lot of scope in hiring, marketing, operating and reporting to your politicians and the community.</p>	

Selecting a Port Director should be the choice of the Board, not the Mayor or the Governor. In that way, the Board has the authority and the responsibility to monitor the port and the Port Director's job performance, evaluate that performance and make decisions about motivation and compensation or change.

Your relationship with the Port Director should be based on trust and credibility even when some Commissioners may disagree with the Port Director's advice or recommendations.

**(30)**

If you hamper the Port Director's ability to do his job by interfering with

**(29)**

Let me know expectations.

Don't waffle – Wilmington bonus experience.

contractors, staff, negotiations or operations, you will end up hampering your port's success.

Set evaluation criteria as a Board, measure results and hold the Port Director accountable for them. That is your job.

Hiring, evaluating, motivating, and changing.

Collectively discuss driving criteria.

Set evaluation criteria.

Accountability for results.

**(31)**

Let the Port Director do it. Tell Port

Director what outcomes you want, not

how to do it.

## **PLANNING**

HARRY C. HANK	R. ADAM MCBRIDE
<p data-bbox="94 331 164 367"><b>(32)</b></p> <p data-bbox="94 373 196 409">Job 1.</p> <p data-bbox="94 457 751 1178">Planning and guiding the future of your port is your most important job. You should bring a knowledge of your community along with your common sense and expertise to this task. Your Port Director or consultant should bring you a draft plan but you have to carefully work through the options, goals and strategies.</p> <p data-bbox="94 1226 646 1262">Know local community and goals.</p> <p data-bbox="94 1310 630 1346">Question options and strategies.</p> <p data-bbox="94 1394 743 1430">Voice concerns and make suggestions.</p> <p data-bbox="94 1478 521 1514">Participate in the process.</p> <p data-bbox="94 1562 561 1598">Seek quantifiable outcomes.</p>	<p data-bbox="776 1608 846 1644"><b>(33)</b></p> <p data-bbox="776 1650 1422 1772">Prepare a strategic plan with goals and strategies.</p> <p data-bbox="776 1820 1435 1856">My job is to draft or develop a strategic</p>

	<p>port plan that will lead the organization towards fulfillment of its mission. We will analyze the SWOT, consider goals and suggest strategies. The preparation of annual operating and capital budgets should be linked to these strategies.</p> <p>Review SWOT analysis.</p> <p>Prepare Operations and Capital Budgets.</p> <ul style="list-style-type: none"> <li>– Indicating new initiatives or deletions.</li> </ul>
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**MAKE THE POINTS**

<p>HARRY C. HANK</p>	<p>R. ADAM MCBRIDE</p>
<p><b>(34)</b> Public meeting laws, varying appointing constituencies, political influences and contributions.</p> <p>Being appointed to a Port Board or</p>	



being elected to a Port Board is often a prestigious position in most communities. It will provide you with a chance to observe and guide a major economic activity in your state and to be part of an international business activity which our country depends on.

You may have to contend with strict open meeting laws, local, regional, State and national politicians with differing agendas, international customers, national economics, unions and other factors. You will have the greatest chance of success and enjoyment from this experience if you work with your Port Director and allow him or her to do the job you hired them for.

Your job is to tell them what that job is and then make sure they do it.

It may be a prestige appointment but  
Your job, if you do it properly, is not  
easy.

**(35)**

Please do the work.

Respect state laws on public meetings,  
bid laws, nepotism and ethics because  
I must.

You can protect the Port Director from  
some politics.

Our success in carrying out our plans is  
most likely if we work together and  
respect our roles.

Close/ Thank you.

Questions.