Co-founded by the World Bank and the Organisation for Economic Co-operation and Development (OECD), the Global Corporate Governance Forum is an advocate, a supporter, and a disseminator of high standards and practices of corporate governance worldwide, especially in developing countries and transition economies. Through its co-founders and other donors, including the governments of India, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States, the Forum brings together developed and developing countries.

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TOOLKIT 1

Building Director Training Organizations

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Demands on the corporation have never been higher – and rightly so. In a world where scandal has hit the headlines and the international community has committed itself to eradicating poverty, the power of the corporation is foremost on society’s agenda. But who will be responsible for ensuring that corporations fulfill their promise? The answer is directors. Recent corporate scandals have shown that directors have the power to make or break corporations. Directors are the link between the corporation and the outside world.

Yet something has been missing from the heart of corporate governance reform – the concept of the professional director. In most countries, being a director is still the only professional job one can do without training, qualification, or experience. There is a shortage of trained, competent, and independent directors. Reform often highlights the need to appoint independent directors; the constraint is lack of capacity.

The challenge was captured in a book published by the Centre for International Private Enterprise (CIPE) in 2003, In Search of Good Directors. This is a common theme across developing countries and emerging markets. This toolkit is designed to help meet the need by presenting practical advice on how to set up and strengthen organizations that promote director professionalism.

This toolkit forms part of a coordinated series of initiatives to promote director professionalism. In partnership with the Yale Institute of International Corporate Governance, the International Finance Corporation, the World Bank Institute, and other groups active in the field such as the Commonwealth Secretariat and CIPE, the Forum is:

- Developing a Global Director Training Network, which links organizations that train directors and related organizations across developed and developing countries so they can exchange experiences.
- Helping regional training networks tailor curriculum and teaching materials to meet their needs and local circumstances.
- Organizing residential programs to train the trainers who will lead the organizations active in corporate governance – to date for East Asia and Latin America.

This toolkit complements these efforts. It offers step by step guidance on building organizations that will train directors to fulfill their professional role, advocate policy reform to ensure that corporations fulfill society’s expectations, and represent the profession of directors. The toolkit provides business planning and governance tools. It explains how to apply for funding and build sustainability, how to develop activities, and how to develop and deliver a training program. Drawing on examples and experiences from around the world, the toolkit aims to foster the sharing of knowledge among developed and developing countries.

The toolkit does not offer a single "best practice" solution. There is no one-size-fits-all way to craft corporate governance reform. A range of tools, techniques, approaches, and activities have proven successful in various contexts. The toolkits’ objective is to provide a practical resource for developing countries and emerging markets in implementing good corporate governance practices at the board level.

The Forum is grateful to number of experts and practitioners from developed and developing countries who have contributed to the crafting of this toolkit and would welcome comments and suggestions to further support effective reform in the boardroom.

Anne Simpson, Head of the Secretariat, Global Corporate Governance Forum
What is the purpose of this toolkit?

This corporate governance reform toolkit focuses on building, developing, and supporting organizations that seek to improve the professionalism of corporate directors through training. The toolkit emphasizes the role, responsibilities, and benefits of establishing organizations that train corporate directors.

The toolkit aims to provide such institutions with a step by step approach and a variety of mechanisms that can help them achieve self-sufficiency through quality services. The toolkit walks the user through the steps required to set up an organization that emphasizes professional development through education, certification, and evaluation. Because many organizations that train directors are membership-based, the toolkit also offers information on targeting, attracting, and retaining members.

The Forum recognizes that there are many different and valid approaches to organizing and providing director training. Whether the organization is a directors institute or a corporate governance association or some other type of organization altogether will depend on the individual circumstances of each organization. Whatever the form, it is essential that the organization be committed to good corporate governance practices, have a thorough understanding of corporate governance issues, and be able to provide quality training to directors.

What is in this toolkit?

In five modules, this toolkit guides the user through the process of starting up and sustaining an organization committed to providing quality training for directors. The toolkit discusses how to determine the learning needs of directors in their specific country or region, how to develop and deliver a quality training program that meets those needs, and how to set up a sustainable organization that supports the professional development of directors.
Who will find this toolkit useful?

