

Corporate Board Survey Results: 2017 Trends & Insights

March 2017

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Strengthening boardrooms and executive teams

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Summary

Findings from the JWC Partners 2017 annual survey of board directors are exciting and thought-provoking; we are delighted to share them with you. More than 100 board members contributed, from boards of all sizes, with the majority being public companies in the United States with revenues greater than \$1 billion. Key findings:

Strategy increasingly important with technological advances

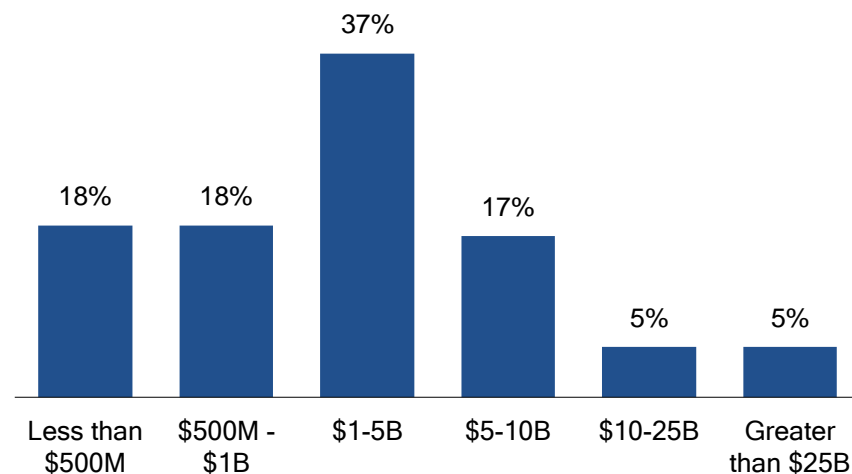
- Corporate strategy and CEO leadership succession remain the most important topics in boardrooms, as they have been for the past several years
- Priorities are shifting toward strategy as business model disruption increases in the face of digital technology
- Strategic perspective will be an increasingly important skill in the executive suite in the next 5-10 years

Boards involved in deeper talent review

- Many boards report reviewing the next generation of leaders 10-15 years away from the C-suite
- Organizational realignment, talent development, leadership, and change management highlighted as priorities

Board Revenues

Responses=103



Board governance changes ahead

- Most boards report insufficient succession planning for committee chairs and lead director roles
- Discussion of improvements to board evaluation and committee rotation reported
- The majority of boards retain executive search firms to ensure a broader and more independent approach to rejuvenating board composition

Please contact JWC Partners for further information about the survey and results. We thank all of the directors for sharing their perspectives.

For the past several years, directors have considered corporate strategy and CEO succession the most important topics in boardrooms.

