



Six Things Directors Should Resolve To Discuss In 2014

In the spirit of New Year's resolutions, ask your board what actions would make it better in this New Year? Consider the following.

1. Has the board listened to its shareholders? Proactively?

Shareholder activism is on the rise. Even if your company has not yet heard from a proxy advisory firm, or received a shareholder proposal, it's wise to listen and to cultivate shareholder relations. Ask the head of investor relations what shareholders are saying. Consider having IR set a meeting and asking your lead director to attend.

2. If the board (or the compensation committee) were starting from scratch, would the company put in place the compensation plans it has today?

Has the board asked, "are our executives performing any differently because we have these plans in place?" Perhaps 2014 should be the year to relook at all compensation plans and to consider the intent of the plan and ask "is it accomplishing what we thought?" If the plan is only focused on TSR, should a strategic factor be added?

3. Does the board understand the company's social media usage and plan?

If the board is old enough to be out-of-date, directors should proactively educate themselves on social media communication styles. Invite someone into the boardroom for a social media "playing" session. Learn how to tweet, or at least how to "follow." Check out the company's Linked-In and Facebook pages. Be sure the person in charge of social media plans attends the meeting.

4. Has the board discussed data privacy?

It's not just a question for "big" companies. Ask your information systems and technology leader about the integrity and security of the company's efforts to protect the systems that protect sensitive data from hackers. Hire someone to hack into the company's systems. Ask about employee data security training – many data breaches are not the result of hackers, but of employees who forgot to "log off." If data is compromised, what's the notifications protocol?

5. Has the board's role in strategic planning evolved?

Most director surveys indicate a desire to spend more time on strategic planning. What's holding your board back from doing so? Faced with varied economic crises, Washington politics, new technologies, quick start-ups and boundless data, strategic planning is no longer an every other year event. Is it a priority for your board that it add more "white space" on each board agenda?

6. Has the board gotten beyond the "check box" skills matrix and used this tool meaningfully?

In September 2013, PwC released its annual corporate directors survey. One headline read, "PwC ... Finds Directors More Critical of Their Peers' Performance." Thirty-five percent answering the survey question said someone on their board should be replaced. The use of the board skills matrix in a proactive manner (vs. the simple "check the box" review) ensures the board has the right skills and composition to be effective in fulfilling its responsibilities. Use the skills matrix wisely this year.

BQs are published monthly. Discuss your answers in the executive session at your next board meeting. It could help your board become more effective.

