

WHITEPAPER

How to Impact Board Decisions Before Entering the Boardroom

With “packed” being a customary term used to describe board meetings, it is critical that compliance professionals fully prepare and educate their board of directors before stepping up to the podium or flipping on the projector. Even top compliance professionals may only get 15 minutes to update their boards on their ethics and compliance programs. It’s not nearly enough time, but in many cases it has to be.

In order to make the most effective use of your board presentations and ensure board members are meeting their oversight duties as outlined in various regulatory guidance directives, maximize opportunities before your meeting to ensure the time in the meeting is as fruitful as possible.

The five key areas below represent knowledge and competencies that board members have the responsibility to own. Take full advantage of every opportunity you have with your directors to lay the groundwork for a productive board meeting.

5 Things Your Board Should Know Before Your Board Presentations

1. SPECIFIC ETHICS AND COMPLIANCE RISKS AND OVERSIGHT REQUIREMENTS

Just like new employees, new directors should be introduced early on to your company, its organizational culture and values, and its ethics and compliance program. Your board meeting is not the first time your directors should be hearing about your program.

Aside from having a general understanding of your E&C program, members need to receive board compliance training on the intricacies of an effective program and oversight. According to the 2016 Ethics & Compliance Training Benchmark Report, only 58% of organizations surveyed train their boards on ethics and compliance issues. Many board members lack the experience needed to confidently oversee corporate compliance and risk management, so before asking for their oversight, train them on what oversight entails.

2. HOW ORGANIZATIONAL CULTURE IMPACTS COMPLIANCE

Many directors do not realize that they have a role to play in defining an organization’s culture. Board members need to understand how compliance plays into corporate culture, and, more importantly, believe that corporate culture matters.

For example, the financial and compensation plans reviewed and approved by your board could increase pressure for employees to deliver on financial results regardless of policies or even the law. Convincing board members that the decisions they make in each meeting will not only impact the organization’s direction and goals but also the way employees go about reaching goals will help frame each choice they make.

3. WHAT NOTIFICATIONS AND ESCALATION POLICIES ARE IN PLACE

Board members need to be assured they will be notified in a timely way in the event of a serious issue or allegation that could impact finances or organizational reputation. The most effective escalation policies assure notification of key directors within 48 hours of a serious issue.

Without clear requirements for notification, board members could be the last to know of allegations. Informing your board of your escalation policy before your board meeting will provide peace of mind that they will be aware of all immanent issues.

4. PERSONAL LIABILITY RISKS FOR BOARDS AND EXECUTIVES

Regulatory authorities have made it clear they intend to focus on individual accountability for corporate malfeasance, subjecting executives and board members to new levels of personal responsibility and liability. With the release of the Yates Memos, it is clear the government is taking oversight and accountability very seriously – this should be motivation for board members to do the same and be attuned to trainings from compliance professionals.

5. ETHICS CAN AFFECT YOUR BOTTOM LINE

According to the Ethisphere Institute, publicly traded entities included in the group's 2016 list of the World's Most Ethical Companies outperformed the S&P 500 by an average of 3.3 percent last year. Effective ethics and compliance programs allow their organizations to focus on meeting business objectives rather than fighting legal battles and avoiding the damaging publicity that comes with them.

Along with keeping organizations out of trouble, ethics creates long-term benefits like greater employee engagement and enthusiasm, higher productivity and greater customer affinity and loyalty.

Whether these topics are specific conversations you have with your board or simply themes you integrate into every interaction, make sure your board members are informed and educated on everything that is required of them during the 15 minutes, or hopefully more, you are allotted during your next board presentation.