IMPORTANCE OF TOPICS IN BOARDROOM

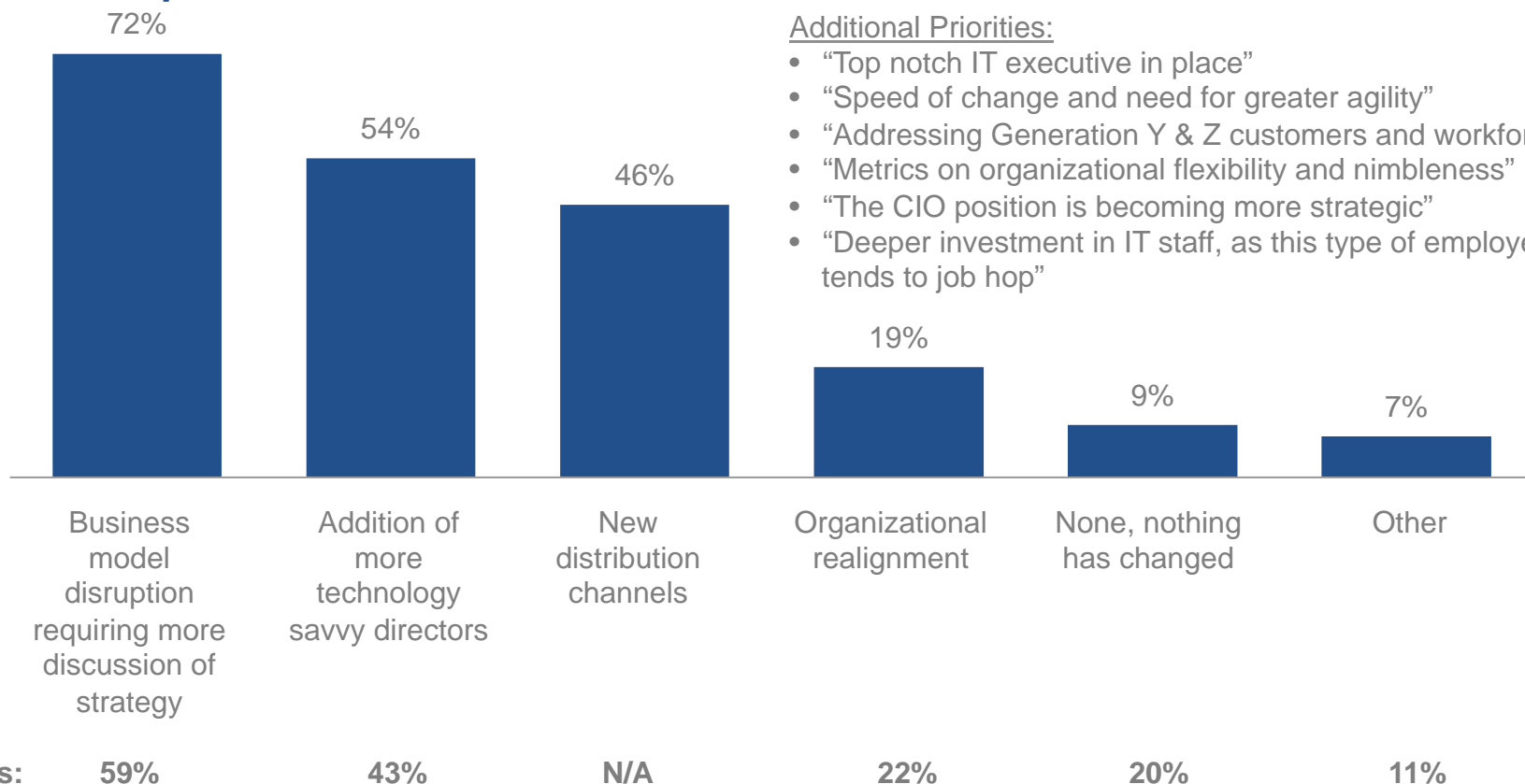
Rating (1-7 scale)



With digital technology advances and advancing pace of change, boards are shifting priorities toward strategic discussion and adding more technology savvy directors.

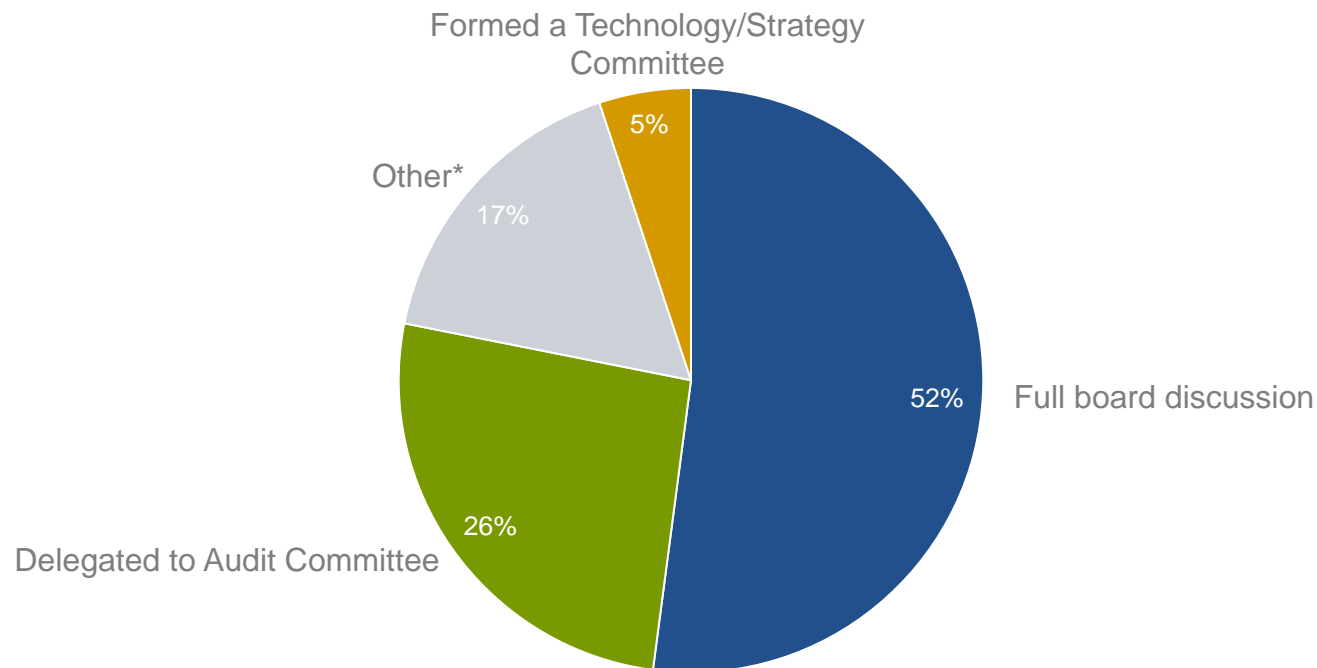
NEW PRIORITIES IN THE FACE OF DIGITAL TECHNOLOGY ADVANCES