**Director training organizations**

This toolkit is aimed primarily at:

- Individuals in the process of setting up an organization dedicated to improving corporate governance practices and training directors;

- Organizations that want to set up a subunit or affiliated organization dealing specifically with training directors;

- Organizations that train directors that want to develop their activities and organizational structure.

**Organizations that foster corporate governance reform efforts**

Although the toolkit focuses on setting up and running a director training organizations, the general content and methodology can benefit any organization concerned with strengthening corporate governance and the effectiveness of directors.

**Corporate governance reform leaders**

This toolkit can benefit a wide community interested or engaged in corporate governance reform such as policymakers, professional associations, and business schools.

**Development agencies**

This toolkit can provide useful support to multilateral and bilateral development agencies engaged in funding local corporate governance reform programs and strengthening the performance of corporate directors.
MODULE 1
Starting

Why train directors? .................... p. 2
Who trains directors? .................... p. 5
The roles of an organization
that trains directors .................... p. 7
First steps .............................. p. 11
Preparing the business plan .......... p. 13
Dealing with start-up challenges .... p. 23
Sources of start-up funding .......... p. 26
Further reading ........................ p. 32
Annex 1. Organizations that promote
director training ....................... p. 34
Annex 2. Sample business plan ....... p. 40
Annex 3. PEST and SWOT analyses ... p. 47
Annex 4. Sources of start-up funding ... p. 48
Annex 5. A donor grant program ..... p. 49

MODULE 2
Structuring

Establishing the governing body ...... p. 3
Selecting senior staff .................... p. 13
Developing the organization's charter ...................... p. 15
Developing a code of ethics and a code of conduct .......... p. 16
Further reading ........................ p. 18
Annex 1. Sample notice of an annual general meeting ................ p. 20
Annex 2. Guidance on evaluating performance of a board of directors ... p. 21
Annex 3. Sample job description ....... p. 23
Annex 4. Principal duties of the nomination and audit committees ... p. 25
Annex 5. Sample charter ............... p. 28
Annex 6. Sample code of ethics ....... p. 31
Annex 7. Sample code of conduct ...... p. 34
MODULE 3
Training

Developing a training program .......... p. 2
Working with a partner ................. p. 10
Delivering a training course .......... p. 14
Overseeing and managing training activities ............... p. 20
Evaluating the training program ....... p. 24
Director certification .................. p. 26
Further reading ........................ p. 29
Annex 1. Examples of training courses ......................... p. 32
Annex 2. Sample curriculum for an orientation program, India .......... p. 39
Annex 3. Sample curriculum, Indonesia ..................... p. 40
Annex 4. Case study preparation for a director training course ........ p. 41
Annex 5. Sample reading list for a training course ................ p. 43
Annex 6. Sample core curriculum, Commonwealth ............... p. 45
Annex 7. Sample train-the-trainers course ........................ p. 48
Annex 8. Sample residential training course, Zambia ............ p. 50
Annex 9. Sample course evaluation form, Brazil ................. p. 53
Annex 10. Sample course evaluation form, UK .................... p. 54

MODULE 4
Expanding

Revenue-generating services and activities ................................ p. 2
Sponsorships and affinity programs ........................................ p. 13
Developing and managing a membership base .................... p. 16
Further reading .................................................. p. 32
Annex 1. Key activities of organizations that train directors ...... p. 34
Annex 2. Sample conference evaluation form ....................... p. 36
Annex 3. Examples of membership categories, Australia ........ p. 38
Annex 4. Examples of membership categories, UK ............. p. 39
Annex 5. Sample application form, UK .......................... p. 40

MODULE 5
Monitoring

Budgeting and financial planning ....p. 2
Risk and internal controls ................. p. 7
Performance measurement and sustainability ........................ p. 9
Management accounts and financial statements ..................... p. 11
Further reading .................................................. p. 18
Annex 1. Sample zero-base budget . p. 20
Annex 2. Sample annual budget ... p. 21
Annex 3. Sample operating surplus statement ....................... p. 22
Annex 4. Sample balance sheet ...... p. 23
Annex 5. Sample income statement .. p. 24
Annex 7. Sample cash-flow statement, Turkey ..................... p. 26
What tools will you find in the modules?

