



Get boardroom ready: five ways to improve executive interactions with the board



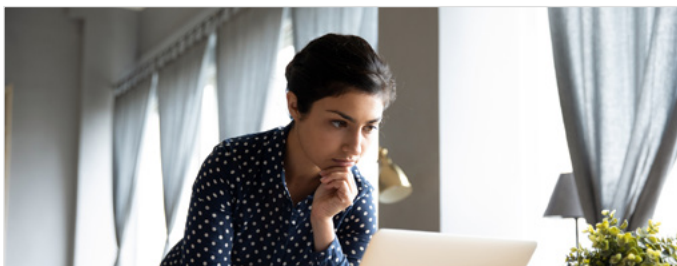
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How executives interact with the board is critical

Why? Whether you are an executive who has been meeting with the board regularly for years or you are in a new role that's landing you on the agenda, these brief interactions play a huge role in the board's view of your professional credibility. Your pre-read materials, presentation style, and overall executive presence will impact how the board views not only you but also your entire business function. Board meetings are your opportunity to highlight issues core to the business and to demonstrate your group's value. So you need to prepare, and you need to make an impact.

Engaging with the board is not the same as engaging with other members of senior management. Directors' expectations are different. Board members, company priorities, and presentation preferences change over time. Here, we share the differentiators that will turn executives from good to great in the boardroom.



Tip #1: Invest in your relationships

Executives often have just a handful of meetings with the board a year. But that doesn't mean you can't have an ongoing relationship with those directors. For example, investing time in a pre-meeting update with the board (or committee) chair could help you understand what is top of mind for the board and ensure your presentation is tailored.

If you are new to your role or to speaking with the board, set a pre-meeting with the chair to understand his/her impression of your functional area and its value to the company. If you're already regularly presenting to the board, periodically ask for coaching to assess your effectiveness. Setting aside time with the chair can strengthen your relationship and make you more effective. You might also ask them whether you should meet with other board members for their feedback. Demonstrating your receptiveness to this type of coaching will help develop your relationship with the committee.

At the same time, don't forget to tend to your relationships with other members of senior management. Demonstrating that your function partners well throughout the organization can alleviate any negativity and provide a united front to the board. Sometimes, you may have to communicate sensitive or unpopular messages, and the strength of your relationships with the board and management can go a long way in making those tough messages easier to deliver.



Take it to the next level »

- Meet with the board or committee chair before your first meeting to gain perspective on the board's understanding of your area and its mandate within the organization.
- Reach out to business unit heads in advance of board meetings to understand any concerns they may have with your materials or messages.
- Request regular (e.g., quarterly) meetings with the board/committee chair to preview your presentation and provide additional insight into your group's activities. Discuss what has worked and what hasn't, and the level of detail that is helpful to the board/committee. Understand where they want to focus the committee's time.
- Take advantage of social opportunities to connect with board members (e.g., lunch or dinner prior to/after the meeting).
- Consider how you are teaming with other groups in the organization where your workstreams overlap. For example, when reviewing cybersecurity controls, internal audit should ensure that its message is integrated with the head of security's message.
- Consider how you are educating your board on what's new or changing related to your functional area. There are likely opportunities to provide more value to the board through education sessions—either internally from your group or by identifying outside experts to enhance the session. Through these sessions you can proactively help give the board the context they need to better understand your functional area.

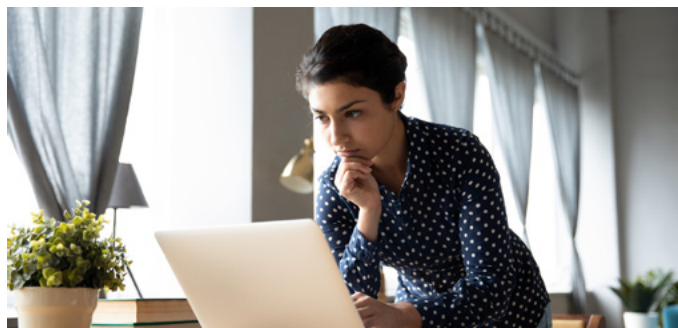


Tip #2: Tailor your pre-read materials

Pre-read materials play an important role in setting the stage for your presentation and shaping the dialogue at board and committee meetings. While pre-read materials are separate from your presentation, they directly impact your overall effectiveness. If your pre-read materials aren't thoughtfully prepared and carefully reviewed, directors could be focusing on the wrong areas or have a negative impression before you even have the opportunity to present.