Percent of Responses



A few boards are meeting the increasing need for strategic and technology expertise with a specialized committee, yet most consider them full board topics.

HOW BOARDS ARE MANAGING TECHNOLOGY & CYBERSECURITY ISSUES Percent of Responses



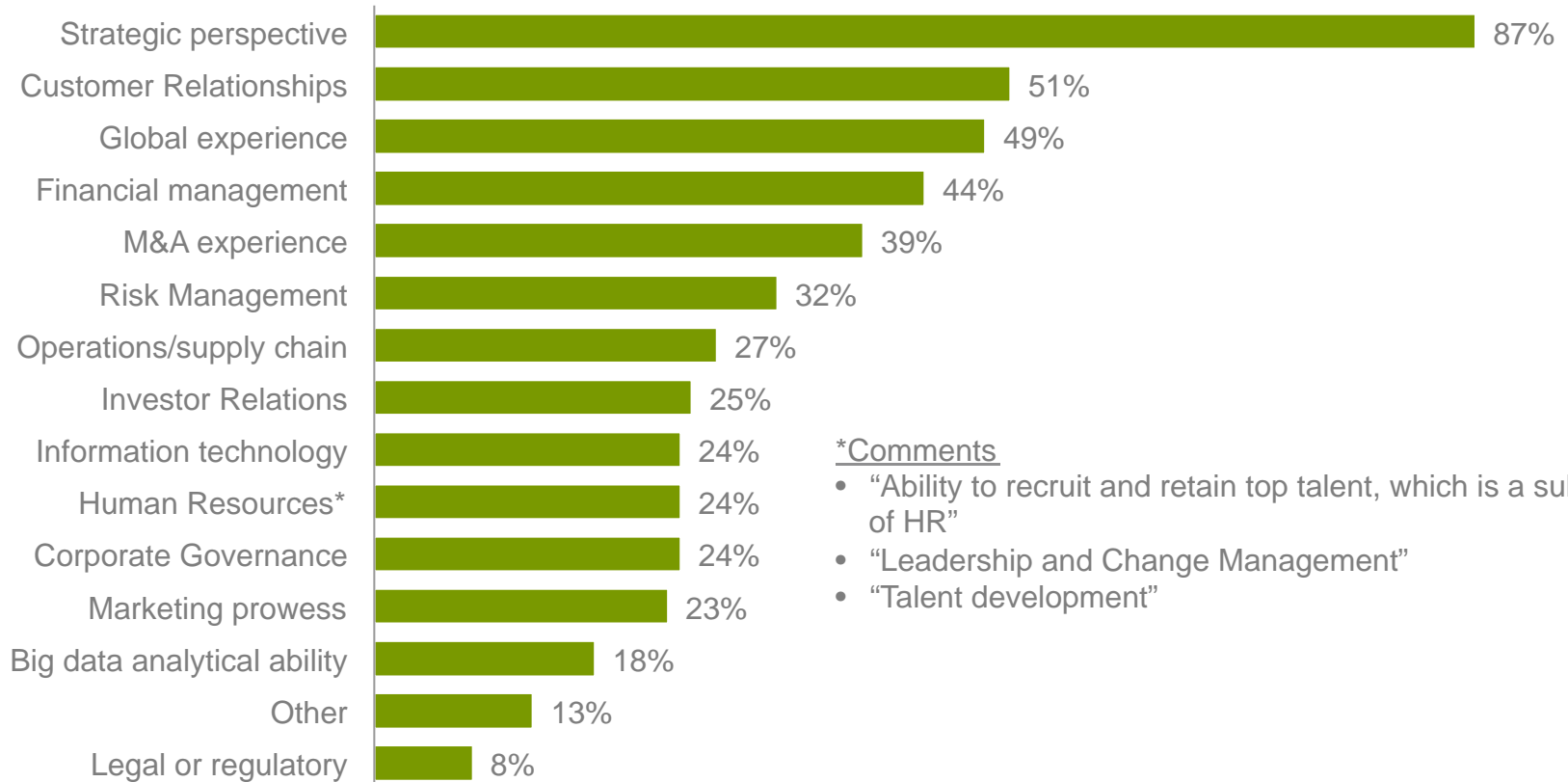
*Other Methods:

- Delegated to management team
- Delegated to Risk Committee
- Combination of full board review and Audit Committee review

Nearly ninety percent of directors see strategic perspective as a skill that will become increasingly important in the executive suite.

