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CONTENTS

The Energy Dispatch, the IEL's Young Energy Professional newsletter, contains substantive articles on trending legal issues in the energy industry, interviews, and professional development.

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IEL Industry Expert Interview with Bob Broxson, Secretariat Advisors, LLC

Interview by Andrew (Drew) F. Gann, Jr. McGuire Woods LLP

Bob Broxson is a Managing Director at Secretariat Advisors, LLC, where he provides industry and consulting advice to the energy industry, primarily focused on natural gas procurement, sales, transportation, and trading. With over thirty-five years in this space, Bob has advised clients in energy and non-energy related commodities, trading, and risk management practices and assisted companies and lenders in bankruptcy, restructuring, and turnaround matters. His experience includes providing expert testimony and dispute advisory services across the United States, as well as Canada. Bob is based out of Secretariat's Houston office, which provides support for all components of the industry sector and beyond.

AG: Tell us about your work as an expert.

BB: I provide expert testimony in matters related to the energy industry, with a particular focus on the natural gas sector. The great thing about acting as an industry expert is the wide variety of cases in which you get retained. In addition to more straight-forward quantification assignments such as valuations and damages, my experience in the energy industry allows me to opine on "customs and practices," which means that I get retained to offer opinions on how the industry works within the confines of natural gas and other commodity contracts. Having been involved in the industry for many years gives me the experience and knowledge to provide opinions directly related to the issues presented. Additionally, I am constantly being exposed to a wide variety of companies and issues, which allows me to stay up to date on industry customs and practices. I have testified in civil litigation matters in state and federal courts and in arbitration settings.

AG: How did you get into doing expert work?

BB: In 2000, I decided to change the focus of my work and offer the experience I had gained from various industry roles in a consulting role to former trading and marketing counterparts across the US and Canada. In 2005, I joined a large consulting firm that was seeking a consultant with my industry background. In 2006, the firm encouraged me to pursue expert assignments with law firm clients, which was something I had never considered doing. While still offering commercial consulting advice to domestic and international clients, I also began putting my name out to law firms to serve as an expert on energy industry matters. By the end of 2006, I was fortunate to be retained on a few very interesting and challenging matters. From there my work as an expert has grown and I continue to be retained on very interesting matters.

AG: In what types of cases are you usually retained?

BB: The matters I am retained on include price disputes, trading related disputes, gas gathering and processing disputes, royalty disputes, transportation disputes, and force majeure disputes. I also provide damages calculations and rebuttals to damages claims.

AG: What's the most interesting case you've worked on?

BB: That is a very interesting question! Every case I work on is interesting in that it includes its own set of unique facts and nuances, and I get to work with new clients and various attorneys. Each case is also interesting in different ways. Sometimes it is the complexity of the claims, sometimes it is the world politics and events that may be at the heart of the issues, which is often the case with the energy industry. At other times it is the size of the claims and the potential impact on the parties. Again, each case is interesting in its own way. But the one I would have to highlight here is one that I was involved with early in my expert career. As a newly minted expert, I was retained on a case that, in the long run, would be one of the most significant cases on which I have worked, *Ergon v. Dynegy Market & Trade*. The venue in the case was the United States District Court for the Southern District of Mississippi in Jackson. The case involved a claim of force majeure by Dynegy in the aftermath of Hurricane Katrina (and Rita). I was retained by Dynegy in this matter. The dispute arose over the issue of whether a party claiming force majeure is required to buy replacement gas before it can make this claim. My experience with negotiating and writing natural gas contracts allowed me to testify as to my experience in the market and how the market functions in the context of force majeure. There were two contracts at play in the

transactions between the litigants, and the judge, through his reading of the contracts, said the contracts were different, and that the language of one was ambiguous, and the other not, and with this conclusion ruled that one contract required Dynegy to buy replacement gas, but the other contract did not. The parties cross-appealed the decision and the case went to the Fifth Circuit for appeal. The Fifth Circuit ruled in Dynegy's favor in both cases, supporting the testimony I offered. From my perspective, this case highlighted the need for industry expert testimony in a matter in which the court was uncertain as to how the industry would respond in the context of a significant force majeure event. As your readers may be aware, in the aftermath of what has become known as "Winter Storm Uri," numerous disputes have arisen in relation to claims of force majeure. My industry experience, along with past testimony on these issues, has allowed me to further opine on the importance of this issue in the industry.

