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DOES YOUR BOARD HAVE A BAD REPUTATION?

With all of our focus on board of directors’ meetings, it may be even more enlightening to hear the office chatter *after* the board leaves. Noted governance pro Betsy Atkins (named last month to help reshape the board at Wynn Resorts) once told me board meetings are like a visit from a flock of seagulls. They fly in, make a lot of noise, eat, poop all over, and then fly away.

That leaves management and staff to clean up after the board. Sure, there may be some positives -- leftover donuts in the break room, new funding for a project. But I suspect there is at least as much grumbling and disillusionment. Someone now has to put time into researching answers for that question a director asked (and which the board will have forgotten about by the next meeting). And that other director -- can you believe that dumb question *he* asked? There are minutes and resolutions to be typed up, reviewed and approved. Lots of leftover meeting material should go into the shredder.

Beyond the busywork, though, management gets to work putting the board’s discussions into action. This is where management and staff’s short-term grumbles evolve into their long-term view on the board’s reputation. The CEO likely looks whipped after a day-long board meeting -- but is it because she has a long list of new strategic actions and insights to launch... or because she’s been stymied in gaining an important approval? Did your CIO have his funding request for new IT platforms with better security and wider applications get shot down in favor of patching up the legacy systems? Did the board wave through that acquisition plan that everyone (at least below the C-level) considers a bad idea? Is your head of compliance still puzzling over the board’s lack of interest in her report showing a spike in whistleblower hotline calls? Did staffers watch as a holdout director was slowly bullied into supporting a unanimous vote?

Board actions, inactions, and behaviors never stay inside the boardroom -- they shape the board’s reputation throughout the company. Further, execs carry these moves, and the messages they send, into day-by-day operations. A board that is sincere, informed, active and thoughtful imprints the whole company with its style. A board that is inept, panicky, untrustworthy, or short-sighted does also. Which message does your board send to the folks in the break room?.

-- **RDW**

8 TIPS FOR FINDING YOUR “BOARDROOM VOICE”

Congratulations -- your onboarding campaign has succeeded, and it’s the day of your first board meeting. Now, before you open your mouth, consider what your “boardroom voice” should be. At this point in your career, you’ve learned a thing or two on how to speak in major meetings and presentations. But you also know that the boardroom is different. Not only are the participants and their working style unique in the business world -- but now you’re one of them. What are the secrets of boardroom eloquence?:

■ You've already done your homework on the company, the board, its membership, etc. long before the first meeting, but now put some prep time into a debut "script" for yourself. No, you're not working out everything you'll say, but at least give yourself an outline and some talking points. "Look at the materials sent out to you, and summarize your points," counsels noted executive speech coach Patricia Fripp. Also, "It's helpful to have a conversation with one of the more seasoned board members" on the discussion style of the board, do's and don't's, etc.

■ Every board has a unique boardroom discussion climate. Be a quick study on this. Laurie Schloff, a senior coaching partner with Speech Improvement Company in Boston, observes "Do your homework on their processes. Observe the board culture on formalities and taking turns." Though most boards today have a fairly freewheeling style, some still stick to formalities in discussion, with members being recognized to speak. "If you're new, the board is already a team, so it's up to you to fit in," notes **Diane DiResta**, an exec career and image consultant in New York. Read the room, and aim for personable, but not folksy... assured, but not entitled.

■ In case it's not already obvious, Fripp says "at your first board meeting, listen considerably more than you speak." The old rule of keeping your mouth shut for the first few board meetings is outmoded today, but consciously biting your tongue when you feel a need to pipe up can avoid embarrassments during your newbie period. "Don't come up with your idea like no one ever thought of it before," Fripp counsels.

■ Another aspect of the "speak little" rule is that it compels you to make sure every word you *do* say counts, a quality much valued in boardroom discussion. "Make sure your comments are clear and concise, with as few words as possible," adds Fripp. **DiResta** agrees -- "If you're circuitous, you won't get respect." Develop the talent of editing statements in your head to get to the meat of your comment.

