



eBook

How the Best Boards of Directors Work

The Definitive Guide to Better Board Meetings


OnBoard

Introduction: What We've Learned

Over the years we've had an ongoing conversation with people about board governance – from people who have just started a company and have little idea about what to do, to the experienced board veteran who could march through an agenda in their sleep. What we have found is there's always something more to learn. That conversation was just starting when this eBook was first published. The advice is as applicable as ever. Over the years we've collected a lot of data about the central survey in this eBook about how to create a run a better board meeting.

Whether you're about to sit on your first board or are looking for a way to enhance your organization's governance structure, you'll find wisdom and guidance on these pages. Co-Authored with our partners at the Governance Solutions Group, this eBook covers four key areas; meeting preparation, day of the meeting, post meeting and meeting resources. To start, we'll have you take a simple survey of your current board practices, this will help you measure where your board stands. We'll follow that survey up with guidance and insights about each area we measure in the survey.

How effective is your board of directors and what can you do to improve your governance? Let's find out.

How To Score Your Board Meeting Effectiveness

Use the following scale to mark your answer after reading each statement, at

the end of each section add together the score for each question. If you didn't reach the target score, the second section of this eBook outlines practical suggestions for improving the effectiveness of your board meetings. If you

reach the target score, keep up the good work and take pride in your board.

0 – No, we are not currently doing this.

1 – Yes, we do this, but there's room for improvement.

2 – Yes, we consistently do this well.

The questions will look like this; simply fill in the blank space with 0, 1, or 2.

1. 2 Board materials are distributed, most often through a board portal, one week prior to the meeting.

Board Survey Part 1: Meeting Preparation

Think about before your meetings, how your board communicates and prepares for the meeting itself. After reading each statement, use the space before the question to mark 0, 1, or 2. When finished, add together the score for each question to determine your total score. Then on to the next section.

1. ____ We begin preparation for the next board meeting at the conclusion of the previous meeting.
2. ____ The agenda includes a review of the board's annualized calendar.
3. ____ The board chair or lead director approves the final meeting agenda.
4. ____ Board materials include the documents needed to discuss agenda items thoroughly; and a "reference" section for reports that may not necessarily be addressed in the meeting but provide important context (e.g., an investor relations report, governance hot topics report, environmental scan).
5. ____ Board materials are reviewed for consistency prior to distribution.
6. ____ Board materials are distributed a week before the meeting.
7. ____ The CEO contacts each board member prior to the board meeting to confirm the director has what he needs for the meeting and to ask whether he has any questions.

____ Target Score 11 of 14.

Total



Board Survey Part 2: Day of Meeting

Think about your actual board meeting, how focused is your board on the big picture – the strategy guiding your governance?

1. ____ The meeting chair receives a “timed” agenda.
2. ____ Directors meet in a closed session without management being present (except for directors who are also members of the management team).
3. ____ The independent directors meet in executive session(s).
4. ____ The board meeting agenda and discussions are at least 80% forward-looking, centered around strategy.
5. ____ Other *between meeting* materials are uploaded and distributed to the board as appropriate, i.e. quarterly analyst reports.

____ Target Score 8 of 10.

Total



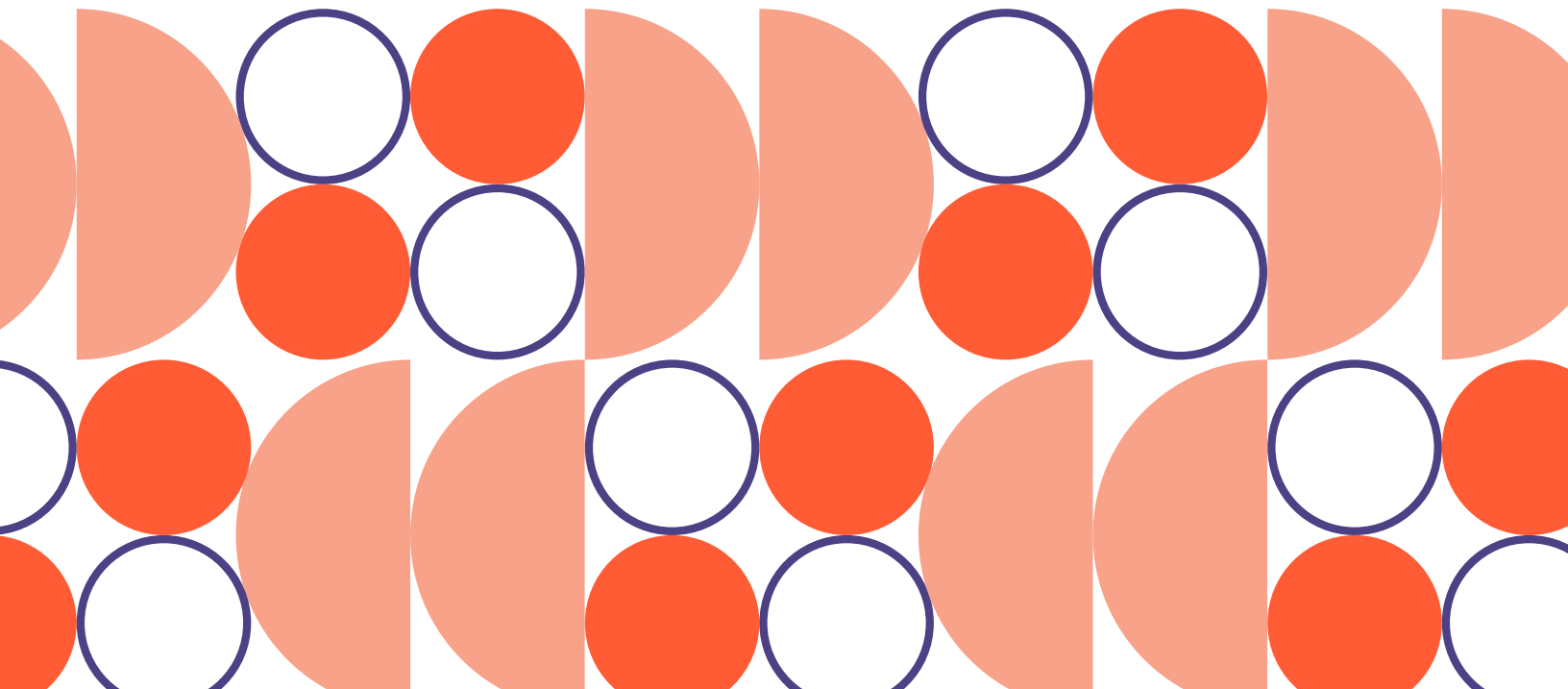
Board Survey Part 3: Post Meeting Follow Up