INCREASINGLY IMPORTANT SKILLS IN THE EXECUTIVE SUITE IN THE NEXT 5-10 YEARS

Percent of Responses



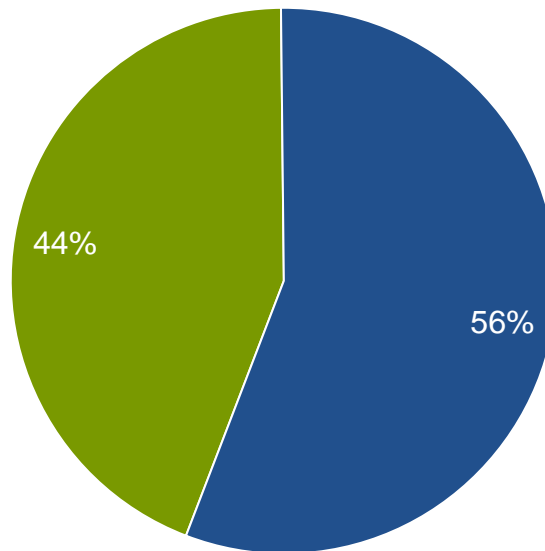
The majority of boards report including high potential, younger leaders in CEO Succession discussions.

CEO SUCCESSION PROCESS INCLUDES NEXT GENERATION LEADERS WHO ARE 10-15 YEARS FROM CEO POTENTIAL

Percent of Responses

No:

- “Most of focus would be on those 5 years from potential CEO/Pres. Roles”
- “Focus is more on 0-10 years”
- “The board pretty much relies on Management to do this”



Yes:

- “Disciplined process by Board, Management, and Board PC Committee to look 3 levels down”
- “Board evaluates the next level leaders as well as the ‘30 under 30’ types in the organization. Events organized throughout the year to gain exposure to the next generations of Company Leaders.”
- “CHRO runs the Board through an annual succession planning process”
- “Absolutely -- a key part of discussion at nearly every meeting”
- “Board is getting increasingly involved in the broader talent management analysis”
- “Board reviews a broad number of high potential future leaders. Generally talk about is the person capable of two or more moves up in the organization.”
- “We look at ready now, ready 5-10 horizon and an introduction to a bench of longer-term high potential candidates”

Directors state IT, diversity, and digital expertise as the most underrepresented skills in the boardroom today.

