

How Much Should You Be Paid as a Board Director?

LIVE
WEBINAR



Cracking The Code of Board Director Compensation



with

William Tenenbaum
&
Mark A. Pfister

 Webinar Start Countdown



M. A. Pfister
Strategy Group



WEBINAR REMINDERS

a few points to mention

- **Purpose:** Share knowledge and trending on the **components and amounts of public and private Board Director compensation.**
- **Questions:** Write your questions in the Q&A section. Our goal is to answer all questions at the close of the presentation. Otherwise, we will follow-up with you via email afterwards.
- **Materials:** Yes, this entire webinar is being recorded and you will receive a link via email shortly. This link will also include the ability to view & download the presentation deck in its own separate file.
- **International Board Director Competency Designation:** IBDC.D certification holders will receive 1 CPE credit by attending (be sure to follow proper CPE credit submission guidelines).



— YOUR SPEAKERS —

Private Company
Viewpoint



William Tenenbaum

Managing Partner

Lodestone Global

Public Company
Viewpoint



Mark A. Pfister

Non-Executive Director, CEO, & Chief
Board Consultant

M. A. Pfister Strategy Group



GOALS

what to walk away with from today's webinar...

Understand the components of Board Director compensation

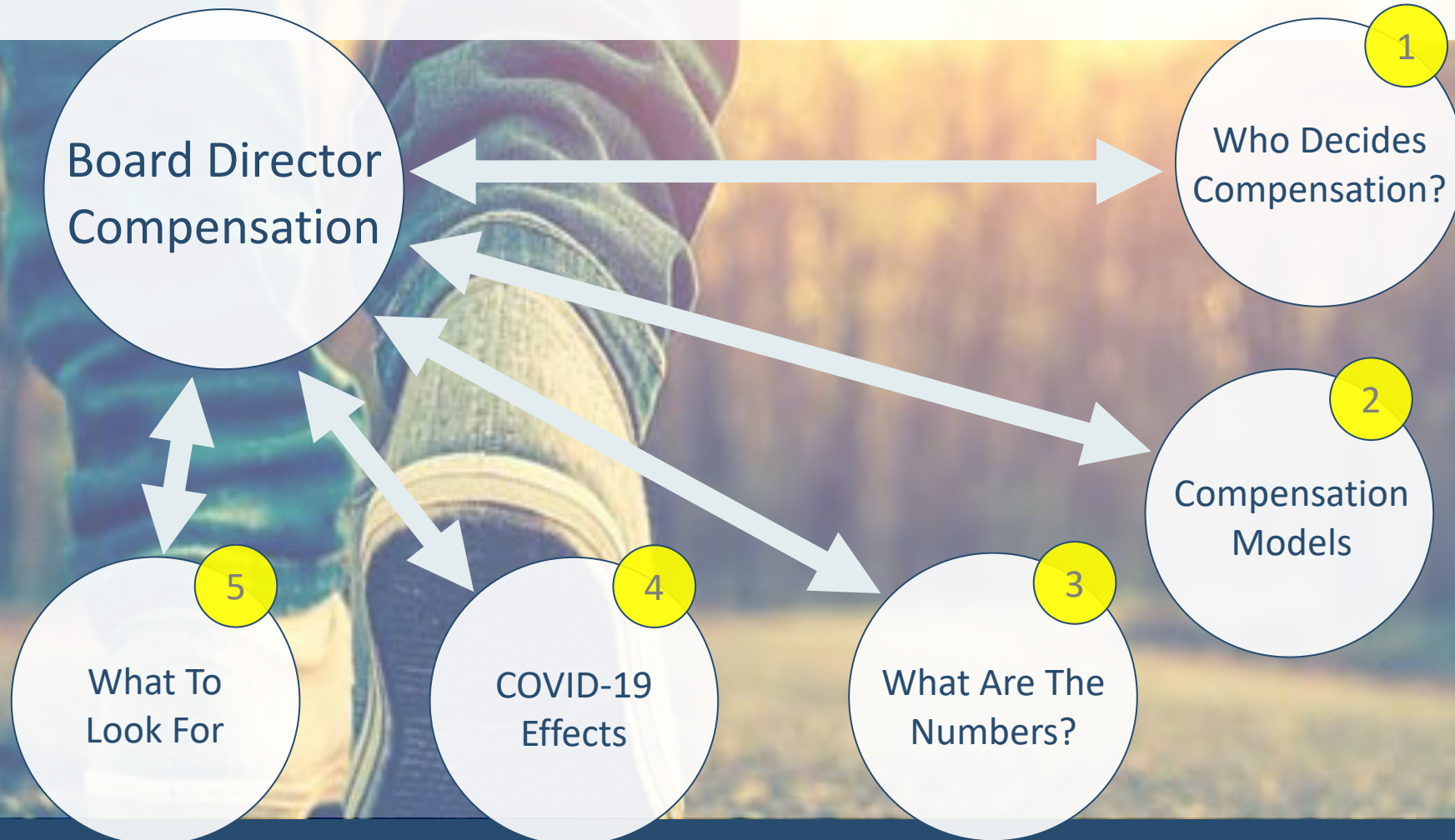
and

Know Board Director *'fair market value'*



GOALS

what to walk away with from today's webinar...



WHO DECIDES COMPENSATION?

inputs to board compensation - public

Public Realm (typical):



Plus potential outside input from:
+ Institutional Investors' *Say-on-Pay*
+ Proxy Advisory services applying pressure

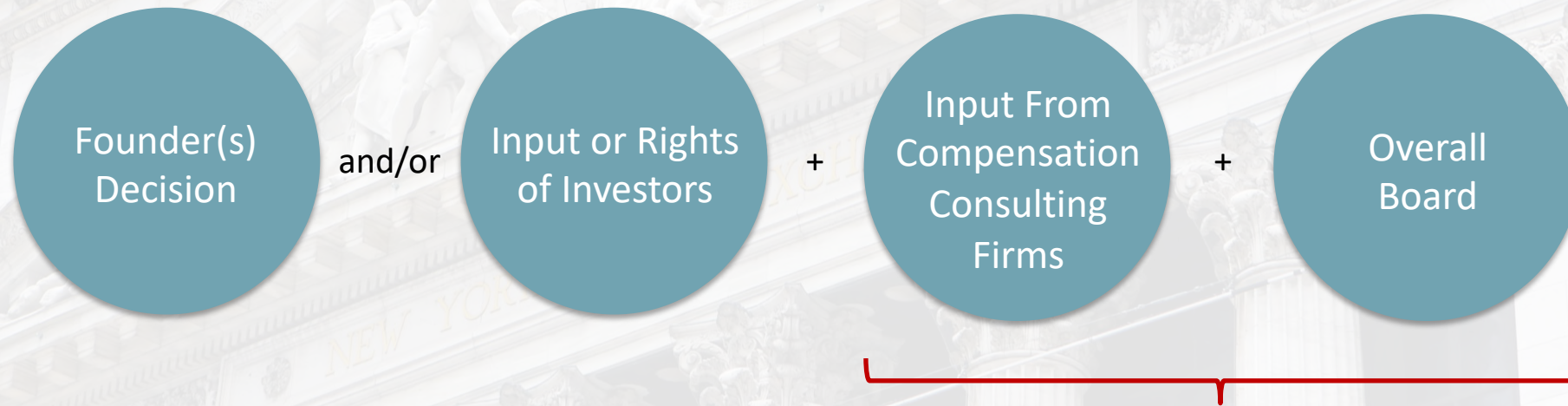
Read Mark's article: [How Much Should You Be Paid as a Board Director](#)



WHO DECIDES COMPENSATION?

inputs to board compensation - private

Private Realm (typical):



Varies by organization

Many variables in the private realm...



— COMPENSATION MODELS —

public company data

Public Realm:

History

Public company Board Director compensation is readily available and has been for many years, making baselining and trending commonplace in multiple well-known yearly Board studies.