Consider how your board handles post meeting follows ups – the tasks that need to be complete and action items arising from your meeting.

1. Follow-up notes are promptly handled.
2. Draft minutes are distributed within one week of the meeting.
3. The first draft of the next meeting's agenda begins to be prepared internally.
4. The CEO send a between meeting report to the board.
5. During discussions, directors constructively challenge and ask pointed, relevant, questions to both management and other directions.
6. The chair periodically calls on directors to voice their opinions.
7. At the conclusion of the meeting, the chair asks 4 questions: "Did we accomplish what we needed to get done?" "What could we have done better?" "Did we have the right materials in advance?" "What key items should be on the next meeting agenda?"
8. Following the meeting (or the evening before) directors meet for a private dinner.
9. Minutes from the previous meeting, assuming approval, are signed.

Target Score 11 of 14.

Total



Board Survey Part 4: Meeting Material Access

Think about how your board handles the distribution and review of all your meeting materials.

1. ____ Your board has easy and ready access to past meeting agendas, supplemental materials, reports, and searchable access to past meetings.
2. ____ The board's annualized calendar is a reference document that is readily available.
3. ____ Governance guidelines and the committee charters are easily accessible.
4. ____ Significant policies (i.e., conflict of interest statement, ethics, insider trading, document destruction, compensation and benefits policies, etc) are readily available.
5. ____ The Articles of Incorporation and By-Laws are easily accessible.
6. ____ Third party industry reports are available and accessible.
7. ____ Director and management contact information is easily accessible.

____ Target Score 11 of 14.

Total

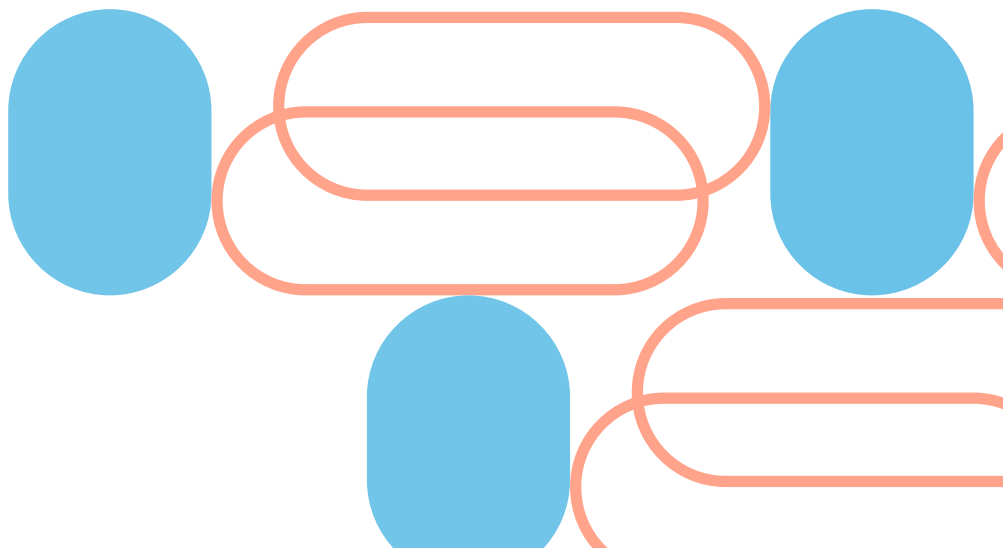
Board Survey Total

Add up your score for each section – we're aiming for at least an 80%, or 43 of 54. If you're right around that line or below, the next section will provide real-world advice from our partners at the Governance Solutions Group on how to improve on each item measured.

1. ____ Part 1: Meeting Preparation
2. ____ Part 2: Day of Meeting
3. ____ Part 3: Post Meeting Follow Up
4. ____ Part 4: Meeting Material Access

____ Target Score 11 of 14.

Total



How the Best Boards of Directors Work: Meeting Preparation

Being prepared is the key to success. The most effective meetings encourage quality engagement. A well composed agenda and a streamlined distribution process for materials is essential.

