Board calls – weekly is the new quarterly

New market realities require that directors and boards respond to greater expectations. Here is a simple and impactful step boards can take today that will provide greater value to their companies. **By Allan Grafman**

George Carlin could have built a great routine from today's business world. You can just hear him: "… a maelstrom of malaises … this market meltdown leading to a frozen pond of capital … we face strong headwinds stopping the engines of progress … major market crashes leaving tasty corporate road kill for vulture investors … a miasma of misery.…" We could continue in this manner, but there is nothing funny about the many, deep and widespread corporate failures we are witnessing.

Every director, board and company must look for new tools to survive and thrive in this era of governance stress and financial failure.

Simple and impactful — in one step

Boards should consider a short weekly call of 30 minutes or less as a timely step to take. This simple action can be implemented now — today. It will yield immediate benefits, be consistent with governance trends for greater board oversight, and is not an undue burden on directors.

This weekly board call is a quick update. It is a forum for board members to review open items and take steps toward informed decisions. It is the antithesis of the all too familiar routine where a director receives a large quarterly book with far too much information to digest before a quarterly meeting.

For success, a short weekly call requires a strong chairman who can move the board through material quickly and assure that this update call remains focused. This is not a time for presentations or speeches. Save those for the regularly scheduled quarterly board meetings. Think of this as the 'refueling' that takes place regularly, not the heavy 'tune-up' that is a quarterly affair.

The benefits and results

Here are some of the reasons why a weekly board call should be initiated by directors who wish to be more effective and impactful in building shareholder value at their companies.

• *Board Effectiveness Increases:* A weekly call facilitates more contact and conversation among board members around important topics. This level of interaction helps a board come together in an informal manner, something not possible at more formal quarterly meetings. The result is a more cohesive membership, one less likely to fracture during difficult decisions. Further, if there are significant personality or policy differences, these issues will arise earlier and have more opportunities to be resolved.

• *CEO Focuses on Corporate Results:* There is only one CEO and there are multiple board members. There is a one-to-one relationship between time reduced from administrative board activity and time put to business purposes. Reducing governance and board obligations will help a CEO stay focused. A more cohesive board will provide a CEO clearer, quicker and better decisions and input. Depending on the specific needs of the company, this weekly call can include management or

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be primarily for outside directors.

• *The Company Benefits:* If your board is more cohesive and your CEO is more focused, it can only benefit your company. Stated another way, when your directors are well integrated into a board, and a board is providing ongoing clarity to a CEO, your company can be more successful. A weekly call facilitates this integration and clarity.

• *Removes Big Surprises:* Weekly calls assure that directors are always current regarding important activities and issues. At most, the board is only a few days away from all material facts about any issue that may come before it. The ongoing dialogue and process allows for advance thinking and preparation. Even better, there is much less likelihood of an undesired 'big surprise' during a quarterly 'dog and pony' presentation.

Think of this as the 'refueling' and not the 'tune-up' that is a regular board meeting.

• *Modest Commitment:* A weekly call of 30 minutes is all it takes. While it does require a concerted effort at the onset to keep the call to 30 minutes or less, the call quickly becomes an established routine. If your chairman is not able to take the board through key material in 30 minutes, someone is talking too much.

• *A Record of Exercising Fiduciary Duty:* I recommend that short summary notes be prepared by the chairman and filed after each weekly call. These notes provide concrete, specific and effective documentation that the board is providing fiduciary guidance. Such documentation could prove invaluable should your company and board come under a legal challenge. Imagine the power of having a long history documenting directors' oversight to refute unjustified lawsuits alleging the contrary.

• *Reduces Email Chatter and Clutter:* When all directors know that there is a scheduled weekly board call there will be less email chatter trying to set a meeting or call, and less email clutter that can be misunderstood or, worse, used as incriminating evidence against the company. Your email inbox will thank you.

• *Increases Committee Effectiveness:* Your board committees will be more involved and effective because they are part of the weekly call. Issues can be placed on the weekly agenda for the appropriate committee and serve as a focal point for ongoing discussion and resolution, not just during a quarterly 'cram' session.

• *Shares the Load with All Directors:* During your weekly call an assignment and follow-up can be given to those directors not on a committee. With a weekly call there is less likelihood that this process will lead to a problem. The time interval between calls is too short for a major derailment. Directors will either step up to handle their assignments, or be revealed to be less interested or capable. You will know about ineffective directors even sooner when they have trouble dialing in for a weekly call.

A weekly call may not be needed when a company is putting up record profits and all is well. Unfortunately, 'record profits' by companies where 'all is well' describes a lot of boards and companies that have recently failed. The point is that every board should at least consider a weekly call.

Greater expectations

Business today requires more from every director and every board. Directors and boards will be:

• Required to give more guidance and contribution.
• Expected to give more time.
• Endure more legal exposure.
• Assume more responsibility.
• Undertake more work.

But take heart, directors of the business world! The relationship between directors and companies need not be a one-way street. In return for these greater expectations and contributions from directors, shareholders should expect to pay directors more. ■

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