

Overwhelmed by Board Books? You're Not Alone

By Denise Kuprionis



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Judging by the heft of a director's board binder or the amount of information uploaded to a board web portal, it would be easy to conclude that because directors have more information, they are more informed and therefore make better decisions today than they once did.

Is More Better?

When there is too much information, however, it is easy to become overwhelmed, to become distracted by minutiae, or to succumb to attention fragmentation. Before we answer whether more is better, it's helpful to understand why directors receive so much more information. There are four primary reasons:

1. **Board portals.** Without the downside hassles of copying and mailing deadlines, board portals make it easy for executive management teams to upload more material.

2. **Overregulation.** Dodd-Frank, Sarbanes-Oxley, and countless other regulations have increased the need for director attention on compliance issues.

3. **Director liability.** Media, activists, and plaintiff's counsel have increased their questioning of board actions.

4. **Management's need to "show 'em what I know."** Directors ask more questions today,

and management is eager to show that research was gathered, due diligence completed, analysis finished, and the correct answer determined.

Having more information is one reason that survey after survey shows directors are spending more time on board matters. There's another reason, too, of course, and that's because there is simply more to do—the director's job is more complicated—which only adds to the "information overload" dilemma. Ever-increasing amounts of information make it difficult for directors to focus on what is material and what is most relevant to their decision making and the fulfillment of their fiduciary duties. More is not always better.

What's Most Important

The board should have an honest conversation about information governance. Directors are conscious of their responsibility to ensure value creation through better oversight and constructive discussion. This makes for busy agendas that leave little time for a review of board operations and information governance. Yet these items are critical for the board to effectively represent stakeholder interests.

At least once a year, board agendas should include time to ask: How are we doing? Are we focused on the right things? Do we have the right information? The "right information" discussion allows directors to talk with management about packaging materials in a way that helps the board focus on the most important matters, understand the balance of too much information versus too little, and ensure it receives some non-management-generated data.

The digitization of information has made it a commodity that in and of itself is not very useful. Boards are engaged to oversee, constructively challenge, and share wisdom. They do this by transforming information into useful knowledge, connecting dots, and adding independent perspective and guidance. This transformation process requires effective information governance practices that in turn lend a value-added discipline to board meetings.

Achieving Goals

The purpose of information governance is to ensure the achievement of the board's goals. Properly planned, it helps directors transform information into board knowledge. It can make directors more productive, allow

them more time to engage in meaningful conversation, and ultimately help them make better decisions and more effectively empower management to make stronger companies. Stronger companies

mean happy stakeholders, with the added benefit of helping directors protect themselves from liability concerns that could arise from information overload and perceived “data dumps.” **D**

Keeping Board Meetings on Track

12 practical ideas for creating an effective information governance framework

1. Ask the CEO to include with each board meeting packet (whether distributed via binder or portal) a one-page “meeting introduction” letter that summarizes the two or three most important things he or she wants to accomplish at the upcoming meeting.

2. Require that board agendas be categorized into three or four sections (e.g., board operations, financial and business operations, focused strategy discussions).

3. Remind management that the board is looking for quality reports, not “data dumps,” and ask them to present information in a practical way, with charts, graphs, and illustrations, if appropriate—not a 25-page single-spaced document.

4. For the more in-depth operating and financial reports, ask management to include an introductory paragraph or executive summary.

5. Ensure that if the board will be asked to approve a specific resolution(s), that a draft form of the action and an executive summary, if appropriate, are included with the board materials.

6. Allow board agendas to include a “reference” section for matters that are important but not required discussion for the meeting. An updated copy of the board’s annualized agenda should be standard in the reference section for each meeting.

7. Ensure that agendas or refer-

ence sections include some non-management-biased data, (e.g., an investor perception study, customer satisfaction survey, competitive benchmarks, industry and market news).

8. Remind directors that board materials sent in advance must be read in advance. Remind management not to read previously distributed reports at the meeting.

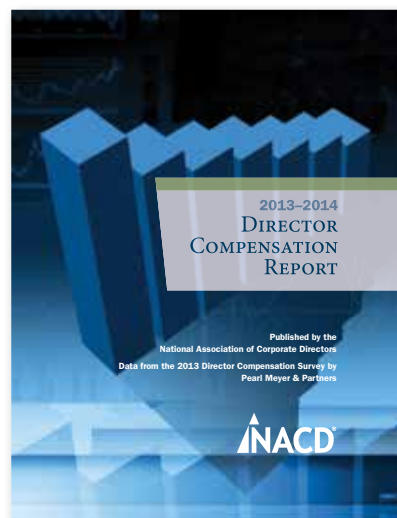
9. Require board materials to be sent one week prior to the meeting. Occasionally, there’s a legitimate need for “late” postings, but this should not be the norm.

10. At the end of each meeting, the lead director should ask: “Did we accomplish what was needed to be accomplished today? Did we have the information we needed?” He or she should ensure that every director is heard from on these important questions.

11. Require draft minutes to be distributed to the board within one week of the meeting, and ask directors to submit comments promptly. Send “final draft” minutes with the board materials so that directors can refresh their memories of the discussions at the last meeting before approving for execution.

12. Ask the CEO to send the board a brief report at the halfway point between meetings. This helps to keep directors focused on the important issues. Some boards may ask that this report be in the form of a conference call.

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