1. The opening page
   The first page of each module presents the rationale and contents of the module.

2. Thinking points
   Each module features a number of thinking points to help users address key steps in setting up or developing a director training organization.

   THINKING POINT
   Would your organization benefit by partnering with another group? What type of organization would be your most effective partner?

3. Examples
   This toolkit does not advocate a one-size-fits-all model. Rather, it provides a menu of options through examples from around the world, from well-established organizations as well as recently established organizations.

   WORKING WITH AN ESTABLISHED ORGANIZATION
   The Institute of Directors, UK is currently providing advice to the Corporate Governance Forum of Turkey in the following areas:
   - Development of a syllabus and curriculum
   - Recruitment of faculty with the appropriate credentials
   - Development of training support materials using sample training materials
   - Development of infrastructure to support the program, including practical issues such as venue
   - Quality assurance

4. Cross-references
   Each module includes cross-references to the other modules to direct readers to related topics and in-depth discussions.
Further reading

Each module provides an illustrative list of readings that further discuss various aspects addressed in the module.

Glossary

Individual modules include a basic glossary of the terms used in building a director training organization. The glossaries do not provide strict definitions of the terms but explain the context in which key terms are used.

Annexes

Annexes in each module present samples and forms from around the world that can help users in their practical, step by step approach to developing a director training organization.

CD ROM

The entire toolkit is contained in the CD ROM included in this user’s guide.
Peer Review Group

To develop this toolkit and gather lessons learned from developing and developed countries alike, the Global Corporate Governance Forum invited representatives from director training organizations from various regions of the world to share their experiences and discuss milestones and challenges in building director training organizations. The Forum would especially like to thank the following people for their contribution to this toolkit by providing materials, examples, and extensive comments on building director training organizations.

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AUSTRALIA: M1 (5, 10, 34, 48); M2 (34); M3 (4, 12, 14, 32, 39, 46); M4 (12, 16, 20, 23 – 26, 34, 38)

BRAZIL: M1 (5, 15, 18, 23, 34); M2 (7, 14); M3 (4, 15, 33, 41, 42, 53); M4 (5, 11, 13, 34)

CANADA: M1 (34, 48); M3 (4)

COLOMBIA: M1 (6, 8, 23, 34, 49); M3 (10, 14, 42); M4 (34); M5 (11)

EGYPT: M1 (27)

HONG KONG: M1 (6, 16, 18, 34); M3 (13, 26, 33); M4 (3, 5, 10, 12, 34)

INDIA: M1 (34); M3 (8, 39, 45, 46)

INDONESIA: M1 (8, 23, 34); M3 (8, 13, 40)

IRELAND: M1 (36); M3 (11, 34); M4 (6, 9, 10)

KENYA: M1 (3, 5, 8, 10, 15, 28, 36, 49); M2 (7); M3 (10, 22, 34, 45, 46); M4 (34)

MALAYSIA: M1 (36); M3 (13, 26, 34, 46)

NEW ZEALAND: M1 (18, 36); M2 (8); M3 (48); M4 (8, 34)

THE PHILIPPINES: M1 (8, 28, 36); M3 (4, 8, 11, 13, 24, 35); M4 (7)

POLAND: M1 (6, 36)

RUSSIA: M1 (3, 8, 18, 20, 28, 36, 38, 49); M3 (35); M4 (34); M5 (11)

SINGAPORE: M1 (6, 38); M3 (13)

SOUTH AFRICA: M1 (38, 49); M2 (12); M3 (36)

THAILAND: M1 (3, 12, 28, 38); M3 (13)

TURKEY: M1 (5, 6, 18, 28, 38); M2 (8, 28); M3 (12, 37); M4 (34); M5 (20, 26)

UNITED KINGDOM: M1 (3, 5, 6, 27, 38, 48); M2 (20, 23, 31); M3 (12, 28); M4 (3, 7, 8, 10, 15, 16, 18, 20, 23, 26, 29, 30, 34, 39, 40); M5 (22, 23, 25)

UNITED STATES: M1 (3, 5, 10, 24, 38); M3 (12, 49); M4 (6, 9, 17, 23, 34)

ZAMBIA: M1 (6, 23, 31, 38); M3 (10, 45, 50); M4 (19, 42)

ZIMBABWE: M1 (3, 38); M3 (34, 36)