1. We begin preparation for the next board meeting at the conclusion of the previous meeting.

During the board meeting, the corporate secretary and others will jot down notes that may include items the board wishes to see on the next agenda or other follow-up actions. Once the meeting is finished, the corporate secretary and their team should debrief to ensure these actions are handled promptly and to begin the “first draft” for the next meeting agenda.

Some companies found success when the executive management team – the group of managers that regularly attend meetings – hold a scheduled

“debrief” meeting, often the day after the board meeting. Individual directors may go through a personal debrief and send agenda notes to the corporate secretary.

2. The agenda includes a review of the board’s annualized calendar.

About six to eight weeks before the board meeting, the secretary or general counsel’s office will review the annualized board calendar. (This is a separate document from the board meeting schedule which is a compilation of board and committee meeting dates.) The annualized calendar contains the board’s reoccurring actions and agenda items that are generally scheduled to take place at predetermined times.

The annualized agenda, along with notes from previous board meetings, form the foundation for the meeting agenda. The CEO will have supplementary agenda items. Some companies have a regularly scheduled management meeting to discuss the board agenda and meeting plans. Having this meeting six to eight weeks out provides the Chief Human Resource Office, the Chief Financial Officer, and others the opportunity to raise possible agenda items that may need full board attention. It also provides for sufficient preparation time for the agenda and pre-read documents.

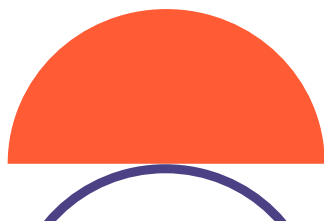
3. The board chair or lead director approves the final meeting agenda.

Once the preliminary agenda is established, it must be shared with the board chair or lead director for comments, additions, or deletions. There should be few if any exceptions to this rule.

4. Board materials include the documents needed to discuss agenda items thoroughly; and a “reference” section for reports that may not necessarily be addressed in the meeting but provide important context (e.g., an investor relations report, governance hot topics report, environmental scan).

Many of the agenda items will have “pre-read” materials. It is helpful for the board “binder” to include a reference section for these items. Alternatively, a digital board governance solution may have a resource center that will contain all the essential governance documents board members may need to reference.

Items in this section will vary by organization but often include investor relations reports (if not a regular agenda item), environmental scans, a summary of “hot” governance topics and management’s current response. Other items may include future meeting dates, an HR initiatives report, supplements to division reports, an insider trading reminder.



5. Board materials are reviewed for consistency prior to distribution.

This is an “internal” job and helps to avoid management embarrassment. The general counsel, corporate secretary, or other designee, reads through the management prepared board materials for consistency and typos. Some boards have pre-set guidelines for board reports, for example the use of a

“report format,” which could show a maximum length, standard fonts, etc.

6. Board materials are distributed a week before the meeting.

It’s essential that directors have enough time to read the advance materials. Many boards ask that materials be available at least one week before the meeting. There are occasions when there’s a need for a last-minute change or addition, but it’s helpful to keep this to a minimum. If the secretary knows that a report will be late, a good practice is to send the materials, with a blank page marked to show a report is missing.

Board portals provide additional flexibility. Whenever meeting materials are ready, reports can be quickly uploaded any time for review. Changes are instantly available – though it can be wise to alert them when updates are pushed to reduce confusion to directors.

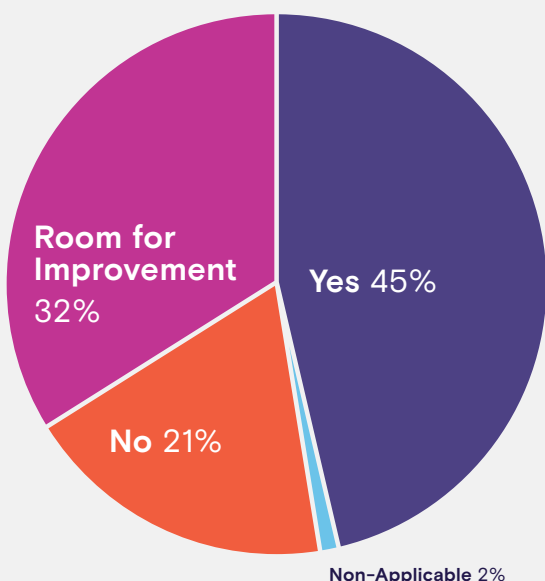
7. The CEO contacts each board member prior to the board meeting to confirm the director has what he needs for the meeting and to ask whether he has any questions.

It has long been a common practice for the CEO to check with the board chair or lead director shortly before the meeting to see whether they can answer any questions or if any issues need clarification. CEO’s are frequently taking this a step further and calling each individual director. It’s an excellent way to ensure that directors have what they need and that the meeting runs smoothly.