Most executives who present to the board are tasked with condensing lengthy reports, background information, and often technical and complex data into a handful of pages. Because the board reviews volumes of information, consider what length and format

for the pre-read package is appropriate. 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. The most effective format and level of detail will vary from board to board and finding it might take some trial and error. Consider giving a few different options or introducing new content gradually and seeking feedback on what works.



► What should be in a pre-read?

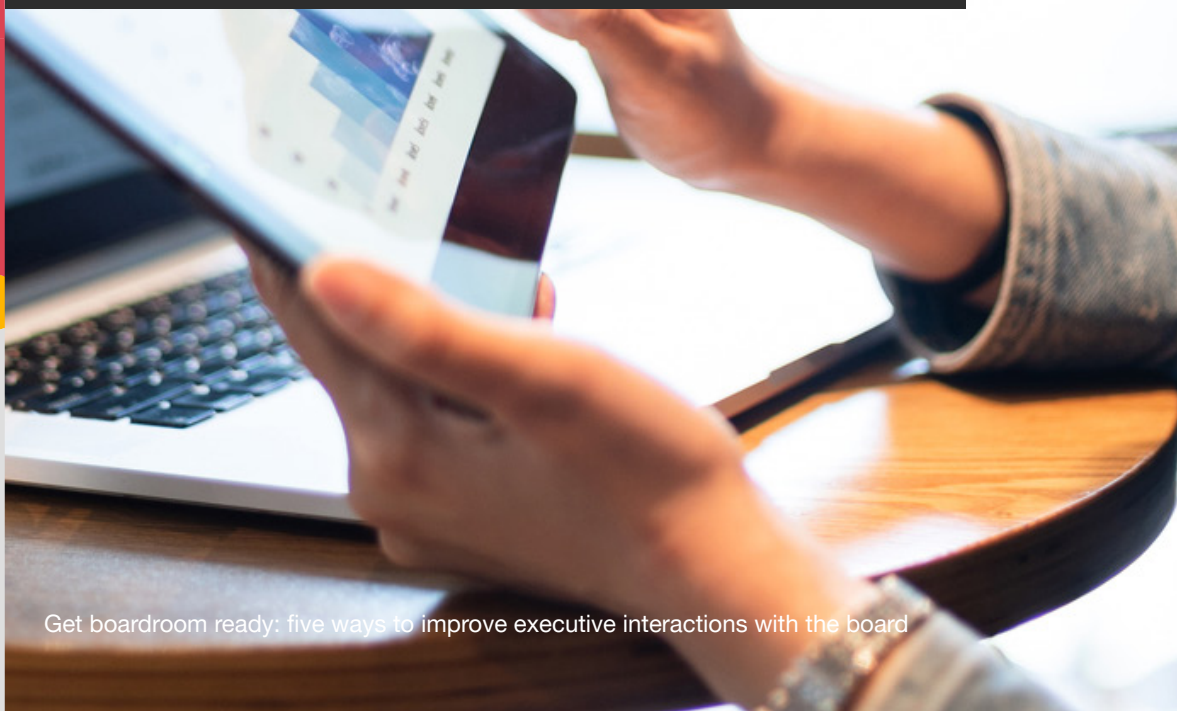
No matter what the main body of content is that you may be reporting on to the board, all packages should have a few common elements:

- 1. Executive summary**—The executive summary should give the board a concise overview of the group's activities for the quarter and highlight critical issues for their attention. The summary points the board to what actions are needed and the information that they most need to know—the “so what.” Consider highlighting the two or three “top takeaways.” that may warrant discussion or decision-making during the meeting. Ideally, the executive summary should not be more than one or two pages.
- 2. Detailed reporting/dashboards**—The detailed reporting should be mostly visual, with concise, insightful commentary. Consider using a dashboard to report key metrics for audit activity. Consider brainstorming the top data points for your group and starting with those metrics. Tell the board something they might not pick up on just by looking at the data—highlight the key takeaway. Ask the board/committee if the dashboard reporting resonates and adjust going forward.

Make use of graphs and other visual depictions where applicable. For example, utilizing data analytics to look at risks, results, and other critical areas across an entire data set can lead to insights to be shared with the board. An executive summary that lays out the key points for the period and ties everything together for the board should anchor your pre-read materials. Refer to the Appendix for more ideas on pre-read materials.