UNDERREPRESENTED SKILLS AND EXPERIENCE

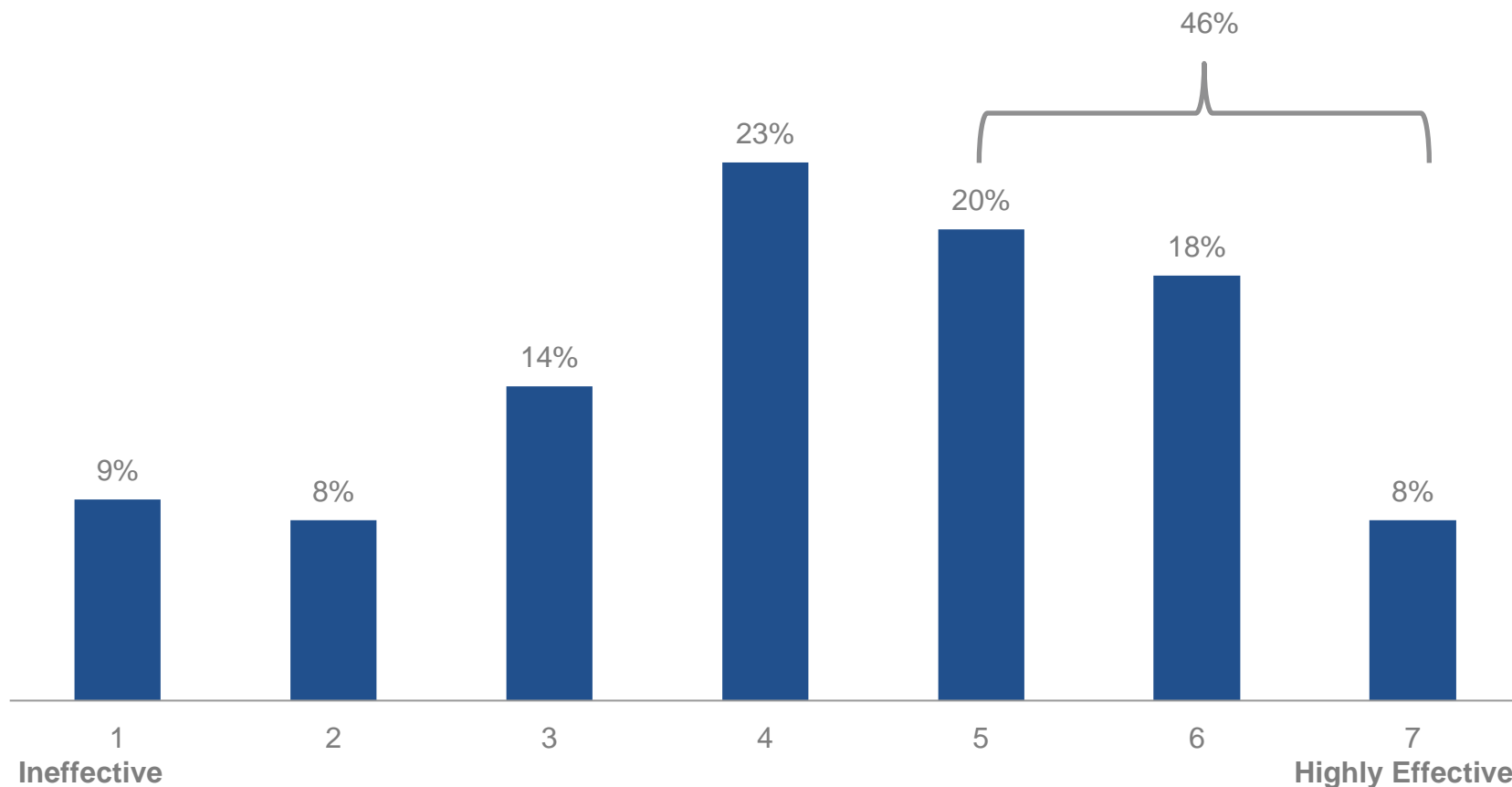
Percent of Responses



Fewer than half of boards report effectively planning board leadership succession . . .

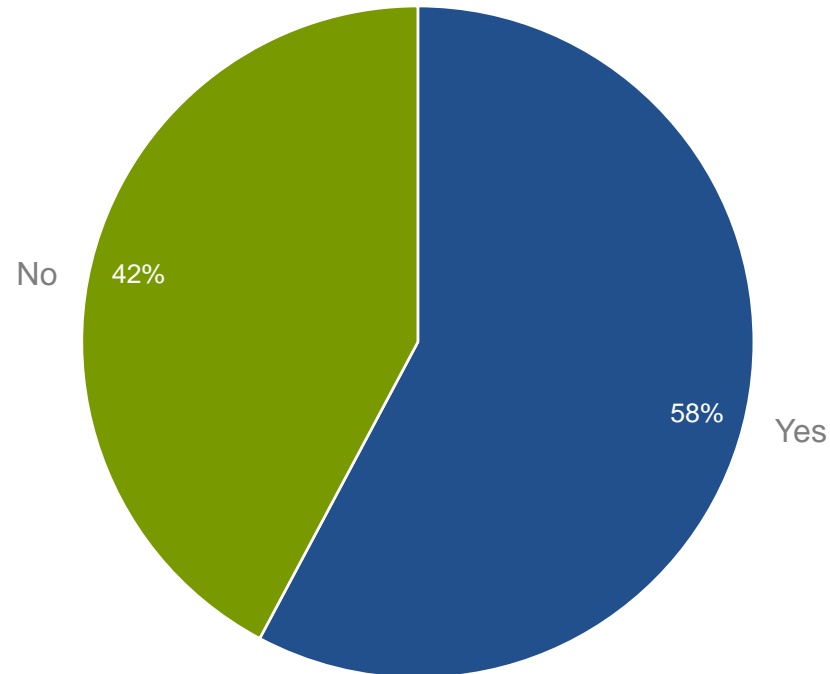
BOARD SUCCESSION PLANNING FOR CHAIRMAN AND LEAD DIRECTOR

Effectiveness (1 = ineffective; 7 = highly effective, with a 10 year planning horizon)



. . . yet more than half of boards employ committee rotations.

