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WHY GOOD BOARD INFO ‘DASHBOARDS’ ARE SO CRUCIAL

The widespread adoption of online board portals over the past decade is changing the role and abilities of boards themselves, as tools have often reshaped the evolution of tool users. One such change has been in the reporting and controls board members use to do their jobs.

The data board members see on the company have always been a weakness in corporate governance, possibly the single worst one. On one side is the company and its operations. Even a private or mid-cap entity is a very complex operation, generating huge amount of data, reports, legal filings, records and indicators. For a larger public company, the scale and complexity grow exponentially.

On the other side is a board of directors. Their time and effort commitment to the enterprise varies, but the more independent directors are, the less time, effort and hand’s on expertise they bring to monitoring. They’re expected to review company results and financials, monitor performance, assure compliance and give meaningful strategic input. They can only perform these fiduciary miracles if that mountain of information noted above is usable, digestible, and easily accessed.

Board portals are proving a handy tool for tilting the scales in favor of useful corporate controls for boards. While the first generation of portal tech made it easy to throw more bulk info at directors, the platforms (and corporate secretaries) have grown more sophisticated in focusing and refocusing medians into “dashboards” that prove most insightful for busy directors.

The precedents are out there. Seventy five years ago, the P-51 Mustang was at the leading edge of fighter aircraft technology. Check out a photo of the plane’s [instrument panel](#). The pilot had to monitor dozens of dials, gauges, lights, meters and indicators... all while having to fly and go into combat. Today, the world’s most complex fighter aircraft is the [Lockheed F-35](#). This is literally a flying mainframe computer, so you can imagine how complex its instrument panel is. If so, you’d be mistaken. It’s a single glass screen that looks like a video game. The military and industry have spent decades finding ways to deliver exactly what a fighter pilot needs to know, when he needs to know it — no more, no less. If we can do this for a \$100 million airplane, you can use board portals to do it for your board of directors.

-- **RDW**

“OFFBOARDING” ADVICE FOR DEPARTING DIRECTORS

We’ve offered a number of past articles on effectively onboarding new directors -- orientation, paperwork, introductions, etiquette. But what about the other end of the process? When a member retires, it’s more complex than a handshake and a toast at dinner. What should you do to assure that legal and administrative leavetaking is done right -- and that everyone benefits as the director walks out the boardroom door?:

- The first priority, of course, is to make sure business and compliance requirements are met. Whatever

informal comments the director may have made, he or she should submit a written notice of either resignation or not standing for re-election to the corporate secretary at least 60 days before departure. There are plenty of [format samples](#) to be found online. Bear in mind that, for a public company, a director resignation “for cause” may bring disclosure requirements, so it’s wise to keep language as innocuous as possible. (Also, check your company and board bylaws for any board departure requirements -- you don’t want to discover later that you’re out of compliance with yourself).

- There are standard checklists on director resignation procedures available from groups such as the [Society for Corporate Governance](#) in the U.S. that cover legalities. Randi Morrison, VP for reporting and membership at the Society, notes that SEC Section 16 covers a departing director’s “tail” requirements on matters like insider information and trading, and SEC or stock exchange notice rules. She recommends the company give the director a note listing these boilerplate requirements. “There is a standard exit memo format for this.”

- The corporate secretary has other housekeeping demands on a director leavetaking. The departure and its effective date must be noted in the next board meetings’ minutes; stock exchange filings must be updated (particularly if a departure leaves the board or a committee out of compliance on independence or skills); your D&O insurer must be notified; and the company’s website listing of directors needs to be changed.

- Housekeeping includes internal company matters as well. Director compensation needs to be halted as of the effective date (and equity holdings assessed and status updated). Staff who interact with the board should be memoed as to the director now being an ex-director, which effects what info can still be shared and when (if the director serves on the audit committee, your auditor may request a meeting to discuss the reasons for departure). Update company mailing and memo circulation lists, change the director’s passwords for the board portal or other online sources, and assess whether the director has official “signing” status for filings or financials.

- Despite regular lectures *not* to do so, most board members accumulate papers, reports, minutes, board books, electronic files and emails, and similar flotsam over their tenures. This may be at their homes or offices, but all should be either destroyed, wiped or returned to the corporate secretary. Be sure to add an inventory and disposal cleanup to your director leavetaking checklist.