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- Understand any pre-read material style preferences (e.g., detailed descriptions vs. dashboards).
- Where applicable, consider how you can utilize data visualization tools and data analytics to drive a more holistic discussion at the board level.
- Consider what color commentary you will add to your live presentation. Make sure you prepare insights that will bring your pre-read material to life and engage the committee.
- Use an executive summary to draw out the key points of your message and make good use of the committee's time.
- Consider having a short executive summary deck that you speak to in the meeting and don't repeat what's in the pre-read package. Go deeper with the discussion in key areas of interest.



Tip #3: Know your audience

Directors are a special audience—a group of individuals whose backgrounds are varied, but generally have a common thread of experience as a senior executive. The messages you convey to them need to have the right level of detail, insight, and impact without being too granular. A key element to effectively engaging the board is understanding members' backgrounds. For example, those with a finance or audit background likely understand the intricacies of the role of internal audit or tax. However, there may be other board members with less direct experience. Specialized and complex areas like oversight of cybersecurity risk may also involve varied levels of experience. Carefully reviewing the professional backgrounds of each member will help you tailor the level of discussion.

In addition to board members' backgrounds, it's helpful to understand their other board responsibilities—on which committees do they serve? Beyond your organization—on what other boards (and committees) do the directors serve? By knowing what challenges and topics are relevant to those other organizations, you can gain perspective on the types of questions you may receive or views your board may have.

Knowing board members' individual styles is also helpful. Does one member get impatient with too many details? Does one want all the details? Does one frequently dominate or derail discussions? Often, there may be conflicting preferences on a committee. Developing relationships with the board/committee chair, as well as talking with the CFO and other members of senior management about their experiences, can help you address these challenges.





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- Be thoughtful about your level of detail. Consider what warrants board attention. For example, presenting low- and sometimes even medium-risk findings from internal audit may not be a strategic use of time.
- The board is a seasoned audience and will most likely tell you where they want to go deeper to understand your conclusions. Think through possible pushback scenarios or additional questions you may be asked. Be prepared to defend your point of view and take a discussion offline in the event that a director wants more information.
- Get the CEO's perspective and coaching on board/committee dynamics—understand the politics and human side of your company.
- Know the other boards the directors sit on, if applicable. Consider what may be happening in those organizations or their industries that could lend themselves to a point of view or questions the director could bring to this company.

Tip #4: Be strategic with your time

You do not want to use your limited time with the board to review in detail what they have already learned from your pre-read materials. Highlight anything noteworthy in your verbal commentary without a detailed walkthrough of every slide. Your presentation should put the pre-read materials into context and provide a unique forward-looking perspective. Depending on your role, the highlights and focus areas will vary. No matter what, though, your job is to bring insights to this group. “Connect the dots” for them—between projects, risks, etc. and distill complex data into meaningful connections to strategy and risk.

Communicating your main objectives up front, and anticipating the board’s reactions is a great place to start. You have an allotted amount of time on the agenda and will need to accomplish your objectives. However, remain flexible should the board want to go in a different direction.

If the meeting agenda is running behind, your allotted time may shrink. Be prepared for this by knowing your key messages and how to communicate them in less time than set out on the agenda, if necessary.

Always be prepared for private sessions, if applicable to your role. These sessions typically take place between a committee’s members and a specific executive or function (e.g., internal audit, external audit) without the senior leaders of the company in attendance. Private sessions are generally unstructured and set for a specific amount of time—generally 15 minutes or less. The board/committee may lead the private session by simply asking, “Is there anything we should know about?” Have impactful points prepared for such circumstances to make the best use of the time and to take advantage of the opportunity to add value.

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- Keep track of any open points/questions that you need to resolve for the board/committee after the meeting.
- Connect the dots across projects, issues, and risks. Your presentation is an opportunity to demonstrate the connectivity between various groups within the organization that may overlap in their remits. Communicate and collaborate on tough issues with those groups; script the message beforehand if necessary to avoid surprises.
- Have an agenda ready for the executive session. What are the two to three things that you want the board to know you are focused on?
- Have a separate meeting presentation that consists of 1-2 slides (generally the executive summary content) and use that to guide the in-room discussion.
- Anticipate the board’s questions. And if they aren’t asked—how are you proactively leading the board to that discussion and answering them?

Tip #5: Focus on your message



Excessive use of jargon, reading straight from notes, and avoiding eye contact during your presentation will all take away from your key message. To get your point across, communicate in plain English.