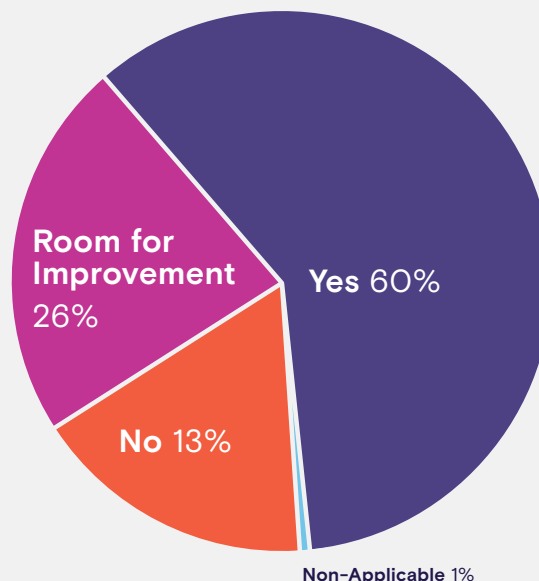
By the Numbers: Meeting Preparation Survey

After this eBook was first published, we sent an abridged version of this survey a wide audience of board leaders on their practices. These are some of the results that stood out to us.

Preparation for the next board meeting begins after the conclusion of your last meeting?



Are Board materials distributed a week before the meeting?



How the Best Boards of Directors Work: The Day of The Meeting

Meeting days are often action-packed. There's no need to stress. If you follow the tips here, you'll have an orderly, engaged, and productive meeting.

1. The meeting chair receives a “timed” agenda.

These days, board agendas are chock full and it's not unusual for a board discussion to go longer than intended. While directors must take all the time they need for agenda items, the board chair must also balance being respectful of everyone's time, while ensuring all key issues are adequately discussed. Often it is helpful for the chair to have a “timed agenda” that serves as a guide for how long discussions might run. Board portals include this feature for all directors to ensure meetings stay productive. This helps give everyone an idea of the schedule, and if more time is needed the chair can extend the conversation.

2. Directors meet in a closed session without management being present (except for directors who are also members of the management team).

All boards make some use of executive sessions. It's often helpful to have a brief executive session before the start of the “full agenda.” This gives directors an opportunity to know “what's coming” and to ask questions before others join the meeting. This “pre-meeting” session is often attended by all directors, both independent and management.

At each meeting, usually after the agenda items are complete and management is excused, the board will meet in an executive session with the CEO. Following this conversation, the CEO may leave (and the chair if she is not independent) and the independent directors will meet in a second executive session. As appropriate, it's essential for the board chair or lead director to follow-up with the CEO after the executive session.

3. The independent directors meet in executive session(s).

At each meeting, usually after the agenda items are complete and management is excused, the board will meet in an executive session with the CEO. Following this conversation, the CEO will leave (and the chair if she is not independent) and the independent directors will meet in a second executive session. As appropriate, it's important for the board chair or lead director to follow-up with the CEO after the executive session.

4. The board meeting agenda and discussions are at least 80% forward-looking, centered around strategy.

It is easy for the board's time and attention to be caught up in the rear-view mirror syndrome – the propensity to focus far too much time on analysis and past events. While it's important for directors to hear a president's report, to review financials, and to understand progress on important company initiatives – these topics involve looking at what the company has already accomplished. Directors must spend most of their time looking forward – at the company's current plans and projected outcomes. Many companies use a consent agenda, freeing up time keep the board looking forward. Make it point to let board members know that they can request that an item be removed from the consent agenda to enable a full discussion.

5. During discussions, directors constructively challenge and ask pointed, relevant, questions to both management and other directions

Historically, many companies had “review and approve” boards. There wasn't much discussion over agenda items -- management presented, and directors said “aye.” Things have changed, today the question is whether there's sufficient discussion – are directors comfortable constructively challenging management and their board colleagues? Because the board acts as one, it's important to ultimately reach a consensus – however, before that consensus can be formed, most matters require sound debate. Directors must test the strength of management's arguments or challenge another director's point of view.

6. The chair periodically calls on directors to voice their opinions.

Many boards are composed of directors who quickly voice their thoughts and some who actively listen to the discussion and contribute less frequently. The directors who only listen throughout much of the discussion often provide insightful analysis – but their thoughts may be more helpful if given earlier in the discussion. The best practice is for the presiding director is to call on fellow board members to share their views directly. The chair may direct questions toward a specific director and ask for their thoughts on a topic, mainly when the subject is within their field of expertise.

7. At the conclusion of the meeting, the chair asks these questions: “Did we accomplish what we needed to get done?” “What could we have done better?” “Did we have the right materials in advance?” “What key items should be on the next meeting agenda?”