- Finally, don’t miss this opportunity for a valuable “offboarding” discussion with the director. Even a member who quietly plans to retire may have hidden concerns or issues with the company, the board, or leadership in the background. The board chair or governance committee chair should schedule low-pressure lunch chat to debrief the director on thoughts, suggestions and potential improvements.

AHEAD OF THE CURVE -- 24/7 DIRECTOR ACCESS?

Here at *BI*, I try to keep readers ahead of the curve on governance issues that may not actually qualify as issues yet... but the portents suggest they will be. Here is a good candidate for a board concern you may need to consider soon.

Every governance observer can agree that the role of corporate board member, particularly for public companies, has become a far more urgent, demanding task. We tend to focus on how this adds to the workload and liability dangers, but there is a less noted (but crucial) shift -- timeliness. The pace of business decisionmaking urgency has zoomed over the past few decades., and become universal worldwide, driven by technology and our much-maligned addiction to short-termism. This speedup applies to everyday business... and doesn’t even touch on the frantic pace of doing a corporate deal, or coping with a crisis.

Corporate boards are now pulled into more everyday business matters, from disclosure, to compliance, to oversight, to investor relations. This leaves the leisurely days of boardroom decisionmaking far behind, with business demands and modern tech making boardwork a real-time, short-notice job.

So the coming question will be *how accessible are your directors?* If you must, can you contact them *immediately*, on a 24/7 basis? And should such access be a next requirement for your board members?

“Generally the expectation now is yes, directors have to be more accessible,” observes Randi Morrison, VP for reporting and membership at the Society for Corporate Governance. “Demands are much greater now, and [board] responsibility is expanding.” Paul Marcela, president of Governance Partners Group consultants, adds “the role of the board has grown, and cyber issues especially need a quick response now.”

When the next corporate scandal strikes, will activists, regulators and the media scold the company’s board for failure to respond *instantly*? Will boards soon need to address this with a policy of “always on” board member access? By serving as a director, you could be responsible for assuring the corporate secretary, board chair, or CEO has a way to contact you at any time, day or night, if the situation arises. Your various office, mobile and text phone numbers would be programmed into a hotline, as well as email or messenger addresses. Contact info

for your admin assistants would also be ready. The data would be regularly updated and “pinged” to assure board alerts will always get through. Board portals could integrate well with this, and directors could also share their Outlook or other contact planner with the corporate secretary’s office to assure access.

Don’t expect this to happen without some (justifiable) complaints from the boardroom. The corporate secretary who messages a director at 3am local time just to say that a page was added to the online board book would soon be out of a job. “You would need to be sensitive on this,” notes Marcela. Morrison adds that good board calendar planning and notification can avoid many such jams. Still, there can always be weekend explosion at a company plant, or dawn DOJ raids on corporate headquarters. Then, when critics demand to know “Where was the board,” the corporate secretary will be first to know.

PREPPING FOR YOUR FIRST BOARD PRESENTATION

Oh-oh, here comes your chance to shine (or to fizzle out) as a manager -- you’re delivering your first presentation to the board of directors. Even if you’re comfortable with management meetings and discussions, the board is your ultimate company audience... but also brings crucial differences from company managers. What should you do to prepare for your boardroom debut?

- Get a good mentor. The CEO obviously wants board presentations to be effective (and for the sake of your career, so do you), but might provide only general advice in pitching to the board, or view it too much from the CEO’s own power perspective. Instead, seek tips from staffers who regularly present to the board, and know specifics on how each director responds. The CFO, department heads, or legal team bring experience here. The corporate secretary is also a useful coach, bringing knowledge on how presentations best fit into meeting flow.
- Know your audience. Who are your board members, their skills, vitae and talents? Who comes from within your company’s sector, and who from outside of it? How long has each member been on your board? Study the membership (or the specific committee, if that’s your audience) to know what the overall expertise on your area is, and who are pros versus amateurs. Seek tips on expertise profiles from the mentors above.
- No one likes boardroom surprises, so plan and practice to avoid them. The material and visuals you present should be part of the board book directors received in advance. Adding a useful summary of key points will avoid “what does that mean?” questions in the meeting. “Make sure the information is previewed for the strategic points being made,” counsels Maureen Bujno, managing director at the Deloitte Center for Board Effectiveness. Some CEOs conduct a meeting practice in advance to assure all goes smoothly. Even if that doesn’t happen for your board, try a run through on your own with execs who have experience with the board, and seek their criticism. (Also, *always* assume you won’t have as much time as planned for).
- Pitching your information to the wrong audience level is one of the most common board presentation errors. Too much detail wastes time, and misses out on the board’s strategic role. Stay out of the tactical weeds, don’t pile on lots of numbers and data, avoid industry jargon and abbreviations, and for God’s sake, don’t just read off the PowerPoints. Still, keep the data handy for questions, and assure in advance that, if questions *do* arise, you or another staffer will be ready for them.
- *A final prep tip* -- remember that your presentation may include data that is politically or legally sensitive. Smart CEOs, CFOs, and other top execs preview staff presentations, but if yours don’t seek their checkout anyway. You do not want your CEO thinking “He told the board *what?*” mid meeting. Plus, remember that board presentations become part of the legal meeting minutes that are preserved. If anything mentioned could in any way later prove awkward as evidence, seek legal counsel’s take now.

