



A board governance check list: Did your board take each of these actions during 2013?

It's the end of another year. When you get to a certain age in life, do you begin to wonder where the time goes, both in your personal life and your business life? Do you make personal and business to-do lists for the new year?

Perhaps December is a good time to look back and consider how your board carried-out its key governance responsibilities during the past year. The short form question is, "did your board effectively carry out its duty of loyalty, care, disclosure, good faith and confidentiality?" More specifically, can you, and your fellow directors, answer "yes" to the following questions? If not, should these items be on your board's to-do list for next year?

- **Corporate responsibilities**

1. Did the full board, at least once this year, review the CEO's total compensation?
2. Did the board set strategic and measurable goals for the CEO?
3. Did the board, at least twice during the year, review the CEO's performance?
4. Did the board relook at its emergency CEO succession plan, and review the "in progress" natural retirement succession plan?
5. Did the board review the company's senior management development and succession management process?
6. Did the board engage in any activities that allowed it to have a window into the company's executive ranks?

- **Strategic responsibilities**

7. Did the board review the company's values and vision or mission statement?
8. Did the board's role in the company's strategic planning process evolve, and is the board comfortable with its amount of input and involvement?
9. Did the board approve the company's annual operating plan?
10. Did the board approve or update the company's risk profile, and review its risk assessments?
11. Did the board, at each of its meetings, receive a one page "dashboard" type document that highlights strategic and operating plan achievements and concern areas?
12. Did the board, at least once, review the company's competitive landscape?
13. Did the board review its crisis management plan?

- **Oversight responsibilities**

14. Did operators regularly attend board meetings to highlight successes and challenges; and dialogue directly with directors?

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15. Did the board understand, and ask questions about, the financial statements and disclosures?
16. Did the board have constructive conversations with management regarding the alignment of long-term strategy with current operations?
17. Did the board hold management accountable?
18. Did the board receive regular compliance, risk management, ethics and hotline reports?
19. Did the board agree on how to measure “tone at the top,” and is it satisfied with the company’s culture?

- **Board effectiveness responsibilities**

20. Did the board effectively use a skills matrix to determine its definition of board diversity and whether or not the board as a whole has the right make-up?
21. Did directors agree that the board succession plan is aligned with the company’s strategic plan?
22. Did directors use a meaningful annual board assessment process and are alternative methodologies considered each year?
23. Did the board review its director attendance, compensation and conflict of interest policies?
24. Did the board appropriately engage with shareholders?
25. Did directors use social media in accordance with the board’s policy?
26. Did directors adhere to the board’s policy on board continuing education programs?
27. Did the board discuss its conflict of interest test for vendors, third-party experts and consultants?
28. Is the board’s process for staying up-to-date on board governance matters, and how such matters affect the company, effective? (E.g. NYSE/Nasdaq rules; the Dodd-Frank pay-ratio provision; say-on-pay; shareholder engagement & communications; classified boards; majority voting; audit firm tenure, director compensation, tenure and independence.)
29. Did directors periodically suggest board agenda items so as to ensure significant matters are addressed and understood by all members of the board?
30. If directors voiced concern about “board book overload,” was a “fix” discussed?
31. Did the board use an annualized agenda to stay up-to-date on compliance matters?
32. Did the board review the company charter, bylaws, code of conduct and whistleblower procedures; the board committee charters and governance principles; and the D&O insurance policy?
33. Would the board agree that it is a strategic asset that enables value creation?
34. Would management agree that the board is a strategic asset that enables value creation?
35. Would significant shareholders agree that the board is a strategic asset that enables value creation?

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