■ But making your statements brief doesn't mean zipping through them in a hurry. Though board environments vary, it's usually more effective to slow down your speaking pace to add gravity and value to each word. Sometimes we talk fast to unconsciously keep others from interrupting us in mid statement. If other board members do that, though, the problem isn't your speaking pace, but poor board chairmanship.

■ At your first board meeting, you can help your debut by following up on someone else's topic, rather than launching your own. "Elaborate on what's already being talked about," counsels Schloff. Add to a question someone else has asked, or extend your insights to a topic already underway. "You know, another view on that could be..." This "easing in" approach helps develop your conversational sea legs.

■ Be polite and emotionally intelligent in phrasing your board statements, but avoid launching comments with weak language, warns **DiResta**. "No 'Hopefully...' or 'May I suggest...'" If you start out with "May I make a comment...?" or such, you're implying that you need to seek your fellow board members' permission to speak -- you don't. All 3 of our sources find this "seeking permission" meekness a particularly challenging problem for new women directors. "Women executives tend to show less confidence and conviction," says **DiResta**.

■ A few other board-speak basics -- even when addressing one director at the board table, don't look exclusively at that person. Remember you're speaking to the board as a whole. Pitch your volume to the furthest person at the table. And, Schloff offers a great non-verbal tip for women in the boardroom: "Make sure to adjust your chair so you're at waist level to the board table." Often, women find board chairs set lower to accommodate men who are 6 footers. Without boosting them up, you'll look like a child at the grown-up table.

EXECRANKS CEO ON THE NEW ERA IN BOARD SEARCH

Everyone (Your Editor included) complains about the inefficient market for finding, vetting and selecting board members. But now, someone is doing something about it, and in a way that shakes up the whole idea of a "board of directors. The **Execranks** is a California firm that matchmakes candidates with companies seeking board talent, and also assembles advisory boards. With a portfolio of over 10,000 candidates and a company client base that includes SAP and Deloitte, Execranks has learned a thing or two about what makes a good director, and also how an advisory board can be a useful governance tool.

I spoke with Execranks founder and CEO Jonathan Aspatore to get his tips for board wannabes:

■ *On what board seekers most often get wrong.* "The most common problem is that they're not creating a definable personal brand. They approach it as generalists, rather than highlighting their strengths. The first thing is to identify your brand, and then find opportunities"

■ *On why platforms like Execranks are the future.* "In the past, your only hope of getting on a board was to know someone who knew someone. Now, there are tools like Execranks that allow you to take a more active approach. Automated platforms are the best way of networking. They let people know you're interested, and

draw the connections willing to get you there.”

■ *On why advisory boards should be on the board wannabe’s radar.* “It’s such a bigger space, with lots more companies using them now. They also offer lots more flexibility. Advisory boards aren’t into a strict quarterly meeting schedule, more of a per-meeting format. The future of boards will be flexible ... you’ll never have the same 5 people.” (*Editors’ note* - could “GaaS” - governance as a service - become the next hot business acronym?)

■ *On the profiles of board seekers he encounters.* “We see a macro trend toward younger professionals who are skilled in tech, and interested in advancement and board work earlier in their careers. But there are also older execs, not just those retiring, who want to try out advisory boards first. We see older execs who love the startups as advisors.”

■ *On board search misassumptions.* “Most are on the company’s side. They have no idea of the caliber of talent they can get, particularly as advisors. I see Fortune 500 CMOs who really want to advise a company in Idaho.”

DO BOARDS NEED ADVISORS ON STRATEGIC PLANNING?

Strategic planning will always be quandary for boards. Directors tend to like discussing these 10,000-foot issues rather than box ticking compliance. But boards are not well equipped for strategy planning, and they’re uncertain where their strategic role fits in with that of management.

Some boards manage this mismatch by seeking outside help in the strategic planning process. A good idea -- but with a few guidelines:

■ First, clarify your board role in the strategic planning process. Does your board lay out basic strategic priorities and let management develop a plan? Does management cook up the entire strategy, and come to the board for advice and consent? Do both the board and management convene to hash out a plan together? In most organizations, the management team does the heavy strategic lifting, so it’s probably best to discuss and decide where your board feels it can best plug into the process. Once this is set, ask how the board should be supported.