Accuracy

This prevalence of global compensation data allows for larger geographic data studies across multiple public company revenue size ranges.

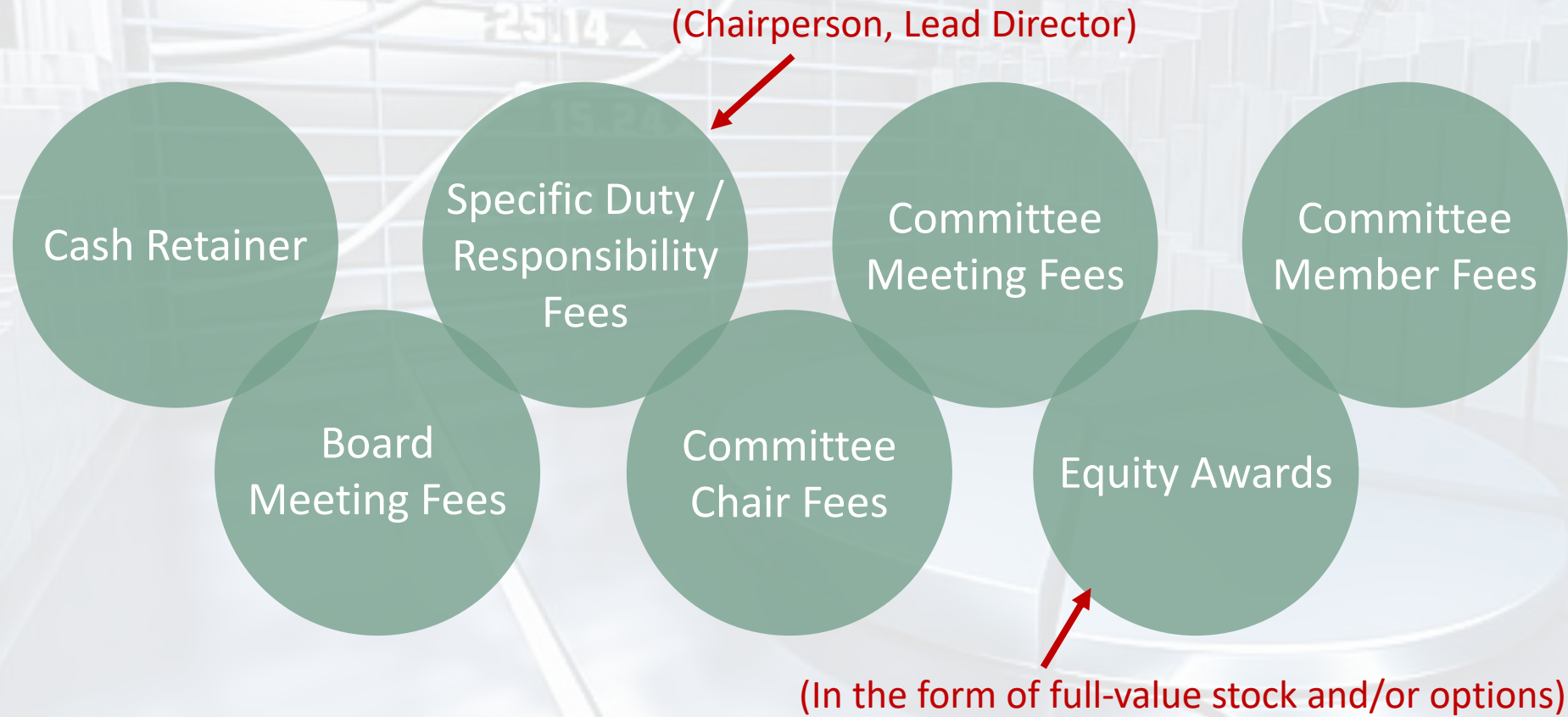
Want to properly package yourself for Board Director opportunities? See the premier way to do so here:

[*Becoming an Exceptional Board Director Candidate Education & Certification Course*](#)



COMPENSATION MODELS

public company inputs



COMPENSATION MODELS

public company trending

Remuneration Trending:



M. A. Pfister Strategy Group observed trending

Increases in Director Pay

(compared to 2021 levels)

2022: 7.4%

2023: 6.6%

BDO 600 2023 Survey

Whether offered or not, Board education and Board certification expense can be considered as additional compensation or a perk of the position.