AG: What can the lawyers do to help you with your expert work in any given case?

BB: I have had the great privilege to work with many fantastic and outstanding lawyers in my years as an expert. My experience with nearly all of them is that they have a real desire I be fully "equipped" to write a strong, clearly worded expert report and be ready to give an effective deposition and ultimately testify if the case goes to court. Information is the key to success in any case. Knowing as much as possible, including "bad facts," should there be any, is critical to me and my team to be able to perform at our highest level. It is also critical that the information is provided as early as possible. More time translates not only to a more thorough review, but also a more cost-effective analysis as my team and I are able to plan how best approach the matter as opposed to having to process large volumes of information at the last minute, which sometimes results in duplication of efforts and other inefficiencies. Being involved early also helps me coordinate with counsel and the client to establish case strategy and discovery requests. Without good, reliable information an expert is not put in the best position to help his client succeed. In every matter in which I am engaged my first request is that counsel provide me with as much information as possible as early on as possible. With all the available information, an expert is less likely to get "surprised" by a fact or document that is put in front of them in deposition or trial and is also in a better position to offer insight to counsel throughout the proceedings.

Young Energy Professional Highlight – Caleb Madere, Shareholder, Liskow & Lewis

Interview by Michael Ishee, Liskow & Lewis

MI: What was your path to becoming a lawyer?

CM: I took a non-traditional route to law school. I wanted to go to medical school, so I was a biology major. I later realized that medical school was not for me and that I wanted to follow in my grandfather's footsteps and become a lawyer. Rather than change majors, I decided to stick with my biology and earned by BS before attending law school.

MI: How would you describe your legal practice?

CM: My law practice is a bit of a mixed bag. I would say my primary practice is mineral title examination. However, my practice has branched out quite a bit from title examination and includes experience in renewables (primarily solar and carbon capture and sequestration), environmental litigation, and mineral leasing disputes.

MI: What do you find most gratifying about your legal practice?

CM: I enjoy helping my clients get their projects off the ground and achieve their goals. Given the nature of my practice, I am often assisting clients on the front end of their project, whether that is drilling an oil and gas well, constructing a solar farm, or constructing a carbon capture and sequestration project. I enjoy helping clients navigate the hurdles that come with those projects. It's rewarding to see those projects through to completion.

MI: You were a member of IEL's 5th Leadership Class. How was that experience?

CM: The IEL Leadership Class truly is a unique experience. It provides an opportunity to meet, interact with, and form friendships with other young energy law professionals across a broad spectrum of practice areas and backgrounds. The programs and speakers are extremely useful, but the connections that you build with others in your class are invaluable.

MI: What advice do you have for young lawyers practicing in the energy sector?

CM: Be flexible, particularly early in your professional career. The energy sector is changing and as attorneys in the energy sector we have to be willing and able to change with it to best serve our clients. Now more than ever there are opportunities to be on the leading edge of new

technologies and provide unique expertise to clients as they navigate the energy transition.

MI: What are your interests outside of the office?

CM: I have four elementary school aged children, so much of my time outside the office is spent with them. I enjoy coaching my kids in sports and spending time outdoors, whether that's in the woods hunting or camping or at a baseball game.

Accounting Procedures for the Joint Account

Robert Sanders, Capstone Forensic Group LLC

Oil and gas exploration and development activities involve substantial risk that participants often share through a joint venture. Parties who decide to embark on such a joint venture frequently sign a joint operating agreement (JOA) that memorializes the venture and describes the responsibilities of the operators and the non-operators. The operator is generally responsible for running the show and billing the non-operators for their proportionate share of costs. The accounting procedure for handling the shared costs can be attached as an exhibit to the JOA and will often be based on a model form from a recognized organization such as the Council of Petroleum Accountant Societies (COPAS). Since 1961, COPAS has published several model forms, most recently in 2022. In the following paragraphs, we provide a brief overview of some of the key aspects of the recommended accounting procedures for parties to a JOA.