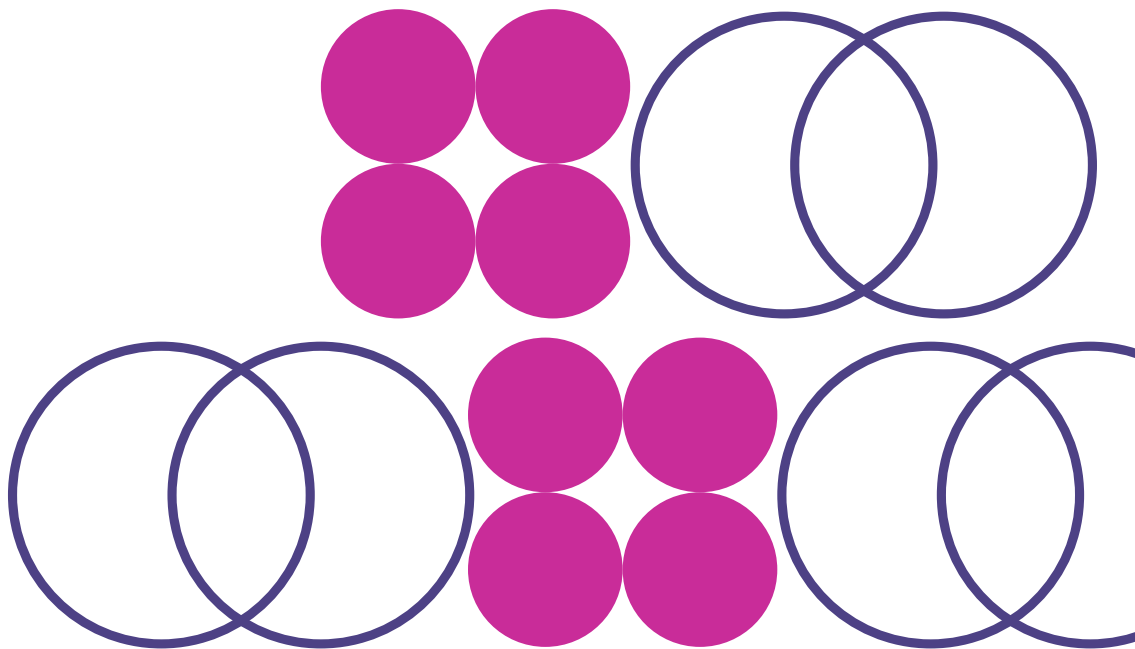
These questions cut to the core of the work of the board. Did we accomplish what we needed to get done? If not, what’s next – it must be decided whether the discussion can wait until the next regularly scheduled meeting, if a special meeting needs to be set, whether more information is needed from management, if the matter should go to a committee for review, or if an ad hoc committee should be appointed?

What could we have done better? Consider whether the meeting discussions were productive, and if not, what would have made it better. Did we have the right materials in advance? If not, what materials would have been helpful and should this information be distributed at the next meeting, or included on the board’s portal for immediate reference? What should the key items be on the next meeting agenda? This conversation serves as a starting point as directors look forward to the next meeting.

8. Following the meeting (or the evening before) directors meet for a private dinner.

It’s common practice for directors to meet for a private dinner before or after the board meeting. It helps to build camaraderie among directors and helps directors feel more comfortable constructively challenging one another during meetings. Directors must also find the right balance between:

- I. Private director only dinners
- II. Dinners with only independent directors
- III. Dinners with directors and managers who regularly attend board meetings, and
- IV. Dinners that include a larger group of managers with the intention of directors getting to know potential executive management succession candidates.



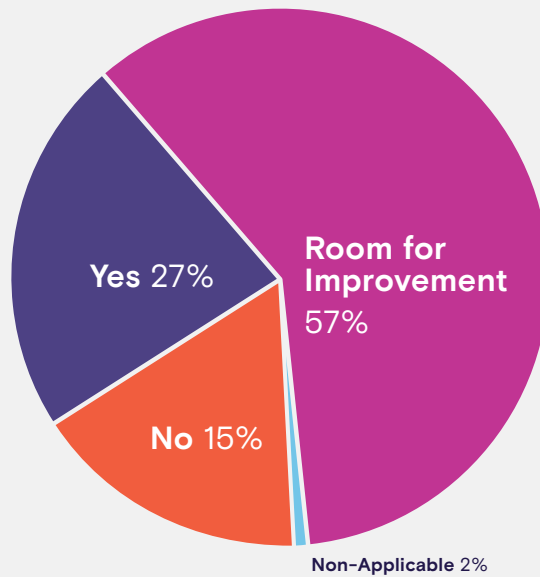
9. Minutes from the previous meeting, assuming approval, are signed.

It is good practice following a meeting to ask the recording secretary to draft the minutes (checking with other officers who presented if necessary) and then send the draft to the board chair for review. The draft minutes should be promptly mailed, or posted, for full board review, within one week of the meeting. The secretary will keep a marked copy of the minutes showing director comments and share this marked draft with the meeting materials for the next meeting. After approval by the board, the minutes are signed by the meeting chair and the secretary. Often the secretary will bring a clean copy of the minutes with her to the board meeting, and assuming approval, the minutes from the previous meeting are signed on the meeting day. Then, it's important that all draft be destroyed so that there is only one record of the meeting.

By the Numbers: Meeting Preparation Survey

After this eBook was first published, we sent an abridged version of this survey a wide audience of board leaders on their practices. The results.

The board meeting agenda and discussions are at least 80% forward- looking, centered around strategy.



How the Best Boards of Directors Work: Post Meeting

Board meeting day is stimulating – both in intellectual discussion and activity. An unexpected event, whether an item is added to the agenda at the last minute or lunch isn't delivered on time, always happens. At the end of the day, directors and management are usually looking for “downtime.” If you've been following this guide, the post-meeting to-do's won't take long – and will complete the “effective meeting” cycle and ensure the next meeting is better than the last.

1. Follow-up notes are promptly handled.

It's important to review your meeting notes as soon as possible. Sometimes it's a chore to look through notes soon after the meeting, but it always beats looking at the notes a week, or 3 months later when scribbles from long ago may have lost their meaning – or worse, an important task missed completely. Keeping notes in a paperless board portal can simplify this task by indexing and making notes searchable. By taking notes within a digital board book, directors and other participants have access to a broad range of information to aid their effort. Documents such as previous meeting minutes and the annual budget are immediately accessible without having to flip through pages of paper.