— COMPENSATION MODELS —

private company data

Private Realm:

History

Private company Board Director compensation has historically been an extremely difficult baseline to build due to the lack of reporting requirements as compared to public company regulations.

Accuracy

Many of the studies conducted in the private Director remuneration area have been performed in smaller, geographically-constrained control groups with countless variables that make an apples-to-apples comparison more difficult.

Want accurate yearly private Board compensation reports? See [Lodestone Private Company Board Compensation Reports](#)



COMPENSATION MODELS

private company inputs



Size of Your Company



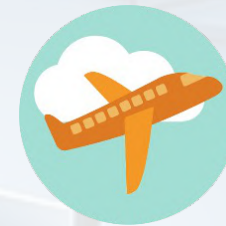
Industry and Structure



How Often You Meet/Committees



Quality of Talent



Country and Travel Costs



private company trending

2024 PRIVATE COMPANY BOARD COMPENSATION SURVEY

LARGER COMPANIES DRIVING COMPENSATION GROWTH

Since the onset of the pandemic, we have seen a steepening of the compensation curve with larger companies >\$100m in revenue increasing total director compensation much faster than smaller companies. This year, the trend has begun to moderate. Still, companies north of \$100m in revenues increased total board compensation by 3-4%, outpacing the 0%-2% growth seen at <\$100m revenue businesses. While all market segments experienced growth, the pace of this growth decelerated significantly from the rapid recovery-driven surge witnessed in the last few years coming out of the Covid-19 pandemic.

U.S. COMP GROWTH OUTPERFORMS INTERNATIONAL

Director compensation for private companies based in the U.S. has historically grown faster than their international peers. This year, domestic companies grew total compensation +2.7% compared to international growth of +2.1%, a moderation of the significant outperformance we have seen since the pandemic. As a result, we have seen the pay gap continue to widen with a ~\$11,000 difference between domestic and international companies, reaching a historical high.

PRIVATE COMPANY COMPENSATION GROWTH FALLS BEHIND PUBLIC AFTER TWO STRONG YEARS

Last year saw a significant increase in total board compensation for private companies by +9.7% compared to the +7.4%* growth observed in total board compensation for public companies. However, this year, the growth trajectory shifted, with private company compensation expanding by +2.4%, falling behind the 5.0%* growth seen in public companies. Notably, director compensation in public companies of similar sizes remains ~3.3 times higher (~\$167k* versus ~\$50k) due to a substantially larger equity component. Both public and private entities have been directing more economic resources toward cash retainers, a trend that persisted in private companies this year. Public companies witnessed an increase in equity compensation (+4.5%)* in contrast to the rise in cash retainers (+5.1%)*.

*Public company information based on 2023 BDO 600 Survey



WHAT ARE THE NUMBERS?

public companies – normalizing data



Note

The public Board compensation numbers shared within this webinar are North America based.