When accounting for a JOA, a crucial concept is the joint account, which serves as a ledger for the oil and gas venture. The joint account shows the charges paid and credits received as part of conducting the joint venture operations. This includes all the required activities for exploration, development, appraisal, production, protection, maintenance, repair, abandonment, and restoration of the property. The joint account does not include the accounting for volumes or proceeds from hydrocarbons and by-products – for those ventures that do produce volumes, this information would be included separately on a document such as a payout statement. The joint account also does not typically include the related costs of gathering, processing, marketing, or transporting hydrocarbons, all of which are post-production costs.

There are two broad categories of costs that may normally be charged to the joint account – i) direct and ii) overhead. The direct costs are all the costs that are enumerated as being directly chargeable to the joint account and include but are not limited to the categories of rentals and royalties, labor, material, transportation, use of equipment and facilities, damages to the property, legal, taxes/permits/ fees, insurance, communication systems, and health/safety/ environment. By contrast, overhead reflects costs that are not directly chargeable to the joint account but that arise due to the activities of the operator in conducting the joint operations. Overhead costs are estimated based on a fixed rate or on a percentage basis.

The distinction between direct costs and overhead depends on the specific agreement and the facts and circumstances of the operation. For example, legal services may be either direct or overhead depending on the function of the service. It is critically important for the non-operator to review and understand the distinctions for their joint venture. It is also essential that the non-operator carefully review the authority for expenditures (AFEs), which are a good faith estimate of costs, as compared with the actual costs of the operation.

The operator has the responsibility for preparing joint account statements that reflect the activity on the joint account and sending the statements to the non-operators as part of a joint interest billing (JIB) process. JIBs are typically sent monthly with required payment within 30 days. The operator should only include charges that are normally appropriate per the accounting procedure or that have been specifically approved by a vote of the non-operators excluding the operator and its affiliates.

Hopefully, the joint venture runs smoothly without any disputes as to the joint account. However, the non-operators have up to 24 months following the end of the calendar year of the JIB to protest or question the accuracy of the charges. The non-operators can audit the joint account (or payout account) during this 24-month period following the end of the year the JIB was sent. The parties should try to work in good faith to minimize inconvenience and cost of the audits and try to keep to a timeline in which up to 90 days are provided to issue the audit report after the completion of the analysis, followed by up to 180 days for the operator to respond to exceptions, if any. If the audit process takes more than 15 months from issuance of the report, the parties may need to consider dispute resolution options. Legal and accounting professionals are available to assist in dispute resolution should the need arise.

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Bachtell Enterprises, LLC v. Ankor E&P Holdings Corporation: Impeding Application of the Exculpatory Clause to Accounting-Related Breaches

Katherine Raunikar, Jordan, Lynch & Cancienne PLLC

Many oil and gas joint ventures are governed by the American Association of Professional Landmen ("AAPL") Joint Operating Agreement ("JOA") Form 610—specifically, the 1989 form. Parties to joint ventures have used this form for decades, given that the next form was not adopted until 2015.

In 2012, the Texas Supreme Court in *Reeder v. Wood County Energy LLC* expanded operators' protection under the 1989 form to exempt their liability for breaches of contract. This expansion did not comport with industry standards and influenced changes to the 2015 form's exculpatory language.

A decade after *Reeder*, the Fourteenth Court of Appeals in Houston held in *Bachtell v. Ankor* that *Reeder* did not extend the 1989 form's exculpatory clause to "intentional" breaches of contract. To contextualize this holding, the below compares the 1989 form's exculpatory clause to other forms and illustrates how courts have applied those clauses. After summarizing the court's decision in *Bachtell*, this article finally provides how the case will impact future JOA disputes.

Exculpatory Clauses under Form JOAs

The AAPL Form 610 attributes a host of duties to the operator. To balance this assumption of risk, the form also contains an exculpatory clause for losses that the operator incurs in the course of its duties. As provided in the 1989 form, the clause provides:

> Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties for losses sustained or liabilities incurred except such as may result from gross negligence or willful misconduct.