BOARD QUALIFICATION DISCLOSURE - 5 TRENDS

Do your board members have great vitae? Sure. Well, maybe you have reservations about this one or that one, but you assure investors, the public and regulators that everybody on your board is above average.

Sorry, but that approach has become untenable in today’s world. A decade ago, the U.S. SEC called on corporations to give more disclosure on director qualifications, diversity, and recruiting standards, joining a global board skill transparency movement. (The Commission [expanded this mandate](#) earlier this year) But how far do you open the kimono on your board’s abilities now? What messages should you try to send?

- Regulators may have lit the fuse on board disclosure, but activists and proxy advisors are the ones who’ve really brought the boom. “This has been pushed more frequently by shareholders and institutional holders,” notes David Martin, a senior counsel with Covington and Burling. Martin says this audience is looking to use the disclosure as a better tool for evaluating boards, but they bring their own standards on matters like diversity and independence. Certainly activists targeting a company will use disclosure on board skill and makeup as a useful

“gotcha” weapon.

■ A decade of growing emphasis on and experience with board skills disclosure has made the process more standardized, particularly in the use of a *board skills matrix*. The matrix format of specific talent sought by the board (and how members deliver on them) has gained standard formatting. Still, there remains plenty of subjectivity in defining whether a director’s vitae constitutes “legal” or “governance” experience or such. [Global Governance Advisors](#) has a handy best-practice sample (*shown at right*), plus other resources at their website.

Skill/Attribute	Member # 1	Member # 2	Member # 3	Member # 4	Member # 5	Member # 6	Total
Investments	√	√			√		3
Pension Fund Knowledge	√	√	√	√	√	√	6
Compensation/HR		√					1
Governance Experience	√	√		√	√	√	5
Plan Member	√	√	√	√	√	√	6
Legal		√	√	√	√		4
Government Relations	√	√	√	√		√	5
Risk Management	√	√			√	√	4

 Need for individual skills development  Need for Board skills

■ Even when a matrix of skills is used, companies still disclose more on directors’ backgrounds, particularly in annual reports. U.S. SEC rules specify the previous 5 years’ roles as a director or officer, and a 10 year lookback on any legal proceedings against the board member. Proxy experts warn of overkill on this — “don’t go into detail on director’s high school or college achievements,” says Martin. “This should be info that’s of value to shareholders, not resume building.”

■ This points to a trend in disclosure on director qualifications — using it as a valuable investor relations tool rather than just a compliance checkbox. Which boardroom talents really deliver on what your investor base values? What skills did your nominating committee believe are important for the board’s oversight role? How does each member meet those needs? Are you listing the talents your board needs, and how candidates were sought to meet them... or just describing the skills of your current membership? Also, tune your disclosure to the current status of the company. IPO companies need to do some serious selling on the skills and connections their launch board brings to the table.

■ When it comes to future board disclosure trends, the most likely will be greater discussion of diversity. How would you classify the ethnic and gender makeup of your current board? Has the nominating committee shaped a solid policy on board diversity, what is it, and what goals does it seek to meet? “There seems to be an evolution on this, and we’ll likely see a standard on diversity reporting in the next few years,” predicts Michael Blankenship, a partner with the Locke, Lord law firm’s capital markets group.

BI ONLINE FINDS - 6/19

■ We’ve preached many a sermon in *BI* on the value of sound boards and governance for family businesses, but Mary Josephs of Verit Advisors adds a number of good points on the topic in a recent *Forbes* online [blog post](#) (especially the value of a board in family biz risk management).

