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## **An Ounce of Prevention: *Stress Testing Your Governance***

Smart organizations control their destinies. With governance issues underlying more and more business disputes and high-profile scandals, organizations today must ensure a robust governance structure that facilitates success while guarding against legal and ethical pitfalls.

A robust governance structure:

- Improves operational efficiency;
- Reassures institutional investors, other shareholders and insurance carriers; and
- Prevents issues with regulators, activists and potential litigants.

### **Stress testing**

Just like an organization audits its financials, a stress test of its governance structures, policies and procedures can provide reassurance to investors and other key stakeholders.

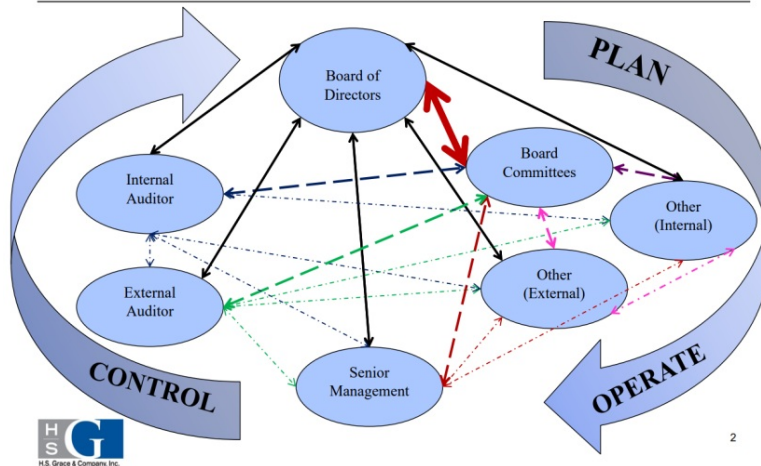
*It is not a one-size-fits-all approach.* While there are some fundamental guidelines, what works best for a given organization at a specific point in time will depend on many factors. Drawing upon our 1,000 years of combined senior management and board experience, as testifying experts in some 150 cases and thought leadership with more than 60 articles in peer-review journals, the experts at H.S. Grace & Company, Inc. can examine your governance structure and programs for effectiveness and identify any weak points before problems arise.

- Is your decision-making structure adequate for your organization?
- Is the structure and function of your organizational leadership appropriate?
- Are the roles and responsibilities of the directly and indirectly involved parties properly defined?
- How does the management-board interface function, both internally and externally?
- Are the appropriate checks and balances in place for management, and

between management and other decision-makers?

HSG's real world, practical experience in making complex business decisions in different industries allows us to quickly determine and evaluate the key issues and determine strengths and weaknesses within the plan-operate-control cycle of the firm.

### The Structure and Functioning of the Board within the Plan-Operate-Control Cycle of the Firm



### We Can Help

HSG has a long-established reputation as a corporate governance expert, both inside and outside of litigation, representing boards, insurance carriers and defense and plaintiff counsel. We understand that robust checks and balances, within and among participants, are critical for effective governance. Our team of senior executives draws upon our deep business expertise to analyze and stress test the adequacy and operation of the structures, policies and processes in place to carry out corporate governance responsibilities, recognizing these are unique to each organization and the point in time.

We will be sharing more about our approach to corporate governance and stress testing at two upcoming conferences:

#### [ABA – Business Law Virtual Section Annual Meeting](#)

September 22, 2021 through September 24, 2021

#### [ACC Houston Annual Symposium,](#)

August 19, 2021.

Or give us a call to [learn more](#).

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**If you would like to know more...**

If you would like to know more about this case, or about the kinds of business-based analysis of claims and damages that can be obtained from [H.S. Grace & Company](#), you are invited to contact members of our group, [Al Fenichel](#), [Steve Grace](#), and [H. Stephen Grace, Jr.](#) at (713) 572-6800. Follow, [H.S. Grace & Co., Inc.](#), on LinkedIn. [H. S. Grace & Company, Inc.](#) (HSG) is a litigation support and consulting firm established in 1993 that works with in-house counsel, outside counsel, insurance carriers and corporate attorneys, as well as company boards and senior management. HSG specializes in assisting clients both before and during [litigation](#) in analyzing and assessing the validity of claims involving representations and warranties, directors and officers responsibilities, financial reporting, business judgment, merger and acquisition disputes and other complex issues. The firm provides [expert testimony](#) from our detailed analyses of the business decisions and actions, issues reports of how the actions of all parties involved affect causation and evaluation of damages and provides guidance to support settlement strategies and negotiations. HSG has approximately [30 consultants](#), including experienced testifying experts, who have had significant experience as senior executives (e.g., CEOs, COOs, CFOs, SVPs, Treasurers, technical professionals and board members), many of whom hold advanced degrees and professional certifications. Our experienced team members look deeply into claims and allegations to determine not only what happened, but how and why, to speak authoritatively about appropriate business practices, and to assist clients in achieving favorable outcomes. HSG has represented banks and other financial institutions, real estate partnerships, energy companies, pharmaceutical firms, healthcare companies, insurance carriers, retailers, technology companies and others in a broad array of [complex commercial litigation](#).