DOES YOUR BOARD EMPLOY COMMITTEE ROTATION FOR BOARD DIRECTORS?
Percent of Responses



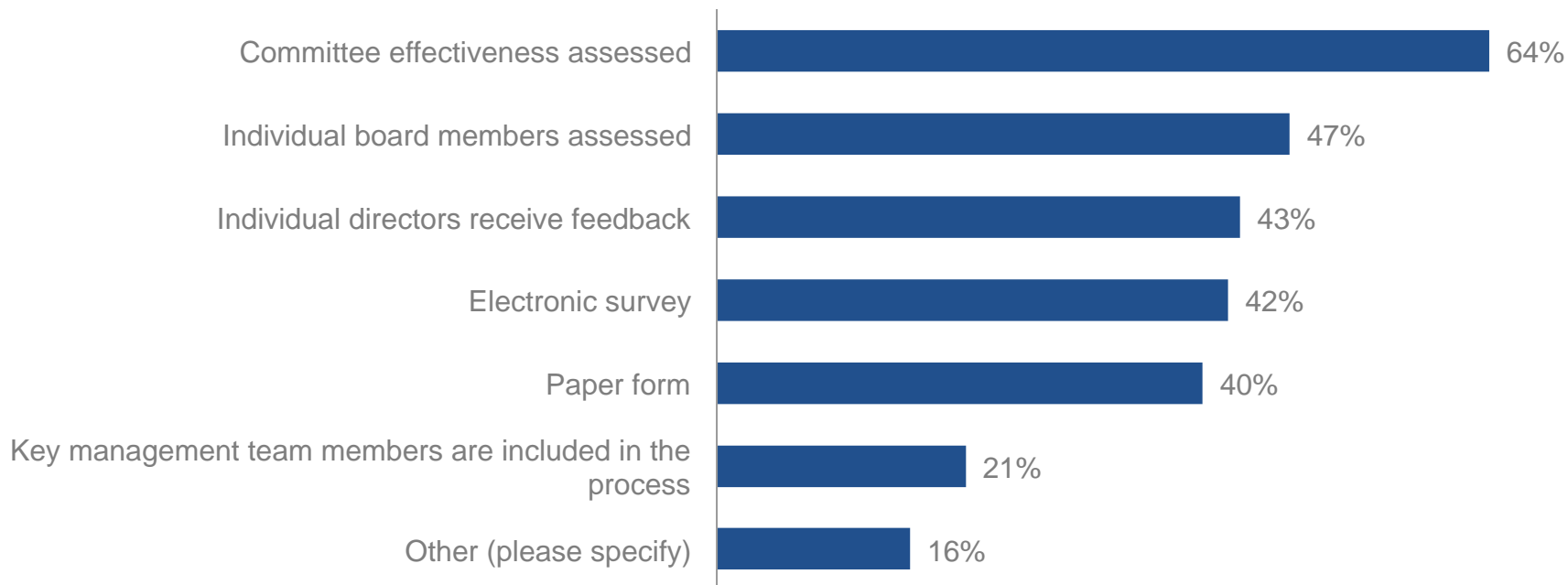
Comments:

- “In some cases, directors attend all committee meetings, especially for smaller boards”
- “Look at this annually”
- “Committees rotate at 6 year level”
- “Currently discussing whether there should be rotation based on time”
- “In process of developing rotation plan to update skills”
- “Driven more by new directors than moving existing directors”

Nearly half of boards report individual director feedback is included in the board assessment process. Many use an outside facilitator to conduct interviews every 3-4 years.

BOARD EVALUATION PROCESS

Percent of Responses



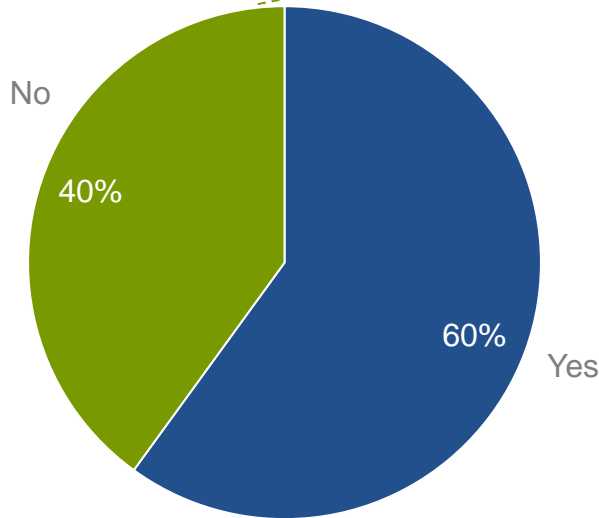
Comments:

- “Nominating & Governance Chair conducts one-on-one, in-person interviews every year. Outside expert conducts interviews every third year.”
- “Every year an electronic survey looks at individual, board, and committee performance. Every fourth year, an outside consultant does the survey.”
- “Board members are interviewed by the Governance Committee Chair or Lead Director”
- “Most boards are still reluctant to partially or fully address the board evaluation process”
- “It is an area where we could do a better job”

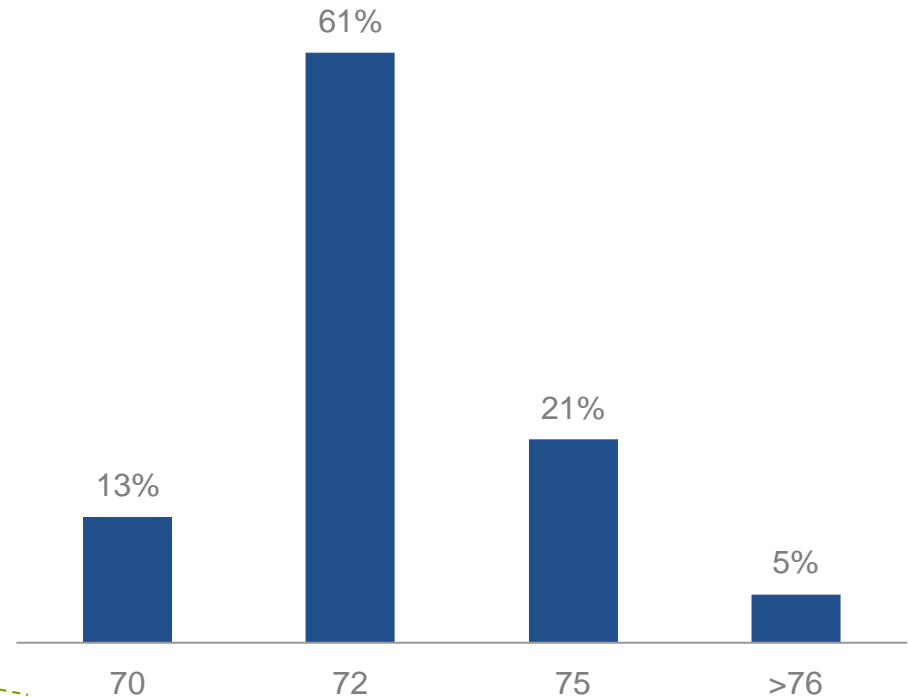
Source: Corporate Board Survey 2017

The majority of boards have mandatory retirement ages ranging from ages 70 to 76 with 72 being the most common age.