■ Outside advisory and consulting help for the board breaks down into 2 general areas. First would be an overall facilitator. This is someone who sits down with the board over a dedicated meeting to go step-by-step through review, discussion, identifying strategic goals, laying out a plan, and so on, filling lots of flip charts. This facilitation help is commonly used for offsite strategic retreats. The second type of support is more targeted -- outside advisor expertise on a specific new market, finance, technology, structure, and so on.

■ The latter strategic input -- technical and targeted -- is the type boards are most likely to seek on their own, commonly in assessing a strategic outline already developed. It’s uncommon for boards to go off on a strategic retreat with their own facilitator and then check back to management with their results. “If a board has its own advisors on the substance of strategy, then there is a real risk of overstepping,” cautions Mark Nadler, who heads the Nadler Advisory organizational consulting firm. “It’s much healthier for the board to say to management, ‘Bring the consultant in for both of us to hear.’” Two corporate strategies developing on separate tracks are likely worse than no strategy at all.

THE LATEST ON BOARD STOCK GUIDELINES

For a couple of decades now, companies have approached the goal of “getting directors to think like owners” by making them owners, with company stock an important part of their pay package. Like so many other aspects of corporate governance, though, best practices on board member stock pay and retention are rapidly evolving. What’s the latest on this high-visibility area of board paysetting?:

■ Volatility is shaking up some well-laid plans. Many board stock guidelines were hatched right after the big corporate scandals of 2002-3, often as a dollar value of stock, such as 2 or 3 times annual retainer. The market turmoil of 2008-9, however, drove the stock values sharply lower, and over the past year the market has zoomed back up to new heights. A side effect has been motion sickness for board stock guidelines written as “\$X in equity.” “If values were defined as dollars, trajectories have gone through the roof,” says Geoff Hammel, of exec comp consultant ISP Advisors. Directors have been constantly out of compliance either because stock prices zoomed or crashed. Guidelines based on a number of shares, though perhaps less tightly aligned, are more practical. “In terms of simplicity, you can’t beat number of shares.”

■ Guidelines rather than requirements. There are powerful incentives for top executives to meet company stock ownership and retention guidelines. Board members? Not so much. “There is often a distinction between requirements and guidelines,” Hammel observes. “With guidelines, there can be a ‘wink wink’ approach [to

enforcement.” For retention, the demands may be even looser. E. Webb Bassick, CEO of the Compensation Strategies firm, sees (at least for mid-caps), “no retention policy beyond the director’s time on the board.”

■ But formal board stock policies may be backed up by informal investor relations issues, notes Brent Longnecker, who heads Longnecker Associates pay consulting. “Shareholders now find board stock guidelines very important, and they’re letting companies *know* they find them important.” For bigger public companies, he believes investors want to see ownership targets of at least 3 times retainer. Some form of holding period mandate, though still uncommon, may be next. “Some activists now watch board pay more closely than they do that of the CEO.”

■ As to the mechanics of board stock pay, the move from meeting fees to retainers continues, and Longnecker sees almost all board equity pay now in restricted stock or stock units.

■ Near universal board stock pay/holding requirements have brought a few administrative headaches that need to be addressed. Hammel points out that board pay disclosure may grow confused when directors exercise options they hold. Accounting for and disclosing unexercised options is straightforward record keeping for the company, but exercised shares, though still part of the director’s total, “go elsewhere... a director’s trust or eTrade account.” Tracking these stray sheep at disclosure time becomes messy.

■ Finally, boards that set firm guidelines for director equity holdings (and especially those seeking to increase the multiples) run into conflicting diversity concerns. While 2 or 3 times annual retainer shouldn’t be too difficult to amass, pushing to 5X or even 6X, while it sounds investor friendly, “is a lot of coin for college professors, younger candidates,” or other fresh boardroom profiles, notes Longnecker. Don’t let demands that directors have skin in the game price fresh faces out of your boardroom.

