Towards a Paperless Board

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With increasing business complexity and regulatory scrutiny, the amount of board work and the number of board meetings have also increased.

A great deal of board work now takes place between meetings. The US National Association of Corporate Directors' (NACD's) *Public Company Governance Survey 2013-2014* found that directors spend almost as much time (71.3 hours per month) reviewing reports and other materials as they do (81 hours per month) attending board and committee meetings on average a month.

Along with the increased work, the volume of board papers has increased. The Thomson Reuters' *2013 Board Governance Survey* showed that the average board book is 179 pages thick.

Taken together, it would appear that board members spend an average of just 16 seconds reviewing each page of the board pack. Is that effective in making an informed decision? Indeed, NACD cautioned that: "Thrown into the weeds and forced to prioritise materials, directors are more likely to become overwhelmed and miss critical risks."

BRINGING TECHNOLOGY INTO THE BOARDROOM

As with the companies they govern, technology can be used to help boards and directors manage the clutter of information.

It is fair to say that most companies have automated their operations to every extent possible. Even medical practitioners rely on electronic medical records today. Somehow though, it seems that the boards of these same companies have remained the last bastion of old-fashioned communications.

Most directors will claim that they are using technology. Almost all would be using email and many board papers do get sent across via email and file hosting services such as Dropbox, Google Drive and SkyDrive. This, however, can be a security risk.

The same Thomson-Reuters survey found that four out of five organisations rely on private non-secure email addresses for board communications. Some companies are sending across Zip and PDF files without any encryption or password protection.

Why would companies take this kind of risk – given that it is so easy for anyone to get their hands on information if it is not encrypted?

USING TECHNOLOGY THE RIGHT WAY

The right approach is for boards to license and utilise one of the readily available board portal solutions.

A board portal is a collaborative software that allows directors to securely access board documents and collaborate with other board members electronically. Most board portal solutions allow access via a number of platforms including personal computers, tablets and even smartphones.

With board portals, the production, distribution and consumption of board materials have been made so much more efficient and secure.

Where the company secretary's team previously spent days, if not weeks, on the physical production and distribution of materials, these cycles can be reduced to hours. Amendments can be made and published almost instantaneously.

For board members, access to board papers on tablets and personal computers is a step change. It allows them to receive board packs earlier and with greater control over where and when. In turn, this can lead to better meeting preparation, decision making and strategic discussions.

As for the company, it can look to save on printing and distribution costs. But the real benefit lies in the improved security a portal offers over a manual process, and the better decisions made by the board.

There are several board portal solutions available today: BoardVantage, BoardEffect, BoardLink, Diligent Boardbooks, Leading Board Portals, Directors Desk, and BigTinCan, just to name a few.

The boards that I am on use BoardVantage and BigTinCan. They serve their purpose: board papers are published and accessed

securely from iPads and Android tablets. There are a number of other features. For example, different board committees can set up their own sub-folders within the portal for committee members to access current and past board papers.

There are also tools on these portals which allow the company secretary to communicate with the board via secure email communication channels. The portal can also serve as a repository of documents. One of the companies whose board I serve on uses this feature to keep track of analyst reports, committee charters, articles of incorporation, bye-laws, financial information, etc.

TOWARDS THE E-BOARDROOM

Companies today operate in a very complex environment where things happen at a clipping pace. Furthermore, many of today's boards do not operate out of just one time zone or within the same country.

Board portals have therefore progressed from a luxury item to an almost essential tool for both administrators and directors as they enable the board, as the highest decision-making body of a company, to be kept abreast with the latest and most relevant information for it to make the best possible decisions. ■