

Getting Started on a Board Communication Policy

Board-shareholder communications begin with the board, which oversees management communications to shareholders. The board can also communicate directly with shareholders when needed.

As a result of the events of the last 18 months, however, boards of directors are moving to develop more formal board communications policies and schedules. What types of issues must be considered when developing such programs? We provide the following broad considerations based on our own experience managing the board-level communications and publications:

1. Make communication a board topic to discuss:
 - a. Create an inventory of current methods of communications---both formal and informal---between directors and shareholders.
 - b. What developments in the past 18 months have changed these methods? Were there contentious elements in the annual meeting? Document any other communication-related problems or risks evident over the last 18 months.
 - c. Which shareholder communications are the boards currently seeing?
 - c. Is the full board seeing all communication from shareholders? Or, is the board seeing just what the Board Secretary deems the full board should see.
 - d. In this new environment, what is the board's appetite for communication?
 - i. What processes will be put in place to govern communication?
 - ii. Will the board name a primary contact for shareholders?
2. Assess current communication with shareholders
 - a. Assess issues of public and shareholder concern through correspondence and interviews.
 - b. How does the company's communication compare with peer company communication with shareholders?
3. Identify opportunities for the board to anticipate and manage shareholder issues and concerns.
 - a. As directors identify investor concerns, they need to do the necessary research to understand motivation and intent. What are the investor's holdings? What is the investor's history and time horizon? What has the investor done in other companies?
 - b. What research has the investor assembled in making his/her proposal? What research has the company done?
 - c. What are the board's position based on the shareholder input, the management position and additional research?
4. Develop an action plan
 - a. Designate the chairman, lead director or committee chairs as spokesmen.
 - b. Arrange for communication training. Even if the designated directors are comfortable with the press, the world has changed and the media has expanded to include bloggers and even twitterers.

- c. Develop message points, ensuring that the board is speaking with one voice and with appropriate consistency with the company.

5. Execute

- a. Maintain communication as an agenda item until the board has successfully executed one element of the communication policy—a directors web page, a shareholders' meeting, or another board-generated communication.
- b. Evaluate success and comfort of the directors.

6. Monitor and follow-up

- a. Test the feedback. How are investors and shareholders responding? What adjustments need to be made?
- b. What improvements does the board want to see?