Regional Considerations

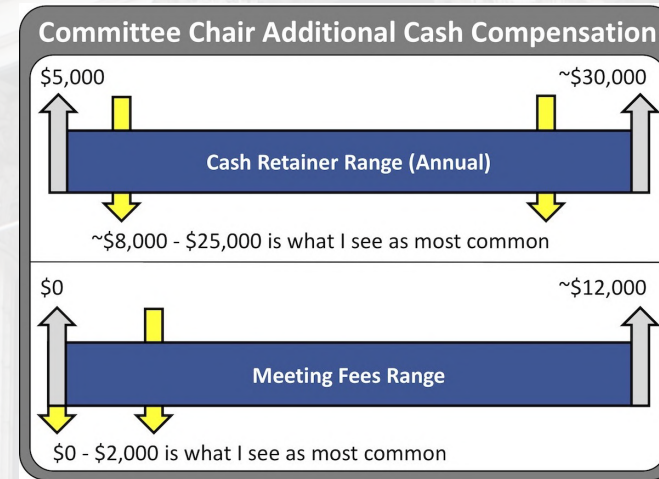
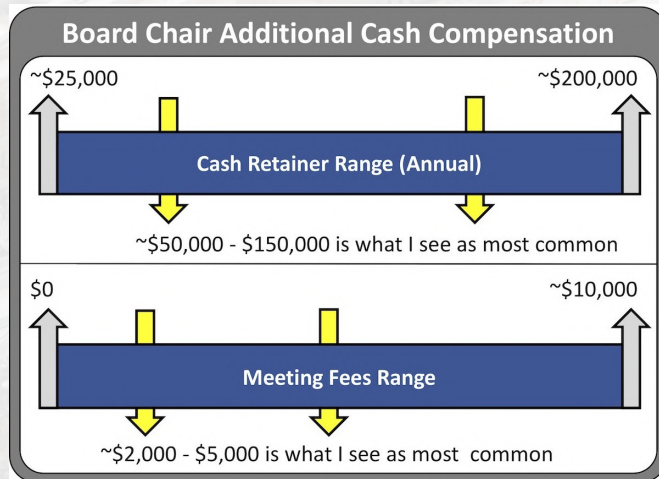
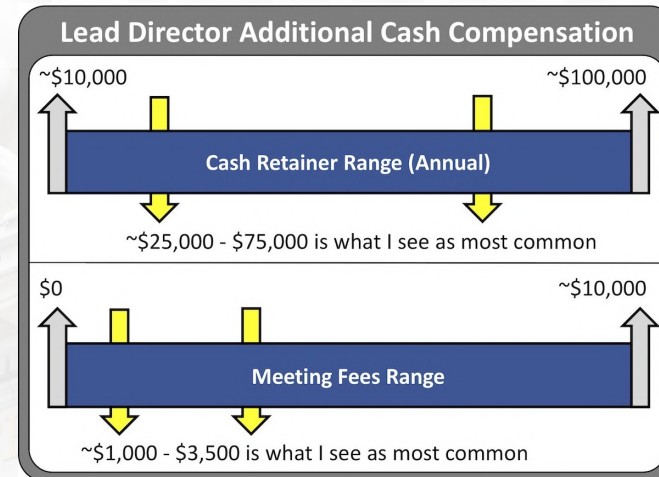
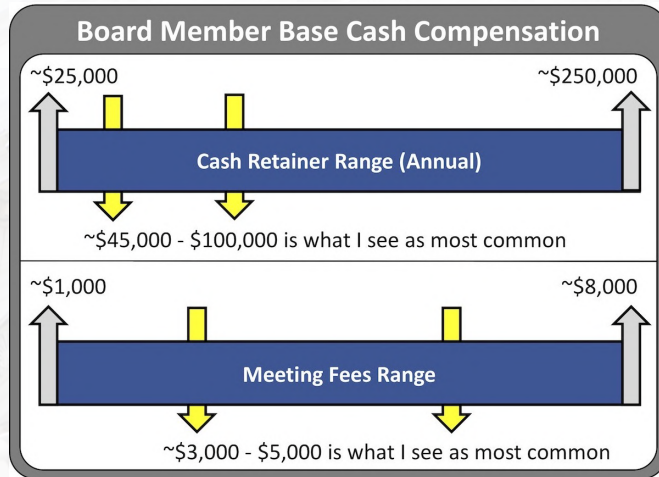
- **South America:** ~40% - ~60% of North America compensation numbers shown (on average)
- **Europe, Nordic, Middle East:** ~45% - ~65% of North America compensation numbers shown (on average)
- **Asia, South Asia, South-East Asia:** ~30% - ~55% of North America compensation numbers shown (on average)

There is not an exact science to the compensation recalculation percentages in these regions and know they will vary by company, industry, and organization size



