Diligent

Cut Through the Noise:
4 Steps to More
Effective Boardroom
Presentations

What a difference 20 years makes.

2003

The **Sarbanes-Oxley Act** was just a year old. Concepts like "ESG" and "digital transformation" haven't made it into daily conversations. Boardroom agendas are shorter and less complicated.

Fast forward…

2023

Supply chains have expanded across subsidiaries, suppliers and third parties, creating complex networks prone to oversight gaps and exposure. Frameworks from the **TCFD** to **GRI,** not to mention recent regulations such as the EU's Corporate Sustainability Reporting Directive (CSRD), have made environmental, social and governance (ESG) policies mandatory and more complex, while also influencing **executive compensation.** The Securities and Exchange Commission (SEC) is expanding its scope with new rules for **climate** and **cybersecurity** oversight and disclosures.

As the issues themselves become increasingly complex, any gaps or inadequacies in board reporting become painfully evident. And as board agendas continue to grow, so do the consequences of getting oversight and reporting wrong.

UK law firm Marsh writes, "Activist investors are increasingly pursuing listed companies for allegedly misrepresenting their climate credentials or failing to take action in accordance with their stated climate goals."

It doesn't stop there, in addition to climate, shareholders and proxy advisors — including Institutional Shareholder Services (ISS) and Glass Lewis — also have their eye on diversity, executive compensation, social issues, and cyber risk.

Directors themselves often have personal liability to consider as well. "Failure by a board of directors to consider and mitigate the impact of climate change on their business, and to take advantage of the opportunities it might create, could also lead to claims that they are breaching their duty of care to the company," Marsh writes.

Forward-thinking boards are already taking action to meet today's long list of demands, but many others are drowning in an overload of information. What's more, things aren't expected to get much simpler anytime soon. In **Diligent's 2023 "What Directors Think" survey,** 75% of respondents said they expect board responsibilities to expand in the next three to five years.

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The Many Challenges of
Board Preparation Today

New regulations and new risks create new liabilities. How can directors ensure they're prepared against potential personal liability? How can executives and the board better align to protect their organizations against noncompliance, reputational harm and bottom-line damage?

While much of the responsibility lies with board members themselves, functional leaders in areas like ESG, risk, audit, compliance and cybersecurity play a big role as well. It's their responsibility to share the right information with the board at the right time, and in a format that board members can easily review and assess for informed decisions.

For all parties, keeping up with change is easier said than done.

ESG, compliance, audit and cybersecurity managers must have a clear understanding of the information they need to collect. The materials they prepare must highlight the information board members need to see, in a way that cuts through the noise.

Success requires a tricky balance of breadth and depth. First, there's the big picture to consider: Board presentations and reports must provide a holistic view, while also offering a glimpse into the future.

Then you have the granular details: Board members must be able to drill down into key areas quickly and easily in order to make smart decisions.

This challenge is compounded by the fact that board members often sit on multiple boards, or serve as executives at other companies. Although companies may share some concerns in common, each business tends to have its own unique compliance, audit, cyber, ESG and operational issues. This puts pressure on board presentations and reports to bring just the right details to light, with the right balance of supporting data and context.

As the business landscape continues to change at an accelerated pace — with stakeholder expectations, market dynamics and consumer demands continuing to evolve — information overload is more of a threat than ever.

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Questions to Answer
Before a Meeting

Functional leaders face a growing roster of questions as they collect and prepare materials for the board.

What information do board members want to see?

Compliance, audit, cyber and ESG presentations must focus on the most mission-critical issues. Functional leaders can easily determine these priorities based on their day-to-day work.

However, they should also consider the board's priorities, and the data directors would find most useful in their role as overseers. If they are not careful, functional teams can act like poor mind-readers, making assumptions and educated guesses that may not be on target.

What details do they need to see?

Especially for a multinational company with multiple operations, the possibilities are endless as to what might be included in a board presentation or report. Between operational overviews, strategic highlights, internal developments, external trends and more, functional leaders should try discern the most the most important details.

What's the best way to get the message across?

The first challenge here is one of translation. How can leaders in highly specialized areas effectively "speak the board's language" in their presentations and reports?

Technology departments grapple with this in particular. We're all familiar with eyes glazing over in the boardroom during a DDoS- and FISMA-heavy report from the information security team — although this is becoming a less frequent scenario as board members become more tech-savvy. But materiality matters as well. How do cyberthreats, technology investments and other highlights factor into the bottom line?

What does all this data mean for the business?

Global CISO and board advisor Ash Hunt recently noted that "every other established corporate function maintains reporting requirements that are correlated directly to business value and growth targets."

When sustainability, compliance, audit or cyber teams present data and statistics without context, or fail to correlate the data to business terms, board members become frustrated. This hampers their ability to understand and act upon information.

