

Board Time Commitments

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Being a Director in the 21st Century
Workshop

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How it used to be

- In the 1990s, it was not unusual for boards to meet quarterly.
- That was when:
 - Boards were not being held as accountable
 - There were fewer board committees
 - There were fewer regulations

Growth Rate and Frequency

- Large, old economy companies often grow at 5 to 10% per year.
- An early-stage tech company can easily grow, and change, ten times faster.
- Quarterly board meetings might work with 5 to 10% annual growth, but
- At 50 to 100% growth rates, meetings need to be much more frequent.

Today

- Increased regulation for boards.
- Companies have more committees.
- Shareholders are holding boards accountable.
- Board liabilities are much more serious.
- Companies are having monthly board meetings.

Total Time Commitment

- When retreats, reading, meeting prep, transactions, ad-hoc and committee meetings are also factored in,
- A director's total time can be up to 10x the time spent in formal board meetings.
- This can easily require two to three days per month for a director of a rapidly growing company.

Lead Directors or Chairs

- The job of a 'lead director' or Chair can easily be double the time commitment.
- Depending on the type of Chair and how much they are mentoring the CEO.
- The administration of the board is also a significant time requirement.
- Board admin can be done by the secretary, CFO, CEO, Chair or a combination.

Chairman becoming full-time

- “To acquire and maintain in a fast moving world this level of knowledge...
- Thus the need for a full-time (or close to it) non-executive chairman.”

From Tougher Boards for Tougher Times – Corporate Governance in the Post-Enron Era, by William Dimma, 2006.

4 to 6 boards is almost full time

- A person whose primary job is to sit on boards, like a fund manager or professional director, can only be effective on 4 to 6 high growth company boards.
- Depending on their other responsibilities,
- And how enthusiastic they are about doing their email on the weekends.

Recruiting and Compensating

- This increased time commitment is a significant driver in:
- Making it more difficult to recruit and retain good directors, and
- Rapidly increasing director compensations.