

Key Trends for the Strategic Board Member

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Board Trends

- Role of Sarbox
- Financial expert emphasis
- 404 angst
- Back to business
- Bob Dylan (1964): “The times, they are a-changin.”

Board Best Practices

- ***Strategic direction and implementation***
- Independence
- Stock ownership
- Director quality
- Activism
- Diversity
- Transparency
- Crisis and continuity
- Succession planning
- CEO/Board compensation
- Social/environmental/legal/ethical due diligence
- Board dynamics

Key Trends

- Socio-economic
- Global
- Legal/regulatory
- Technological
- Management/governance

Socio-Economic

- **Demographics:**
 - The Aging Tsunami
 - Generational differences:
 - Traditionalists, Boomers, Gen X, Millennials
 - War on Talent
- **US (Pew 2/08):**
 - National Satisfaction: 24%
 - Presidential Satisfaction: 31%
 - Broadband: 47%
 - Internet: 70% (33% >65)
- **Social networking:** >60% teens, >1B subscribers
- **Future:** barely 1/3 expect children to be better off
- **Futropolis/Urbanization:** 50% vs. 10% (100 years ago) and 75-80% in 2050
- **Marketing:** branding, value, multi-distribution → new media, product to experience, Age of Hyperindividuality

Global

- **Global turbulence:** oil, subprime/recession fears
- **Globalization continues:**
 - Manufacturing, services, VC/PE/entrepreneurism, investments
 - Impact on interest rates, price of raw materials, labor costs, “war on talent”
 - Greater competitive rivalry
 - Faster, accelerating rate of change, greater volatility
 - Globalization of crime and terrorism
 - Impact on: language, workforce, environment, energy, poverty, education, community, economy
- **What’s hot:** Asia, Eastern Europe, Mideast
- **What’s not:** US dollar, US economy
- **Energy**, climate change, sustainability/Green and links to security
- **Water** security—the next battleground
- **Infrastructure**
- And more attention than ever on **National/Homeland Security**

Legal/regulatory

- Global accounting—US will shift to global standards
- Sarbox for non-profits and profits and overseas
- New rules for evidence in a digital age
- Immigration: “amnesty” for aliens
- Increased international litigation
- > alternative dispute resolution
- Simultaneous regulatory proceedings
- “Americanization” of legal systems
- Rule of law in China, etc.
- PWC: 2/3 senior business leaders see regulatory change as a big obstacle to global success

Technological

- **Digital everything**
- **Web Power** grows for consumer and business:
 - Google, wikipedia, myspace, Facebook, youtube, flickr, linked in, Second Life
- **Death of wires:** mobile phones, Wifi, VOIP, blue tooth
- **HD everything:** TVs, music
- **CES Hot Areas:**
 - #1: The economy
 - Car technology: GPS, entertainment
 - Personal computers—UMPCs (Ultramobile PCs), personal PCs, multi-core
 - Flat panels: up to 150"
 - Digital home hubs
 - Third World tech—OLPC, etc.
 - Green
- **Business Hot Areas:**
 - Cloud computing, subscriber software (Google)
 - Outsourced business processes and storage
 - GIS-Geospatial Information Systems
 - Open Source
- **Overall:**
 - Biotech
 - Nanotech
 - Batteries/fuel cells
 - Ease of use/smart
 - Security

Management/Governance

- Sarbox: non-profits, other countries
- Rise and power of the independent directors and key committees (Audit, Compensation, Nominating/Governance)
- Increasing:
 - Board risk concerns—greater turndowns
 - Executive session/strategic retreats in US
 - Hours/communications access and pay
- Diversity: Israel, Norway
- Rise in shareholder resolutions: global warming, toxics, declassify boards, executive pay, elimination of supermajority votes, majority vote for directors

Implications

- Board members must play a critical role in shaping the future of their companies:
 - Vs. day to day, quarters earnings
 - This year's bonus
- Not only succession planning for CEO/Management, but also future direction of company:
 - What geographic markets?
 - What new businesses?
 - What risk factors and how to mitigate?
 - How to source talent, raw materials, critical resources?
 - How to avoid being blindsided? Buggy whips?
 - How to compete in a global market?
 - How to compete and gain adaptive capacity in a world that will keep "achangin," but faster and more complex than ever!