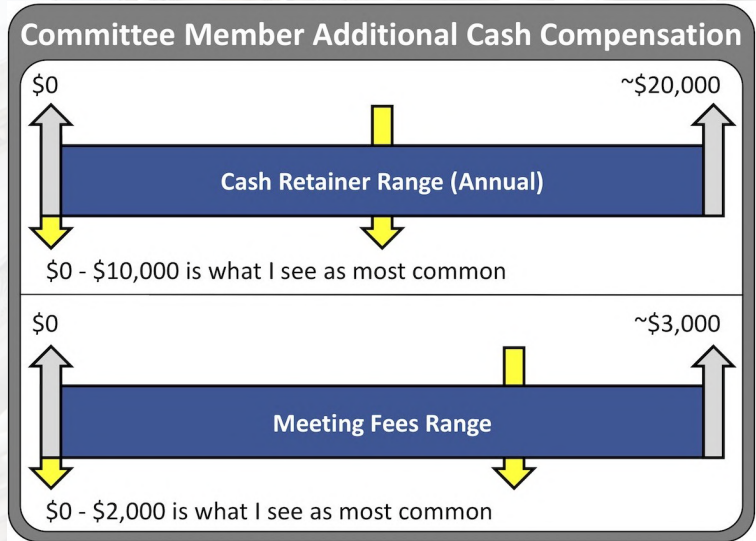
WHAT ARE THE NUMBERS?

public companies

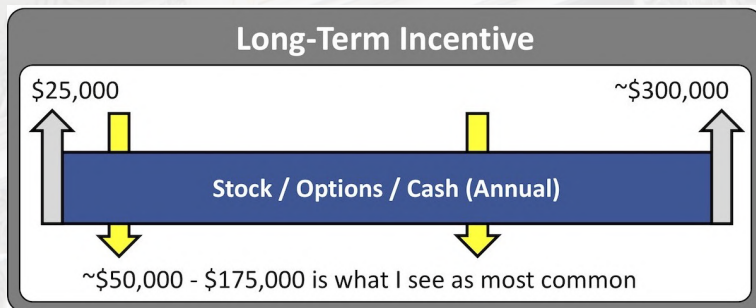


WHAT ARE THE NUMBERS?

public companies



Although, **Audit Committee** members are more likely to be paid (and paid more...)



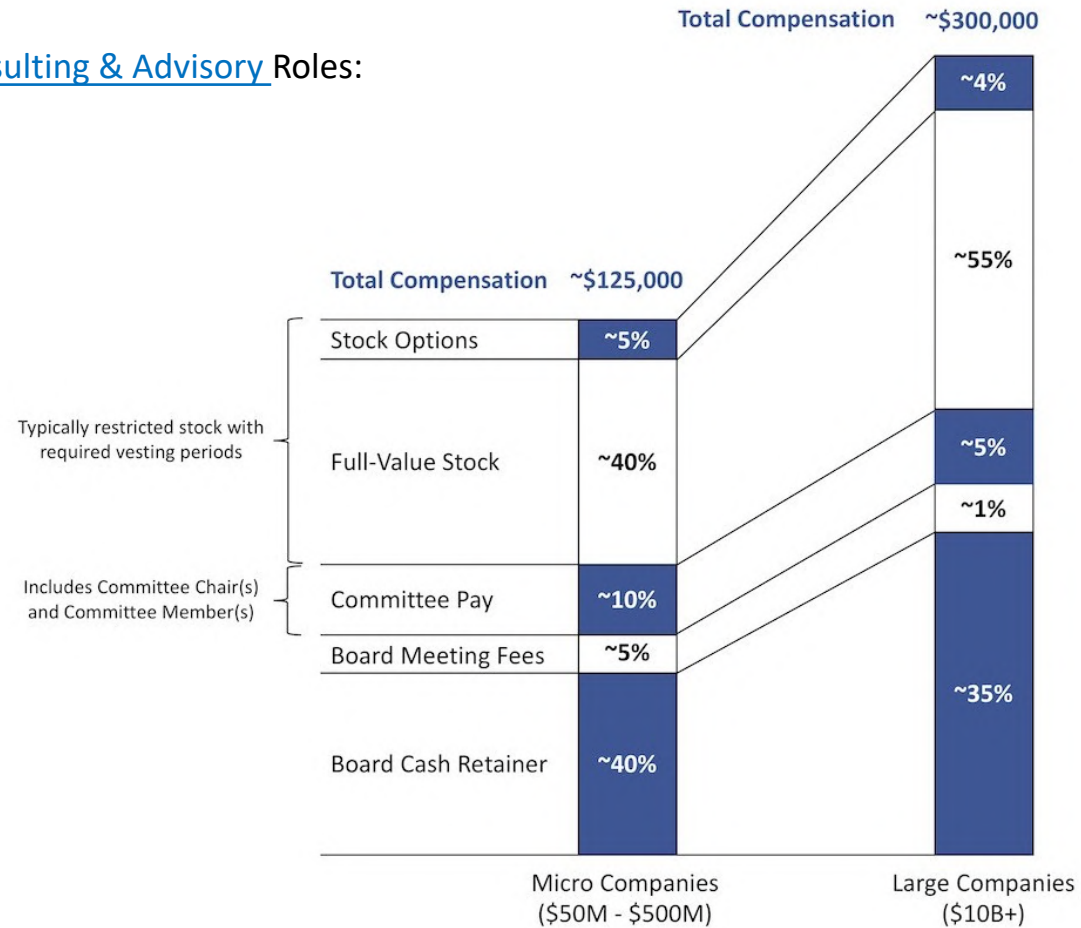
The majority of public companies match NACD's leading practice of **≥50% of pay in equity**