AAPL Form 610-1989 Model Form Operating Agreement, art. V.A. The conduct covered by this clause differs depending upon which Form 610 is used. While the 1989 form's exculpatory clause covers an operator's "activities," the prior 1982 form JOA instead covered its "operations." AAPL Form 610-1982 Model Form Operating Agreement, art. V.A. Further still, the 2015 form applies to "authorized or approved operations." AAPL Form 610-2015 Model Form Operating Agreement, art. V.A.

Texas Courts' Interpretation of JOAs' Exculpatory Language

Courts have found this to be a distinction with a difference. In 2000, the El Paso Court of Appeals in *Abraxas Petroleum Corporation v. Hornburg* found that the 1982 form's exculpatory clause's limitation of liability for "operations" was "linked directly to imposition of the duty to act as a reasonably prudent operator, which strictly concerns the manner in which the operator conducts drilling operations on the lease." 20 S.W.3d 741, 759 (Tex. App.—El Paso 2000, no pet.). According to the court, this strict limitation meant that the clause "is limited to claims based upon an allegation that [the operator] failed to act as a reasonably prudent operator and does not apply to a claim that it breached the JOA." *Id.*

By contrast, in 2012, the Texas Supreme Court in *Reeder v. Wood County Energy LLC* held that the 1989 form released operators from breach-of-contract claims as well as from liability for its operations, absent gross negligence or willful misconduct. 395 S.W.3d 789, 795 (Tex. 2012), *opinion supplemented on reh'g* (Mar. 29, 2013). This is because "the deletion of that word ['operations'] and use of the term 'its activities' includes actions under the JOA that are not limited to operations," and "[t]he modification implicates a broader scope of conduct." *Id.* In noting this "broader scope of conduct," the Court did not define what all conduct that scope would cover. This broadening of the exculpatory clause's application caused controversy in the industry—to the point where only a few years later, decades after the last update to the form, AAPL changed the clause in the next form JOA to no longer cover breaches of contract. Frederick M. MacDonald, *The A.A.P.L. FORM 610-2015 Model Form Joint Operating Agreement-Commentary of the Form 610 Revision Task Force*, 2016 NO. 6 RMMLF-Inst. Paper No. 1, 1-9; Jeff Weems, *Changes Incorporated into the AAPL 2015 610 Model Form*, 68th Annual Oil & Gas Law Conference (2016).

The *Bachtell* Decision

The Houston-based Fourteenth Court of Appeals recently waded into the 1989-form exculpatory clause's breadth of protection. In *Bachtell Enterprises, LLC v. Ankor E&P Holdings Corporation*, the court considered a JOA dispute between operator Ankor and several nonoperators. 651 S.W.3d 514, 517 (Tex. App.—Houston [14th Dist.] 2022, pet. denied). The parties agreed to JOAs that governed several projects, and each JOA contained the 1989 form's exculpatory clause. *Id.* For one of these projects, Ankor negotiated a separate, confidential service agreement with

a third party to construct a gas production plant. *Id.* Ankor alerted the nonoperators that it would not require their capital for constructing the plant. Id. For a few ancillary purchases, Ankor sent an Authorization for Expenditure ("AFE") to the nonoperators—as it was obligated to do for any expenditure over $50,000—for $385,000. *Id.* The nonoperators approved this AFE. *Id.*

A year after entering the service agreement with the third party, Ankor alerted the nonoperators that it would keep all their revenues to pay a host of costs, and that the Joint Operations were obligated to pay any balance due to the third party under its confidential agreement with Ankor. *Id.* at 518. Ankor then disclosed this balance was nearly $1.6 million. *Id.* When Ankor sent a joint interest billing statement ("JIB"), the nonoperators refused to pay. *Id.*

Ankor sued the nonoperators for nonpayment. *Id.* The nonoperators countersued for breach of contract, alleging among other things that Ankor's failure to obtain consent before charging the joint account for the gas plant's construction and for withholding revenues without contractual or nonoperators' permission. *Id.* The jury determined that both parties breached the contract, but that Ankor's breach did not involve "willful misconduct." *Id.* As a result, the trial court awarded damages to Ankor and a take-nothing judgment against the nonoperators. *Id.*

On appeal, the nonoperators argued that the exculpatory clause did not apply to an intentional breach, and holding otherwise would too broadly extend *Reeder's* interpretation of the exculpatory clause. *Id.* By contrast, Ankor argued that the exculpatory clause covered intentional breaches, so long as such breaches did not rise to the level of "willful misconduct." *Id.* The court noted that the case presented "an apparent matter of first impression" of "whether 'activities' is so broad as to protect an operator from any breach of contract so that the operator can have no liability for breach of any contractual provision, absent willfulness." *Id.* at 521.