ADVOCACY: M1 (8 – 10); M4 (3, 25, 35)

ACTIVITIES: M1 (7 – 10, 19 – 21); M3 (3, 10, 15, 17 – 20, 23, 28, 37); M4 (3 – 13, 14 – 19, 21, 26 – 29, 34); M5 (3, 5, 6, 9 – 12, 15 – 17, 22, 24)

ANNUAL REPORT: M5 (12, 13, 16)

BEST PRACTICE: M1 (7 – 10); M3 (2, 5, 7, 14); M4 (3, 5, 9, 12, 13, 16)

BUDGETING: M1 (9, 10, 12, 22); M3 (20, 23); M5 (2 – 5, 9, 10, 12, 20, 21)

BUSINESS PLAN: M1 (13 – 22, 40 – 46); M5 (2)

CERTIFICATION: M3 (2, 26, 35); M4 (35)

CHARTER: M2 (2, 15, 28 – 30)

COACHING: M3 (15); M4 (2, 4)

CODE OF ETHICS: M2 (16, 17, 31 – 33)

CONSTITUTION: (see charter)

CURRICULUM: M3 (2 – 7, 10 – 14, 16, 20, 24, 33, 34, 39, 40, 45, 48)

DEVELOPMENT AGENCIES: M1 (26 – 31, 48, 49); M3 (13 – 14)

DISTANCE LEARNING: M3 (15, 16, 36, 38)

EVALUATION: M3 (8, 20, 22 – 25, 36, 48, 50, 53, 54); M4 (2, 7, 12, 36)

EVENTS: M3 (3); M4 (5 – 7, 9 – 13, 21, 23, 25 – 27, 29, 31, 34)

FINANCIAL STATEMENTS: M5 (2, 11 – 17, 22, 23, 25 – 27, 30)

FOUNDING COMMITTEE: M1 (11 – 13)

FUNDING: M1 (26 – 31, 48, 49); M4 (1, 2, 9, 13 – 15, 18, 21); M5 (9)

INTERNATIONAL ORGANIZATIONS: (see development agencies)

LEARNING STYLES: M3 (16, 17)

MANAGEMENT: (see staff)

MARKET RESEARCH: M1 (19, 47); M3 (2 – 6, 7, 9, 23, 24); M4 (11, 16, 17, 18, 21, 22, 29)

MEMBERSHIP: general M1 (5); M3 (3); M4 (1, 5, 8, 14, 16, 17); data M4 (28 – 31, 38, 39); eligibility M4 (19, 20, 24); fees M4 (18, 19); recruitment M4 (21 – 28, 40, 42)

MISSION STATEMENT: M1 (17, 18); M4 (1, 2, 10, 13, 14, 16, 26); M5 (4, 6)

NETWORKING: M3 (12); M4 (5, 9 – 12, 23)

ORGANIZATION: types of M1 (2, 5, 6); M4 (8, 14, 16, 18, 19, 21); legal form M1 (13, 16); governing body/board M2 (2 – 13, 25 – 27, 34); M3 (20); annual meeting M2 (5, 20)

PERFORMANCE: M2 (21, 22); M3 (2, 25, 26, 27, 53); M4 (4, 7, 25, 31); M5 (2 – 5, 7 – 9 – 12, 16, 17)

PUBLICATIONS: M4 (5, 6, 9, 11, 13, 22, 26, 31, 34)

RISK MANAGEMENT: M3 (6, 8, 34 – 36, 38, 46, 48, 51); M5 (4, 5, 7, 8, 30)

SERVICES: (see activities)

STAFF: M1 (21, 23, 24); M3 (11, 16, 20 – 24, 34, 45, 48); M4 (6, 11, 21, 26 – 28, 46); M5 (2, 5, 7, 10, 17)

STANDARDS: (see best practice)

SPONSORSHIP: (see funding)

SYLLABUS: M3 (5, 7, 9, 12, 16, 20, 21)

TRAINERS: (see staff)

TRAINING: rationale M1 (2, 7, 21); M4 (2): materials M1 (22 – 24); M3 (12, 14 – 16, 20, 22, 24, 25, 32, 34, 41)

UNIVERSITIES: M1 (6); M3 (11, 32, 35, 36)