BI ONLINE FINDS - 5/18

■ There are lots of reasons we push off board evaluation, but a popular one is lack of good tools for assessing current board talents and weighing needs. *Concinnity*, Nancy Falls’ board consulting firm, has produced a helpful board talent handicapping [matrix](#) that walks you through the evaluation process (and it’s free).

■ UK board training and consulting firm *Rentadirector* is a great British source for shaping up boards, but their blog postings also offer good advice on universal boardroom issues. Here’s a [sample](#) from 2017 on the 7 markers of an effective private company board.

■ Podcasts covering board and governance issues are popping up like spring flowers. A few voices we recommend -- Nancy May of BoardBench has launched [Boardroom’s Best](#); Davis, Polk offers a podcast looking at specific legal issues for boards, [Before the Board](#); and the Corporate Directors’ Forum in California has an archive of [podcasts](#) with area governance leaders.

Q&A: You Can’t Trust Our Board!

Q: You just can’t trust our board! I’m chief tech officer of a retailing technology company here in California. Our sector is seeing rapid change, and a couple of years ago, our board approved a major move into developing a new generation of merchandising platforms. The board signed off on the big investment needed for this technology -- but since then they’ve steadily backpedaled, cutting budgets and questioning the approach taken. At our last board meeting, they trimmed funding from some current, needed programs to avoid any further investment in the merchandising project. My team is disillusioned, as am I. Why do boards make a commitment, but then immediately get cold feet?

A: I don’t blame you for feeling frustrated. Boards are inclined toward group think and panic as much as any other organization (and their narrowness and high responsibility make failures even more damaging). But there are steps that both managers and the board itself can take to set a strategic path and stick to it.

First, what role has your CEO played in this process? Was the chief briefing each board member before this big decision to acquaint each with the numbers involved, potential setbacks, and the ultimate strategic benefits? For that matter, how solid was the data used in making the decision? In pitching a major investment to boards, management teams have strong incentives to sell rosy projections and lowball costs to gain approval. But shortcuts in gaining the board’s OK will come back to haunt everyone down the road.

Let’s assume, though, that the initial board approval was fair and well informed (and that serious problems or cost issues aren’t popping up now). Have a heart-to-heart with the CEO on why the board is waffling. Boards are rarely unified on policies, and there are likely one or two members whose concerns sway the rest. What are their issues? Is the CEO giving extra attention to working these directors and addressing their concerns? Are

you backing up the case with solid, up-to-the-minute data on achievements and budgets? Also, what role is the board chair playing? A vacillating, untrustworthy board is a sign of weak leadership. You and the CEO can double-team the chairman with your concerns that board backpedaling could lead to strategic disaster.

Finally, listen to what directors are saying. Take a hard look at the reasoning your board uses for the budget cuts and diversions. Maybe they *are* panicky -- or maybe there are specific long-term problems they've spotted that demand a second look.

MY NEW BOOK FOR THE "BOARD SEEKER"

My new book, *Board Seeker: Your Guidebook and Career Map into the Corporate Boardroom*, will be published in July by [Business Expert Press](#). 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. Stop by the BEP website for pre-order info, or [email](#) me for details.



COMING IN BOARDROOM INSIDER --

- *MAKING STOCK OWNERSHIP GUIDELINES WORK*
- *SUBSIDIARY GOVERNANCE DO'S AND DON'T'S*
- *BOARD WANNABES - TRY THESE FRESH APPROACHES*

Ralph Ward's upcoming Boardroom Masterclass and speaking engagements:



Our April Boardroom Masterclass session in Chicago for [Marcus Evans](#) was a big success! Lots of great idea sharing! Be sure to visit the link for more information on bringing the Masterclass to your boardroom.

June 2018 - Keynote speech, [TRSA Leadership Summit](#), Chicago.

June 2018 - *BI* Masterclass for the [Campden](#) Family Business

Conference, Madrid. **PENDING 2018 DATES** - For India, Pakistan.

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

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