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Press Release

Source: Grace & Co. Consultancy, Inc.

Corporate Governance: Finding the Right Expert; The CPA Journal Article Defines Expertise Needed to Guide Boards, Management

Tuesday December 19, 3:32 pm ET

NEW YORK, Dec. 19 /PRNewswire/ -- Backdated stock options. Enron. WorldCom. Restated financials. CEOs and CFOs in the news for alleged illegal practices. Companies and their boards have faced challenges in recent years that have elevated the importance of good corporate governance. But as boards and management increasingly turn to consultants for advice in the development and evaluation of corporate governance structures and processes, how do they ensure their consultants are qualified in this complex arena?

An article published this month by The CPA Journal defines, for the first time, the experience and expertise companies should look for in corporate governance consultants, outlining specific credentials and qualifications.

"Corporate Governance Consultants: The Issue of Qualifications," written by H. Stephen Grace Jr. and John E. Hauptert of Grace & Co. Consultancy, Inc., draws upon the authors' extensive experience in senior management, corporate governance consulting and expert testimony in lawsuits alleging corporate governance failures, as well as on advice and experience from other experts.

"While corporate governance has become a buzzword in business, companies have struggled to define exactly what good corporate governance is and how to integrate it into the operations of individual firms," said Mary-Jo Kranacher, editor-in-chief of The CPA Journal. "This article, written by some of the premier experts in the field, lays out guidelines that will be useful to boards and managers looking to consultants for help in dealing with the complex issues companies face: enhancing shareholder value, protecting their reputations and long-term ability to succeed, avoiding or managing litigation, and successfully navigating major changes such as mergers and acquisitions or bankruptcies."

The article proposes a common body of knowledge that companies should look for in corporate governance consultants, following the lead of the Association of Management Consulting Firms' guidelines for management consultants, first proposed in 1957.

The authors elaborate on what they consider the two critical components: an understanding of, and experience with, both management and governance structures and processes. Qualified consultants should marry this macro understanding with experience across the primary activity areas within a company as well as an in-depth understanding of the company and its industry because effective governance will vary across companies, within industries, among businesses in a corporate family and over time.

"Directors still have the ultimate responsibility to ensure effective governance, but qualified consultants can be an important resource," Grace said. "However, we found that there has been no consensus on appropriate qualifications, and while many consultants have the prerequisite experience and skills, others do not. We are advancing these guidelines and welcome comments and input as the business and regulatory communities work to establish a common body of knowledge for corporate governance."

The article is available in the December 2006 issue of The CPA Journal or online at <http://www.nysscpa.org/cpajournal/2006/1206/essentials/p60.htm> .

Grace is president of Grace & Co. Consultancy, Inc. and a former chair of Financial Executives International. Hauptert is a member of the board of advisors for the company and former treasurer of the Port Authority of New York and New Jersey. With offices in New York and Houston, Grace & Co. is a team composed exclusively of senior executives who diagnose and resolve critical corporate problems.

The CPA Journal (<http://www.cpajournal.com>) is broadly recognized as an outstanding, technical-refereed publication aimed at public practitioners, management, educators, and other accounting professionals. It is published by the New York State Society of CPAs (<http://www.nysscpa.org>), the oldest and largest accounting association in the nation, with over 30,000 members.

Source: Grace & Co. Consultancy, Inc.

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