2. Draft minutes are distributed within one week of the meeting.

If you are the recording secretary, the minutes must be drafted soon after the meeting. Some secretaries sketch the first draft of the minutes before the meeting, simply to outline what may happen and then fill-in the outline after the meeting. Board portals that integrate with Microsoft Office allow secretaries to draft notes directly into the software. A good practice is to have draft minutes distributed to the board one week following the meeting. Use of a board portal makes the distribution and review of minutes more effective. For directors receiving draft minutes, it's important to read and comment promptly.

3. The first draft of the next meeting's agenda begins to be prepared internally.

During the meeting debrief, the first draft of the next meeting's agenda is outlined. This outline includes the director's comments from the previous meeting and events from the annualized board calendar. This early first draft simplifies the task of drafting the final meeting agenda.

4. The CEO sends a between meeting report to the board.

Companies have many ways of keeping directors informed between meetings. One way is for the CEO to send an “inbetween” meeting update that shares progress on strategic initiatives, successes, and challenges. Other “in-between” materials are uploaded as appropriate, i.e. quarterly analyst reports.

5. Other between meeting materials are uploaded and distributed to the board as appropriate, i.e. quarterly analyst reports.

For boards that use a portal, the task of staying current on company business is quick and convenient. Documents are posted promptly and directors are notified when a new paper has been uploaded. Directors are able to read the information at their convenience

How the Best Boards of Directors Work: Meeting Material Access

The most important meeting documents are the pre-read materials sent to directors prior to each board meeting. Directors have to carefully read this information and come to each meeting prepared. As directors prepare, they are reminded of a past board topic or an analyst report they read – use of a board portal is often the most efficient solution for easy access to items such as past minutes, governance guidelines, and third-party reports.

1. Your board has easy and ready access to past meeting agendas, supplemental materials, reports, and searchable access to past meetings.

Directors prepare for meetings by reviewing the meeting agenda and reading the prep materials. It can help to reread the minutes from past meetings or past operating reports. The easier these documents are to locate, the more likely a director will reference these items and the more prepared she will be -- ultimately resulting in more effective meetings.

The easiest way to ensure access is through the use of board meeting software. Board portals make it easy for corporate secretaries to organize materials and provide directors the tools they need to prepare for meetings. Today's portals allow directors to search, take notes and make annotations.

2. The board's annualized calendar is a reference document that is readily available.

The annualized calendar is an organizational tool that sets out what and when the board needs to do over the coming year. It addresses the board's recurring duties, items that must be addressed at each meeting and other items that need to be addressed annually and periodically. Event examples include; when the directors discuss the officer and director nominations, when it reviews the ethics policy, when it receives the risk management report, when it approves CEO pay, and when it conducts the board evaluation. The calendar is also used when drafting the board agenda.



3. Governance guidelines and the committee charters are easily accessible.

Most boards use Governance Guidelines, the rules of the road that guide the board's work. Charters outline the purpose and recurring duties of each board committee. When preparing for meetings, directors sometimes review these documents to confirm current activities are on point.

Important documents can be easily stored and searched within a board portal's resource center. Whenever directors need to reference the by-laws, the charter, or the annual budget, your board's key materials are all housed directly within the software.

4. Significant policies (i.e., conflict of interest statement, ethics, insider trading, document destruction, compensation and benefits policies, etc.) are readily available.

These policies may not be referred to often, perhaps only annually, but when needed, ease of reference is appreciated. A centralized resource center within a board portal is helpful place to store these documents.

5. The Articles of Incorporation and By-Laws are easily accessible.

The Articles and By-Laws may only be reviewed periodically, but when needed, quick access is helpful. A board portal makes this process simple, searchable, and helps directors use their time more effectively.

6. Third party industry reports are available and accessible.

Examples include investor reports, governance thought pieces, news articles, and competitor benchmarking. By utilizing a board portal, you can keep all your important documents in a single, searchable location.

7. Director and management contact information is easily accessible.

It's helpful for directors and management to have contact information in one place on the portal.

