

Comprehensive Information vs. Information Overload

“...a wealth of information creates a poverty of attention...”

– Herbert A. Simon

The Governance Solutions Group

Governance Perspectives

A board reference tool.
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Need help with your board's information governance?

“Boards are meeting more often and for a longer time.” This is one of the key findings contained in the 2012 Board Practices Report presented by Deloitte LLP and the Society of Corporate Secretaries & Governance Professionals. And, if directors are meeting more, you can bet they are receiving fatter meeting “binders” and more supplementary information outside of the meeting cycle. Initially, more information sounds as if it will be helpful and contribute to a director’s ability to make carefully considered decisions. However ... when you throw in annual retreats, “director education” sessions, increased use of board portals that



Where should I stack your board materials?

allow for “discussions,” surveys and reference items, and the ease of copying directors on emails and posting supplemental documents ... you get the dark side of information technology and the communications revolution – information overload.

While information is necessary for a board to be

effective and able to carry out its fiduciary duties - too much information will cause even the best intentioned board to falter. Following are a few ideas for constructing an effective information governance framework that will help ease stress and offer your board access to meaningful data in a more effective manner.

1. BOARD MATERIALS - PROCESS.
 - A. Require that meeting materials be mailed or uploaded at least one week prior to the meeting.
 - B. Require that board materials be divided into three sections:
 - *Substantive* - the materials that must be read in order to contribute meaningfully at the meeting;
 - *Supplemental* -

Key Takeaways

- ✓ Directors must be fully informed in order to act diligently in decision-making and oversight.
- ✓ There is a difference between being effectively informed, and “overloaded.”
- ✓ Do not allow your board to succumb to attention fragmentation.

GSG is a governance advisory practice. Services for boards of directors include facilitating board assessments, sharing practical guidance on the carrying-out of fiduciary duties, establishing key succession and leadership development plans and mentoring new directors. Clients include public company boards, nonprofit boards and private company owners considering establishing an advisory board or family council.

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- materials that will give directors more in-depth knowledge of a specific agenda item and reports that will not be discussed at the meeting, i.e. an HR report, a governance trends update, investor relations analytics;
- *Reference* - materials such as the annualized board calendar, future meeting dates, stock buy-back schedule, press releases.
2. **BOARD PACKETS.**
 - A. Ask that the CEO include a one page overview with the agenda wherein he highlights what he expects will be key discussions and what he expects to come away with following the meeting.
 - B. Require that all materials be:
 - *Precise and succinct.* Some companies provide a template for division reports that all managers must use, some require that the message fit on a single page.
 - *Relevant.* In the substantive materials, ask that reports stay focused. It's easy, especially with board portals, for managers to write on and on and on. And, to include too many supplemental pieces. Require management to find the balance between enough information for the board to discharge its duties and a managers desire to show all he or she knows.
 - *Integrated.* This is a management responsibility—the person putting the materials together should be sure one manager's report doesn't contradict another's. The flow of materials must make sense to someone not involved with the company on a daily basis.
 - *Timely.* Updates will happen, but have the corporate secretary balance a need for "flawless" information with the "daily update" to board materials.
 3. **BOARD PORTAL.** If you use a board portal, and this is recommended, don't just use it to review meeting materials. While it is a repository for agendas, reports and minutes, be sure the portal is an easy to use reference tool. Ask the company to include tabs for analysts' reports, in-between meeting CEO reports, company documents (Certificate of Incorporation, By-Laws, mission statement, governance guidelines, charters, ethics codes strategic plans, annualized meeting checklists, etc.). It must be an easy access tool where your board can find up-to-date information.
 4. **SYSTEMIZE COMPANY EMAILS.** Establish a system for "subject headers." For example, message lines might note, "Need action today, February 1, on the smith matter," or "February 1 board material," or "Reading material on the smith matter." This way, as your board check s messages they immediately know if something that needs their attention immediately. Calendar an hour at a particular time each week where you will catch up on non-time sensitive reading material.
 5. **ANALYSTS REPORTS AND OTHER "REGULARLY DISTRIBUTED" MATERIALS.** Ask the company's corporate secretary to not distribute these materials ad hoc, but set a time for a weekly "reference" email that includes such materials. (If using a board portal, one weekly alert.)
 6. **SOCIAL MEDIA.** While you could easily spend hours, daily, reading alerts on Linked In and Twitter and company pages – decide to dedicate a half hour, once a week, to browse such sites to see what others are saying about your company Calendar it in on your schedule.
 7. **UNFILTERED COMMENTARY.** Don't forget to browse the internet to see what key competitors are doing But, again, calendar your time.
 8. **EXTERNAL GOVERNANCE "HOT TOPIC" UPDATE.** Subscribe to *one* board governance newsletter that is distributed to every director.
 9. **ONGOING DIRECTOR EDUCATION (external).** Ask the corporate secretary to include with each quarter's meeting materials a list of director education sessions that she has researched and recommends. Attend one every 18 months. Afterwards, spend a few minutes at the board meeting sharing key takeaways and any well prepared presentations. Some companies ask directors to complete a program evaluation form that is shared with the board.
 10. **MEETING PREPARATION TIPS:** Read the reports related to specific agenda items when the board material first arrives. Later read the supplemental materials. The day before the meeting reread the agenda and related items.

This paper offers thoughts on how to better handle information related to your directorship(s) but it is interesting to note that for most directors this is only one of several professional hats they wear so that the effect of information overload is compounded with each "hat."

Want to know more about information overload,? Check out IORG, the Information Overload Research group, whose mission is to "bring together research, solutions, and people to help reduce the impact of information overload." The site is www.iorgforum.org.