From a functional leader's point of view, however, providing such context is difficult. Data is always changing; there's always a newer figure out there to collect and report. And the context for these figures is constantly changing as well; an impressive metric for greenhouse gas emissions or leadership diversity may be less so in light of new regulations or stakeholder expectations.

How many minutes/pages do we have?

Finally, when it comes to board presentations and agendas, time is not on a functional leader's side. Now more than ever, board meeting agendas are tightly packed with critical items — and this is especially true as board members work across multiple boards and executive roles.

This often pressures the representatives from compliance, audit, ESG and other functional teams to rush their presentations. This, in turn, saps the mental attention and bandwidth board members have to devote to these presentations and reports.

4 Steps to
Boardroom Readiness

01
Get everyone on the same page.

What happens before the board meeting is just as important as what happens during and after. Effective discussions during this limited time depend on all parties aligning on key topics and getting the information they need — ideally well before the day's opening remarks.

Functional leaders should:

- ✓ Get background information to the board ahead of time, presented in a way that board members find familiar, seamless and quick to navigate.

- ✓ Utilize self-service dashboards, digital agendas and board portals that present information in a standardized format.

- ✓ Ask for clarity. As Maria Castañón Moats and colleagues wrote earlier this year for the Harvard Law School Forum on Corporate Governance: "Seek feedback from the board on what they want to see and how they want to see it, and standardize that content into a reporting package."

Board members should:

- ✓ Arrive with enough background information in hand to dive into key topics that will most affect their decision-making.

- ✓ Leverage digital intelligence tools that can provide intelligence on specific topics, trends and issues.

02
Prepare a compelling, data-driven presentation.

The next step is the board presentation itself: important insights backed by data and woven together in a compelling story. The data part is vital, as these are the benchmarks, progress indicators, percentages and ROI on regulators', investors' and other stakeholders' minds.

Functional leaders should:

✓ Focus in on what matters most: where team and organizational performance stands against goals.

✓ Identify one to three top messages to amplify.

✓ Make sure key concepts are backed by data and put into context — then find board-friendly ways of connecting more obscure, hard-to-relate non-financial information to risk and the bottom line.

✓ Present information without fluff or noise. Get to the point as quickly and efficiently as possible, with only the most necessary and relevant information.

Board members should:

✓ Guide the process by identifying which metrics to use and looking at their peers, industry and strategic initiatives.

✓ Make sure that presentations throughout the board meeting cycle address these key metrics and include supporting data. This may be a trial-and-error process: the first metrics used may not turn out to be helpful, or they may evolve over time. Be prepared to iterate and adjust.

Information overload can be a problem on the reporting side of things as well. Automation is one solution: the more a department can automate the manual task of collecting and formatting data, the more time they'll have to curate the message around the data and add concise, insightful commentary. Automation strengthens reporting accuracy as well.

03
Make it visual.

During a metric- and statistic-packed board meeting, an infographic paints a thousand words. Charts, tables and graphs can be powerful ways of communicating important insights, statistics and trends, especially when accompanied by analysis and put into context.

Functional leaders should:

✓ Build these data visualizations quickly and easily with customizable, scalable templates.

✓ Generate dashboards showing KPIs, drivers and implications.

Board members should:

✓ Use these dashboards to gain deeper visibility into specific topics and oversee connections across them. Dashboards that show a risk-based approach to areas such as audit, governance and compliance can be especially powerful tools for decision-making.

04
Put data into context.

The old adage "nature abhors a vacuum" holds true for board presentations as well. Individual statistics are of limited use on their own.

In areas such as executive compensation, cyber resilience and sustainability, supporting context — especially benchmarks — are critical for demonstrating progress and results.

Functional leaders should:

✓ Make sure benchmarks are part of every board presentation — in executive compensation, cybersecurity, sustainability and beyond. Relate this data to progress, risk and opportunities.

✓ Leverage tools that provide data to show your organization's performance against your peers and the industry average.

Board members should:

✓ Seek comprehensive benchmarking data from executives in key areas. Such data enables a deeper dive into an organization's progress and performance against its peers. Moreover, it's an essential part of organizational strategy and critical for making sure goals are data-driven and still relevant.

Get Boardroom Ready
With the Right Technology

Even as reporting requirements and board agendas increase in volume and complexity, workloads don't have to.

With intuitive dashboards, well-curated data and best-in-class technology like the Diligent platform, functional leaders in audit, ESG, compliance, cybersecurity and risk can make the most of their time during board meetings. Using the Diligent platform, these leaders can provide the clarity the board needs to make its most important decisions. See how by scheduling a meeting with a Diligent adviser.

Schedule a Demo

About Diligent

Diligent is the global leader in modern governance, providing SaaS solutions across governance, risk, compliance, audit and ESG. Empowering more than 1 million users and 700,000 board members with a holistic view of their organization's GRC practices so they can make better decisions, faster. No matter the challenge. Learn more at diligent.com.

For more information or to request a demo:

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