The Fourteenth Court of Appeals agreed with the nonoperators, holding that the exculpatory clause did not apply to an intentional breach. *Id.* The court first highlighted numerous provisions within the contract requiring the nonoperators' consent, including the consent for AFEs, and that the parties were jointly and severally liable for their proportionate share of costs. *Id.* at 520–21.

The court then addressed *Reeder*, noting that it held the exculpatory clause applied to "actions under the JOA that [were] not limited to operations." *Id.* at 521 (quoting *Reeder*, 395 S.W.3d at 794). Even though *Reeder* "did not define" what those activities were, it also "did not broadly hold that 'activities' encompasses all intentional breaches of a joint operating agreement." *Id.* The court "decline[d] to extend the reach of Reeder that far" and further explained that the clause was created to relieve the operator's liability for negligence, not for the operator's "offensive use" to impose liabilities on unknowing nonoperators. *Id.* at 521–22. According to the court, no precedent required protecting an operator from liability for more than "negligent injury." *Id.* Because Ankor was required to obtain consent for charging more than $50,000, which it "admittedly did not do," its intentional conduct was not protected by the exculpatory clause. *Id.* The court reversed the take-nothing judgment below. *Id.*

Implications for Joint Ventures

Because the court in *Bachtell* noted the exculpatory clause protects operators only from "negligent injury," it has hindered operators' argument that the exculpatory clause protects them after overcharging nonoperators. *See* Scott Lansdown, *B. Reeder v. Wood County Energy LLC and the Application by Texas Courts of the "Exculpatory Clause" in Operating Agreements Used in Oil and Gas Operations*, 8 Tex. J. Oil Gas & Energy L 202, 219 (2013) ("If the operator inadvertently overcharges the nonoperators, does the exculpatory clause exempt the operator from having to repay the overcharge because it constituted a breach of the JOA? . . . . [S]uch a result can be avoided by recognizing that the operator's failure to refund the overpayment, upon being furnished with proof that it had occurred, would constitute willful misconduct."). The *Bachtell* court interpreted the *Reeder* holding to comport with industry standards: an operator has latitude to conduct its operations but cannot incur significant costs with impunity. *Cf. Stine v. Marathon Oil Co.*, 976 F.2d 254, 261 (5th Cir. 1992) (interpreting Texas law to hold that exculpatory clause's "protection extends to [operator's] various administrative and accounting duties, including the recovery of costs under the authority of the JOA").

Importantly, the court repeatedly described Ankor's conduct as "intentional" in an apparent attempt to distinguish this from "willful misconduct." The court's distinction between willful misconduct and intentional breach begs the question: in what circumstance would a breach qualify as "willful," not merely "intentional"? While the court was clear in indicating no intentional breaches of contract could receive the clause's protection, it never defined what "intentional" means, or how Ankor's conduct was not "willful." It is unclear what the parameters of "intentional" conduct would be outside of the administrative billing context reviewed in *Bachtell*.