Using notes to guide your presentation or as a reminder of key points can be a helpful tool. However, if you start to read from notes and are not engaging your audience, you will quickly lose their interest. Similarly, avoiding eye contact could make you appear unengaged or lacking in confidence. Be mindful of how you present your message. Both the verbal and nonverbal cues can create more effective interaction in the boardroom.

Virtual meetings pose unique challenges. Participants may not be as engaged and it can be harder to read your audience if you aren't in the same room. In this setting, make sure to stop for questions and consider ways to make the session more interactive, if possible.

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- Get a feel for the nature of others' materials and presentations. Familiarize yourself with the entire meeting agenda, not just your piece. This could help frame your message if there are other related topics being discussed.
- Identify someone outside of your functional area to read your pre-meeting materials and listen to your presentation. Ask them to highlight any concepts that are unclear.
- Take brief pauses to read the room. Stop and clarify when needed.
- Know what the goal for your presentation is—to inform, to seek consensus, to receive feedback, or something else. Be clear on that intent upfront in your commentary to focus the discussion.

Appendix: Deeper insight for functional leaders

The five tips we outlined can help any executive make a more effective presentation to the board. But the content of those presentations will vary with the role of the presenter. We've provided some additional guidance tailored to five specific roles that often interact with the audit committee. These additional tips may also be useful for other board presentations and for other executives stepping into the boardroom for the first or 50th time.

It may be helpful to think of bucketing your reporting into two categories—annual or semi-annual deep dives and periodic reporting. Deep dives provide the board/committee with more information about a particular topic or process. Periodic reporting is provided regularly and is consistent in nature, allowing the board/committee to see trends and activity easily in key areas.



Chief audit executive



Chief information security officer



Chief information officer



Chief human resources officer



Tax leader



Chief audit executive

Periodic reporting materials could include:

- An executive summary, including progress against the approved internal audit plan, a description of high risk/past due findings, changes to the plan, and any other sensitive matters for board attention.
- Dashboard reporting, which could include the following metrics/data points:
 - Audit issues organized by risk/theme/location/business unit
 - Audit report findings by rating by year
 - The total number of audit reports issued in the period, including additional detail on overall rating (e.g., red/yellow/green or satisfactory/unsatisfactory)
 - Risk themes identified across multiple audits or through aggregated findings
 - Closed and overdue findings by quarter for the year
 - Linkage of internal audit's plan to enterprise-wide risks or major risk categories (e.g., financial, compliance, strategic)
 - SOX status (for public companies) — detail the number of deficiencies by risk ranking during each of the testing periods (e.g., interim, update, year-end)
 - Auditee satisfaction survey results — if you use surveys to receive feedback from auditees on internal audit's performance
 - Emerging risks and trends, including potential links to materials for further board education on select topics
- Depending on the strategic/modernization journey of your internal audit function, consider highlighting activities that added value to the organization and key performance indicators highlighting the use of innovation throughout the internal audit lifecycle. For example:
 - Internal audit accomplishments
 - » Level of collaboration with other risk functions
 - » Number of advisory/consulting/pre-assurance projects (include value delivered)
 - » Number of management requests completed
 - Use of analytics and automation
 - » Number of internal audit projects leveraging analytics and/or automation
 - » Number of analytics/dashboards/automations turned over to the business
 - » Number of continuous auditing risk indicators monitored periodically
 - » Number of hours saved on administrative tasks using robotic process automation (RPA)
 - » Number of hours saved on manual testing activities using RPA or other automation techniques
 - Continuous control auditing results
 - » Progress against plan
 - » Issues identified
 - » Follow up completed
- Summarized significant internal audit findings with sufficient detail to provide context. This can vary across organizations based on management and/or board preference. The summary could be a page per review or a table of significant (as determined by the organization) findings if there are board-level insights.

Annual/semi-annual deep-dive reporting topics could include:

- Risk assessment process overview and results
- Annual (or rolling) internal audit plan
- Internal audit department skillsets, sourcing model, and organization overview
- Confirmations, as applicable, such as those outlined within the Institute of Internal Auditors (IIA) Standards around team independence and quality program results



Chief information security officer

Periodic reporting materials could include:

- Description of the threat landscape (short term and long term) including the company's monitoring and management systems
- Reports of any successful or attempted breaches at the company or any critical vendors
- Reports of any high-profile external breaches and lessons learned for the company
- Metrics used to regularly monitor and report information security events and programs, including:
 - Any notable trends in security events
 - Upticks in event reporting
 - Status of regulatory compliance projects
 - Status of remediation programs

Annual/semi-annual deep-dive reporting topics could include:

- Evaluation of the company's program with a cyber program maturity assessment against an industry framework (e.g., National Institute of Standards and Technology)
- Incident response/breach notification protocol, including when it was last tested, and how the company learns from other public breaches
- Applicable cyber/privacy laws
- Cyber insurance coverage
- Privacy policies and programs
- Third-party risk management
- Third-party reference materials
- An overview of the company's strategy and information security policies that support the company's overall security program



Chief information officer

Periodic reporting materials could include:

- Balanced scorecards, detailing key performance metrics regarding the IT function, which may include:
 - Availability of systems, for example, the percentage of time operations (e.g., applications, network, cloud, data centers) are running
 - Stakeholder satisfaction
 - Employee engagement
 - Project portfolio performance, including the following metrics across the project portfolio:
 - » Cost
 - » Financial – status of budgeted capital spend and operating expenses
 - » Schedule – performance against planned milestones
 - » Scope
 - » People – training of people and discussion of staff turnover
 - » Process – discussion of any outages, or the percentage of systems infrastructure that are virtualized
 - » Customers – outcomes of customer satisfaction surveys, or discussion on business return on investment delivered
- Transformational project updates may be requested separately for either a project from the portfolio or large-scale implementations. Those might include:
 - Earned value and performance to plan
 - » Total budget and percent used (include comparison to percent of project complete)
 - » Timeline of milestones and progress against them
 - Synopsis of critical business objectives
 - Roadmap for completion and any key challenges and takeaways

Annual/semi-annual deep-dive reporting topics could include:

- Key events for the year (e.g., project milestones)
- Key risks and related remediation plans
- Key priorities for the IT group and broader organization
- Annual budget, including priorities and benchmarking data for industry peers' IT organization and culture overview, including any technical debt (i.e., amount of legacy technology being maintained and that could cause a competitive disadvantage)
- Enterprise architecture overview
- IT change management, including status of test or production applications, results of an IT health and readiness assessment (or similar function evaluation)
- IT innovation
- IT megatrends



Chief human resources officer

Periodic reporting materials could include:

- A summary of the human capital reporting and transparency metrics (e.g., DE&I) of your organization. These could include metrics the company is disclosing in SEC filings, on its website, or in other public locations.
- Succession planning beyond the C-suite: focus on interdependencies of other key roles on various initiatives as part of succession planning.
- Insights on company culture such as key initiatives and monitoring methods.
- Industry issues faced by competitors that could impact or be applicable to this company.

Annual/semi-annual deep-dive reporting topics could include:

- Providing the board with more background on the organization's "story" around employees. This could include topics such as treatment of layoffs and the company's remote working policy. Discussing the organization's plan for upskilling the workforce.
- A deep dive on the organization's talent strategy. This might include a discussion of how the company is considering evolving its recruiting/retaining talent strategy over the next few years.



Tax leader

Periodic reporting materials could include:

- Global tax positions and associated risks
- Any changes in the liability for unrecognized tax benefits (reserves for tax uncertainties)
- Effective tax rate and cash tax updates
- Significant updates in the global tax landscape with specific relevance to the company

Annual/semi-annual deep-dive reporting topics could include:

- Significant tax risks—strategic, operational, reputational—and how they fit into the company's overall risk appetite
- Strategy around managing financial statement tax risk by obtaining outside opinions
- Update on global tax developments, including legislative developments and standard setting proposals and their possible impact on the company
- Status of tax authority audits globally, including any findings and related penalties/fines
- Benchmarking of the income tax rate (both the effective tax rate and the cash tax rate) against competitors and peers
- Critical financial statement judgments and estimates, including uncertain tax positions, valuation allowances (or the lack thereof) against deferred tax assets, and management's assertion with respect to reinvestment of foreign earnings
- Status of any internal control deficiencies or material weaknesses in the tax function
- The tax organization's reporting lines and staffing
- Primary advisors and outsource partners and how they are used
- How the tax function collaborates with other groups within the organization to identify tax savings and promote strong internal controls
- Continuous improvement initiatives, such as increased use of data analytics and available technology tools

How PwC can help

To have a deeper discussion about this topic, please contact your engagement partner, or one of the PwC specialists below.

Contacts

Maria Castañón Moats

Leader, Governance Insights Center, PwC US

maria.c.moats@pwc.com

Paul DeNicola

Principal, Governance Insights Center, PwC US

paul.denicola@pwc.com

Catie Hall

Director, Governance Insights Center, PwC US

catherine.hall@pwc.com