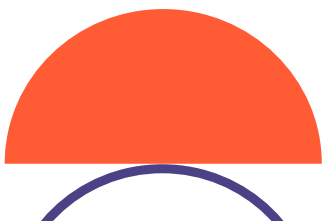
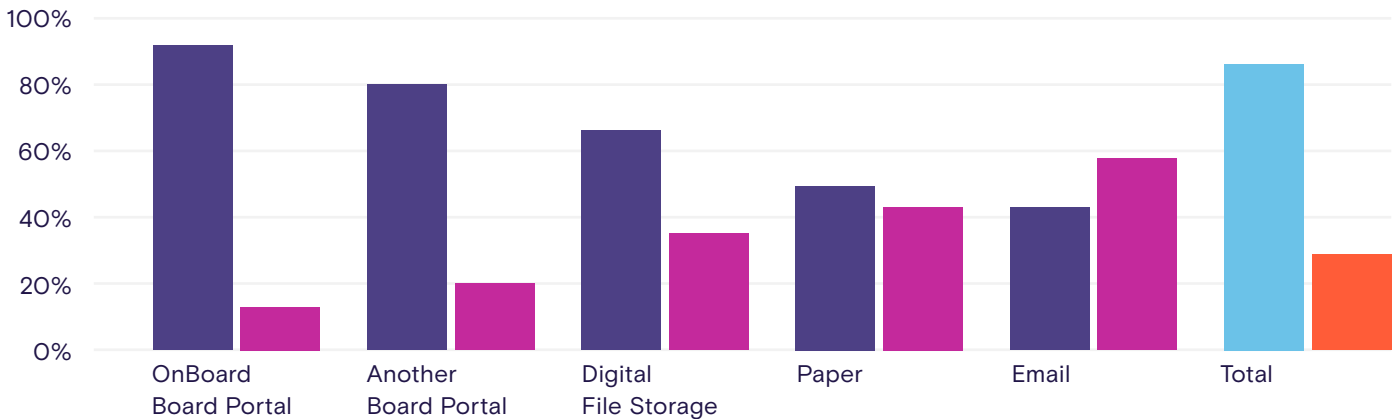
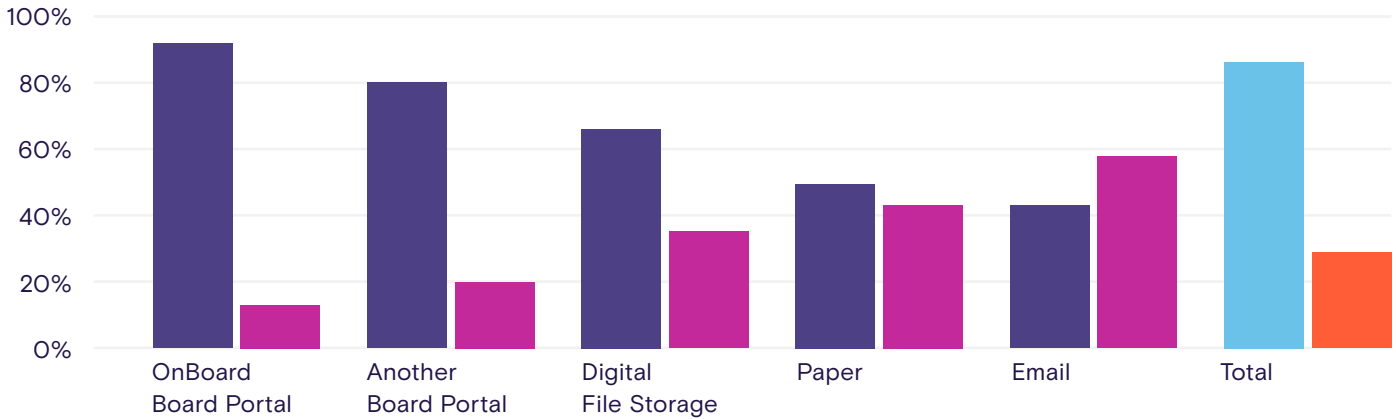


By the Numbers

Meeting Material Access

Your board has easy and ready access to past meeting agendas, supplemental materials, reports, and searchable access to past meetings?

By Distribution Method.