ESTABLISHED MANDATORY BOARD RETIREMENT AGE
Percent of Responses



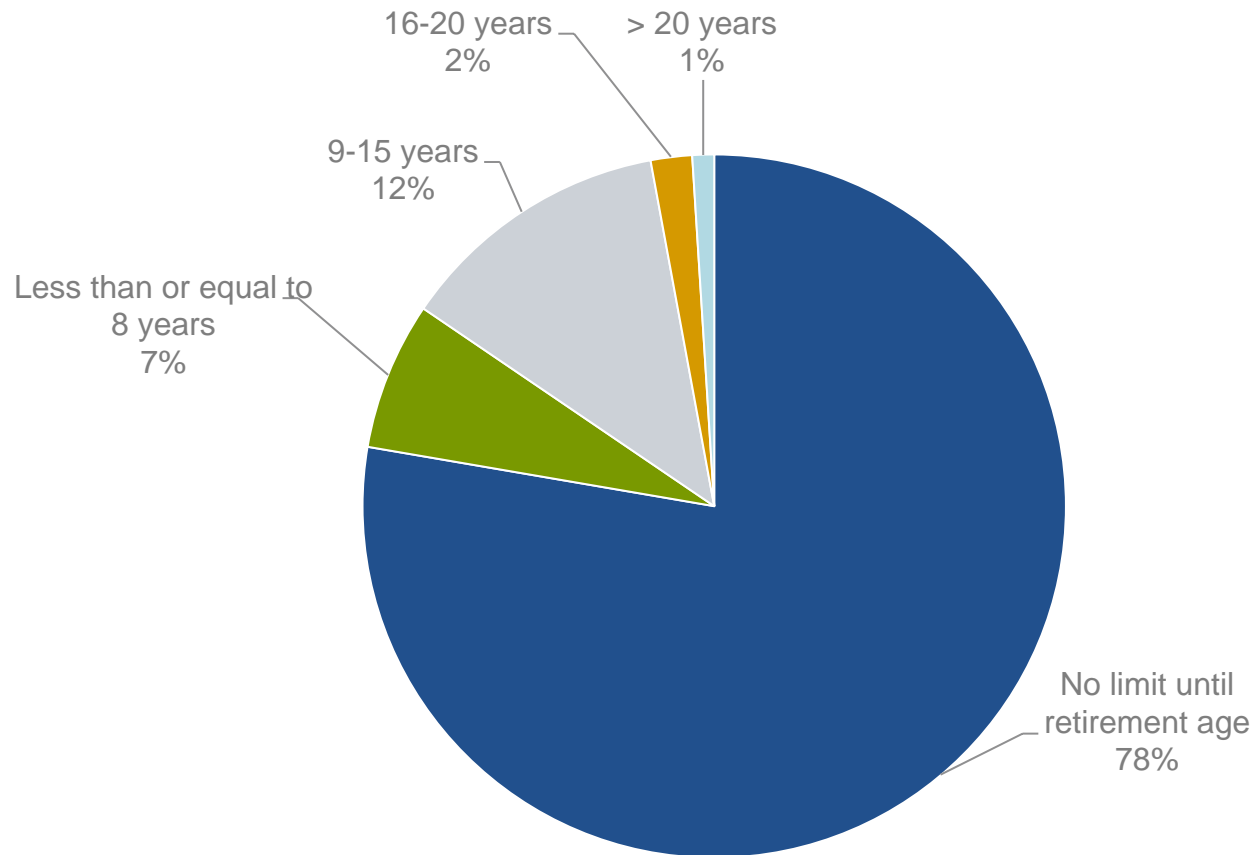
BOARD RETIREMENT AGE
Percent of Responses



The vast majority of boards do not have term limits.

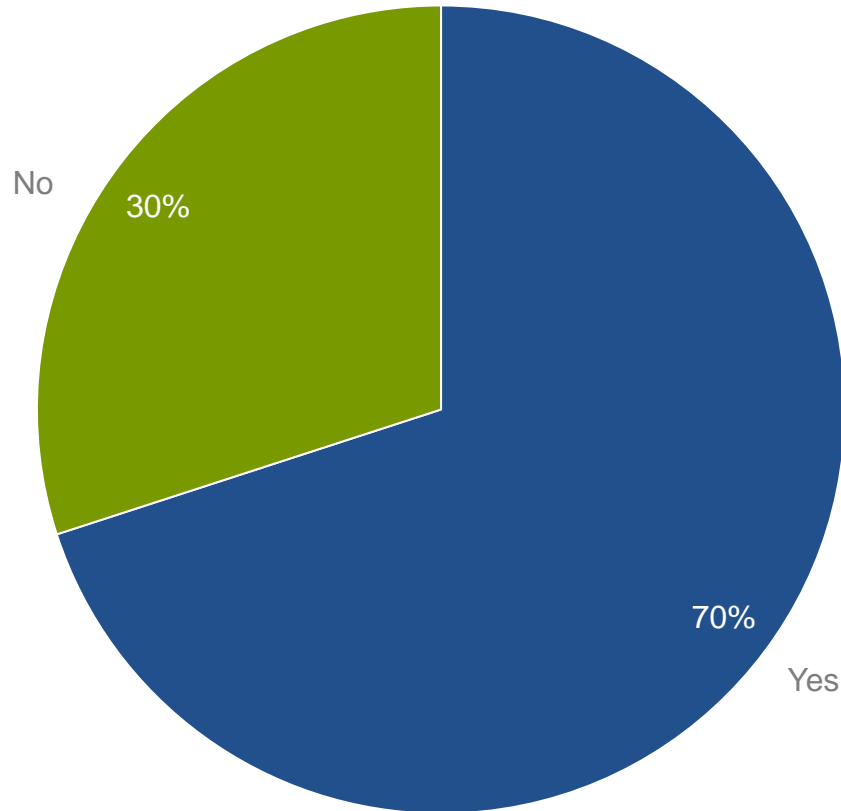
TERM LIMITS AS REPORTED BY BOARD MEMBERS

Percent of Responses



Most boards report using a firm to assist them in recruiting directors to ensure a more independent, broader candidate pool.

USE OF EXECUTIVE SEARCH FIRM
Percent of Responses



Contact Information



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