

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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**Global  
Corporate  
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Forum**

*User Guide*

## **TOOLKIT 1**

### ***Building Director Training Organizations***

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T O O L K I T 1

*Building*

*Director Training*

*Organizations*



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U S E R G U I D E



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**D**emands 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:

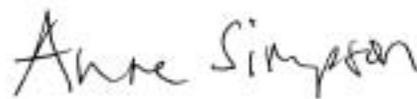
- *Developing a Global Director Training Network*, which links organizations that train directors and related organizations across developed and developing countries so they can exchange experiences.

- *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

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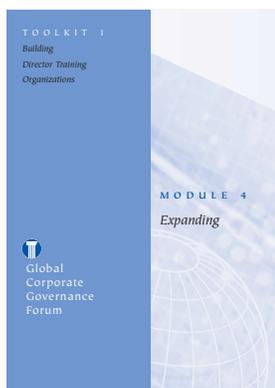
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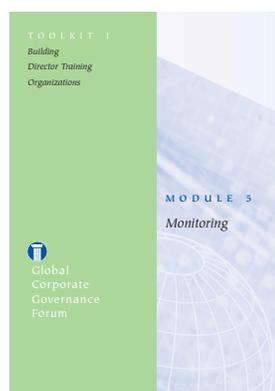
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1

### 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.

#### EXAMPLES

##### 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.

# 5

## Further reading

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

# 6

## 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.

### GLOSSARY

|               |   |
|---------------|---|
| CERTIFICATION | The process of confirming that course participants perform or meet the training program's goals, usually by passing an exam.  |
| COURSE        | The event(s) through which the knowledge and skills in the syllabus are provided to participants.   |
| CURRICULUM    | The framework of a training program. A curriculum is typically divided into a number of modules reflecting a range of areas or topics to be addressed.                                    |
| SYLLABUS      | The subjects studied for a particular course or sequence of courses. The syllabus can include various types of training materials such as case studies, reading materials, and exercises. |

# 7

## 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.

# 8

## 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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