This is particularly true given the Fourteenth Court of Appeals' existing definition of willful misconduct. A year before deciding *Bachtell*, the court held that willful misconduct is present if "the defendant intentionally or deliberately engaged in improper behavior or mismanagement, without regard for the consequences of his acts or omissions." *Apache Corp. v. Castex Offshore,*

Inc., 626 S.W.3d 371, 381 (Tex. App.—Houston [14th Dist.] 2021, pet. denied). But it noted that "willful misconduct does not require a subjective intent to cause harm," *id.* (citing *Mo-Vac Serv. Co. v. Escobedo*, 603 S.W.3d 119, 125–26 (Tex. 2020)), and even knowing inaction will qualify, *id.* at 389 ("To support this claim [of willful misconduct], there must have been some evidence that Apache knew, but was consciously indifferent, that its liner was not deep enough."). *Cf. BP Oil Pipeline Co. v. Plains Pipeline, L.P.*, 472 S.W.3d 296, 313 (Tex. App.—Houston [14th Dist.] 2015, pet. denied) ("In examining proof of the subjective component of gross negligence, courts focus on the actor's state of mind, examining whether the actor knew about the peril caused by the actor's conduct but acted in a way that demonstrates the actor did not care about the consequences to others." (citing *Reeder*, 395 S.W.3d at 796)).

Such a definition seems remarkably close to the implied definition of "intentional" as applied in *Bachtell*. And the court in *Bachtell* never explained why the operator's conduct did not rise to the level of "willful misconduct." Without such an explanation, whether there is an overlap between these two terms' application remains unclear.

This undefined "intentional" conduct may eventually serve to prevent operators from breaching contracts in factual situations outside of *Bachtell*. But this depends on how the Fourteenth Court of Appeals eventually defines "intentional," what proof it would require, and whether other appellate courts adopt the standard for the 1989 form. In the meantime, operators in Texas will have a difficult time hiding behind the exculpatory clause for their impermissible billing practices.

PHMSA Proposes Revising Pipeline Safety Regulations

J. Brian Jackson, Adam G. Sowatzka, Andrew F. Gann, Jr., and Katherine C. Creef, McGuireWoods LLP

On Sept. 7, 2023, the Pipeline and Hazardous Materials Safety Administration (PHMSA) published a notice of proposed rulemaking (NPRM) titled "Pipeline Safety: Safety of Gas Distribution and Other Pipeline Safety Initiatives." It implements provisions from the Leonel Rondon Pipeline Safety Act, which was part of the Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020.

Specifically, this NPRM revises certain pipeline safety regulations found in 49 C.F.R. Parts 191 (reporting), 192 (safety) and 198 (state pipeline safety programs). While the NPRM focuses largely on gas distribution pipelines, the changes to Part 192 could impact all regulated pipelines, including gas transmission and gathering pipelines. The NPRM also proposes annual reporting requirements on small liquified petroleum gas operators.

Here are some notable proposed changes at a high level:

- The NPRM removes the exception for gathering lines from the definitions "Entirely replaced onshore transmission pipeline segments," "Notification of potential rupture" and "Rupture-mitigation valve" in Section 192.3. This would eliminate the amendments to Part 192 made in response to the 2023 D.C. Circuit decision (*GPA Midstream v. DOT*, 67 F.4th 1188 (D.C. Cir. 2023)).
- The NPRM proposes adopting certain amendments to Section 192.9 to require operators of regulated gathering lines to develop emergency response plans in accordance with Section 192.615.
- The NPRM proposes changes to Section 192.195 that would require at least two methods of overpressure protection on certain district regulator stations that serve low-pressure distribution systems and would require real-time notification of an over-pressurization event.
- The NPRM proposes an amendment to Section 192.305 for inspections of new, replaced, relocated, or otherwise changed transmission lines and mains that generally would require using different personnel to conduct the inspection than those who had performed the construction activity.
- The NPRM proposes maintaining records for the life of pipelines operating below 100 psig, service lines and plastic pipelines amending Section 192.517.
- The NPRM proposes an expanded list of pipeline emergencies under Section 192.615 and would include, for "distribution line operators only, unintentional release of gas and shutdown of gas service to 50 or more customers or, if the operator has fewer than 100 customers, 50 percent or more of its total customers."
- The NPRM proposes to amend Section 192.638 to require gas distribution operators to keep, identify, and maintain traceable, verifiable, and complete documentation of the characteristics of their systems that are critical to ensuring proper pressure controls of the pipeline system.
- The NPRM proposes amendments to Section 192.1007 expanding the considerations for Distribution Integrity Management Programs.

Comments on the NPRM are due Nov. 6, 2023.