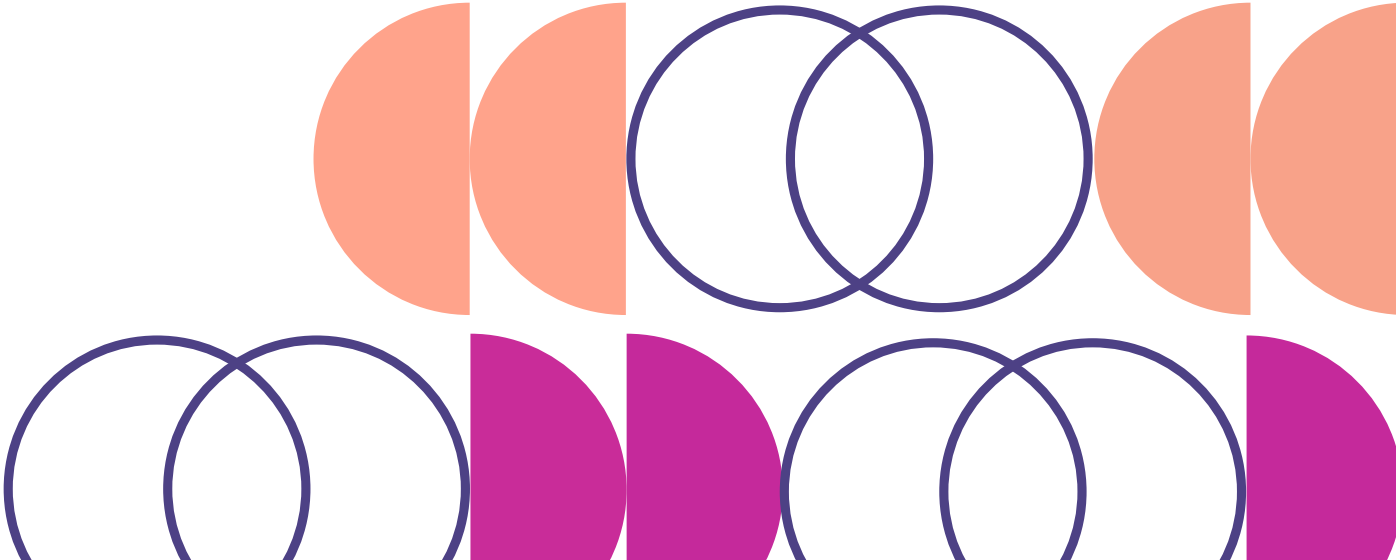
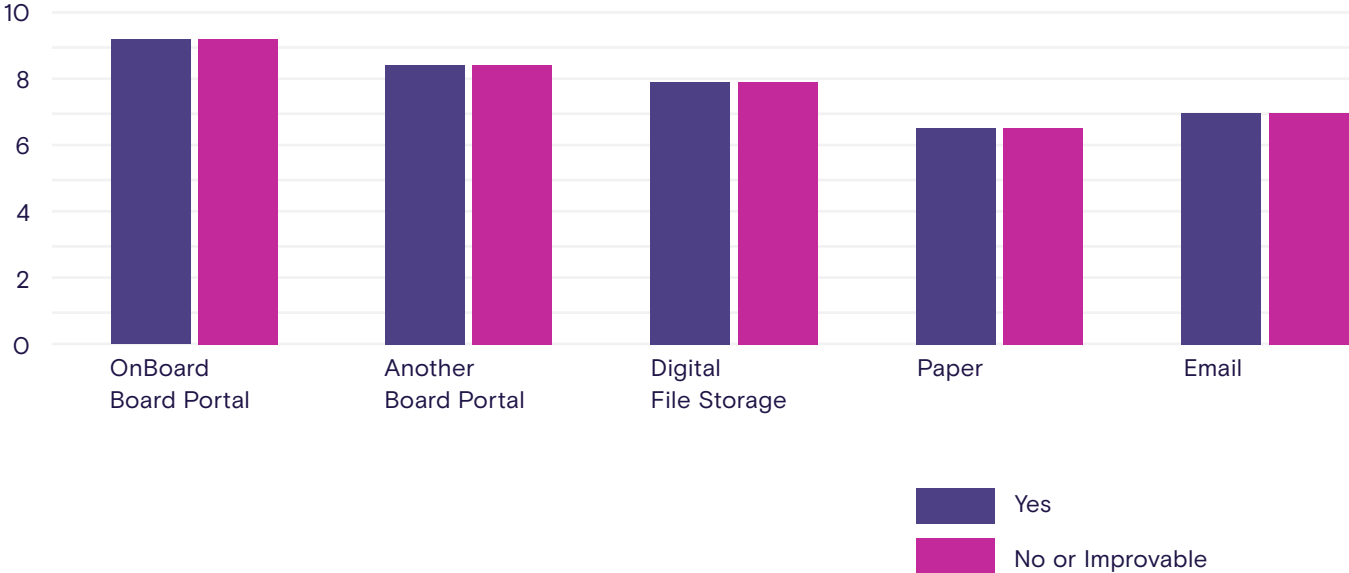
Yes
 No or Improvable

By the Numbers

Meeting Material Access

How happy are you with how your board of directors currently handles the distribution of meeting materials?

By Distribution Method.



Make It Easy with OnBoard

OnBoard makes meetings more than operational presentations, it turns them into strategic working sessions. With OnBoard, meetings become more productive, board book access becomes amazingly intuitive. Archives are readily accessible. Votes can easily be taken and minutes entered. All so you have time to devote to thoughtful deliberations.

OnBoard is a complete board governance solution, with the most accessible user experience ever, available on every device, and we offer a no-strings-attached free trial. We're confident in our product, our services, and our staying power.

We won't belabor the point. You can learn all about OnBoard here; but we encourage you to pick up the phone and give us a call at 765.535.1882 or send us an email at more@onboardmeetings.com



How the Best Boards of Directors Work

The Definitive Guide to Better Board Meetings

Written by

Denise Kuprionis

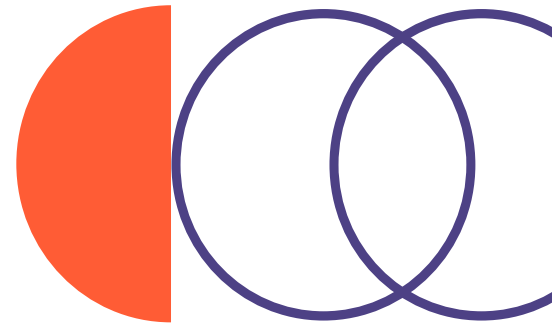
Founder, The Governance Solutions Group denise@gsgboards.com

Paroon Chadha

Co-founder and CEO, OnBoard paroon@onboardmeetings.com

Nick DeBoer

Senior Digital Manager, OnBoard ndeboer@onboardmeetings.com



About The Governance Solutions Group

The Governance Solutions Group is a board advisory practice with a focus on helping directors increase board effectiveness. Typical engagements include facilitating the annual board and committee evaluations, and director peer reviews; developing director education plans; sharing implementation ideas for new board governance practices; and bringing new perspectives to board refreshment and succession planning. GSG breaks down the complexity of good board governance and helps directors consider, “how do we do what we do” and “how can we direct better?” For more information visit: www.gsgboards.com

About OnBoard

At OnBoard, we believe board meetings should be informed, effective, and uncomplicated. That’s why we give boards and leadership teams an elegant solution that simplifies governance. Launched in 2011, today, OnBoard serves as the board intelligence platform for more than 2,000 organizations and their 12,000 boards and committees in 32 countries worldwide. With customers in higher education, nonprofit, healthcare systems, government, and enterprise business, OnBoard is the leading board management provider.