■ Free articles, checklists, or commentaries on boardroom issues may be nice... but how about a *whole book* on the latest in corporate compliance? Jeff Kaplan, of the Kaplan & Walker law firm, has updated his book *Compliance & Ethics Risk Assessment* to include the latest in best practice, and is offering the whole 100-page volume as [free download](#). A valuable addition to any business library.

■ In past articles, we’ve noted how complicated the job of being a corporate board member is as a job. Fiduciary, independent contractor, employee, officer... the role combines enough definitions to be a headache for income and tax purposes. Now, there’s a new app that can help lift the load a bit. [TaxDay](#) combines travel and tax-tracking to help board members account for where they were, for how long, and how it all ties into your annual tax planning.

Q&A: Etiquette for the Pre-Board Dinner?

Q: I’ve been working to gain my first outside board seat for several years, and the effort paid off -- I’ve been invited to join the board of a mid-sized industrial services firm. I’ve know some of the current managers and board members, and sat in on their last board meeting, so I have some familiarity with people and procedures. My first board meeting as a member is coming up, but there’s one item I can seem to find any advice on. The company has a dinner for directors the night before the meeting, and it takes up most of the evening. I have a good idea on how to handle myself in a board meeting... but how is the protocol different for these social

occasions?

A: A good starting point is to consider the ways that dinner the night before differs from the actual board meeting. There are no minutes being taken; no one is “chairing” dinner (even if the chair or CEO says a few welcoming words); discussion is one-to-one across the table; and board members and staffers tend to mingle as equals. Some business dining rules will still apply. “Avoid using your phone at dinner, or having papers on the table,” notes Rouaida Malaeb, who heads RM Consulting business etiquette advisors.

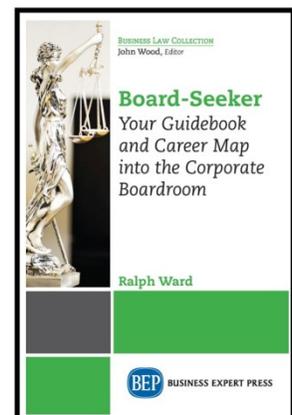
While general issues of strategy, business outlook and events, and competitor news will likely come up, depth or decision making are avoided by common consent. “There is no bright line, but meetings are meetings, not dinner,” says one long-time boardroom source. “There may be situations where a board member raises an issue, and a manager will say ‘hey, that’s on the agenda for tomorrow -- let’s bring it up then.’”

Look to the board chair as your lead on topics and approach. Indeed, it would be wise to ask your question in advance to the chair. If the chair is good at the role, he or she will ask you to sit nearby to help integrate you into this group’s pre-meeting social etiquette. All of this assumes that pre-board dinners at your company won’t include presentations, in-service training, or targeted discussions. If so, you should be apprised on this in advance -- and it’s then even more appropriate to ask the chair for guidance.

“BOARD SEEKER” PAPERBACK AND AUDIOBOOK

My new book, *Board Seeker: Your Guidebook and Career Map into the Corporate Boardroom*, was published last year by [Business Expert Press](#), and is proving a strong seller. Over the past few years, we’ve developed a lot of great information to help the executive “board wannabe” turn hopes for a board seat into reality. Now, I’ve collected and expanded on these insights to develop a road map for your board search. The link above has more detail, check out my [video](#) introduction, or follow up at [Amazon](#).

The [audiobook](#) edition of *Board Seeker* is now also available through Amazon Audible. Stop in at the [Audible order page](#) for 5 hours of board-wannabe wisdom, read by Yours Truly.



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Ralph Ward’s upcoming Boardroom Masterclass and speaking engagements:



The **Boardroom Masterclass** is headed back to Africa in June for [PWC Ghana](#). In July, it’s India for the [Medici Institute](#), as well as [Quest Institute](#) in South Africa. Check out both sites to register now.

Visit the [speaker](#) page on the *Boardroom INSIDER* site for links to keynote speech videos, and also my listing on the [eSpeakers](#) site.

Pending webinars through [GRCEducators](#) and [AudioSolutionz](#) - check their websites for details and to register.

RALPH WARD’S BOARDROOM INSIDER is published monthly for directors, CEOs, those who work with corporate and nonprofit boards (corporate secretaries, corporate counsel, support staff, and consultants), and those who are board prospects.

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