Navigating Career Success: Building Your Personal Board of Directors to Uncover Blind Spots

Caroline Yarborough and Erin Ryan, McGuireWoods LLP

In the corporate world, energy companies and their CEOs rely on their board of directors to steer the ship through challenging waters and shape the company's future. In a similar vein, individuals in their careers often face circumstances that test their resolve, pushing them to consider whether to stay put or embark on a new professional journey. Navigating complex management situations can be equally perplexing. The key to adeptly navigating these hurdles is to begin building your personal board of directors today. Lauren Dillard, former Executive Vice President of Investment Intelligence at Nasdaq, championed this concept when speaking with Joel Weber in Bloomberg's "Learn from Leaders at..."

What Is a Personal Board of Directors?

In their book *The Curiosity Muscle*, Diana Kander, a serial entrepreneur, and Andy Fromm, Chairman and CEO of Service Management Group, help companies maintain growth and avoid plateauing. They argue that curiosity – the desire for change rooted in the need to expand beyond one's current knowledge – is crucial to staying at the top of your game and continuing to grow. The first step, they note, is evaluating your blind spots: those areas where you may *think* you're excelling, but you're actually falling short. And where do you turn for such evaluations? Your personal board of directors.

Much like a corporation turns to its board for guidance and decision-making, your personal board of directors is a small network of independent advisers who offer specific advice based on their areas of expertise. The goal is to assemble a group of individuals with experiences that differ from your own, providing you with fresh perspectives when needed. As Susan Stelter highlights in her article, "Want to Advance in Your Career? Build Your Own Board of Directors," mentorship is familiar to many but this broader board is designed to tap into the collective wisdom of diverse advisors, identifying and addressing tension points that may be hindering your progress and innovation.

Who Should Sit on Your Personal Board?

- **The Career Sage:** This individual boasts an accomplished career and can provide you with comprehensive guidance. This professional has "seen it all."
- **The Opportunity Spotter:** Think of this advisor as your biggest cheerleader, helping you identify personal and professional opportunities while reminding you of your accomplishments.
- **The Truth-Teller:** Your personal board needs someone who isn't afraid to deliver candid feedback and push you to improve. This advisor calls it like they see it.
- **The Innovator:** To stay ahead of industry trends, you'll want someone who's well-connected and can predict the next big things impacting your business or career.
- **The Coach:** Wellness and professional development are vital to your growth. This advisor reminds you to pay attention to your physical and mental health.

Building Your Personal Board

Building your personal board of directors begins with networking. Identify potential advisors within your existing network, such as colleagues, mentors, or industry contacts. Aim for people with different roles, backgrounds, and experiences. Consider joining industry-related organizations and events to expand your network. Online platforms like LinkedIn can also be valuable for connecting with professionals who align with the archetypes you seek.

House Rules for Your Personal Board

1. **Confidentiality:** Emphasize the importance of trust by keeping all discussions confidential, much like corporate board meetings.
2. **Regular Meetings:** Maintain a consistent flow of advice by scheduling regular meetings with your board members.
3. **Open-Mindedness:** Encourage open discussions and be open to perspectives that differ from your own. Mind those blind spots!
4. **Rotation:** Don't hesitate to change board members when their expertise becomes less relevant or when you need fresh perspectives.
5. **Accountability:** Ensure that everyone follows through on action items and commitments made during meetings.
6. **Pay It Forward:** Share the valuable insights you gain with others and be open to joining others' boards.

Navigating Career Decisions and Identifying Blind Spots

When facing career decisions, consult your personal board for advice. They can help you weigh the pros and cons and consider long-term implications. When navigating challenging management situations, seek input from the Truth-Teller and the Career Sage.

Identifying blind spots is an ongoing process. Regularly self-assess your strengths and weaknesses and actively solicit feedback from your board members, especially the Truth-Teller. Their honest input can be instrumental in your

personal and professional growth.

Building and leveraging a personal board of directors can significantly enhance your career and personal development. By following these guidelines and actively engaging with your board, you'll be better equipped to navigate challenges and make informed decisions that lead to success. Just as corporate boards are critical to the success of major companies, your personal board of directors can be the key to your individual success.

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