WHAT ARE THE NUMBERS?

public companies

What I see first-hand in my [Board Consulting & Advisory](#) Roles:



WHAT ARE THE NUMBERS?

public companies

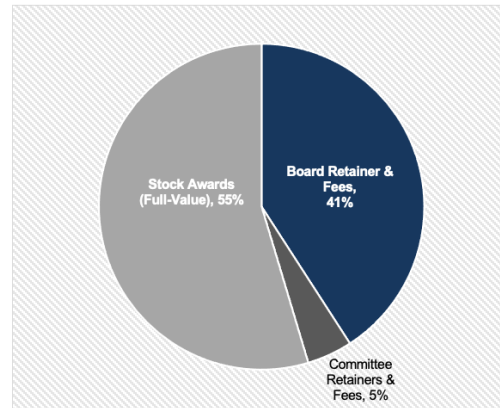
2022

2023

PUBLIC COMPANY DIRECTOR COMPENSATION SURVEY

PUBLIC DIRECTOR COMPENSATION

Board Retainers and Fees	\$62,817
Committee Retainers and Fees	\$8,254
Full Value Stock Awards	\$113,168
Total	\$184,239

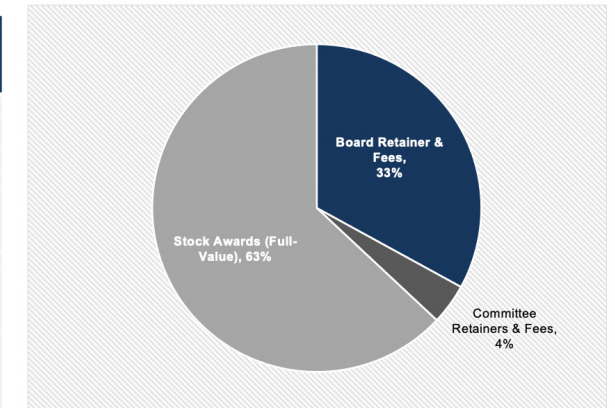


BDO 600 2022 Survey

PUBLIC COMPANY DIRECTOR COMPENSATION SURVEY

PUBLIC DIRECTOR COMPENSATION

Board Retainers and Fees	\$62,850
Committee Retainers and Fees	\$8,508
Full Value Stock Awards	\$121,784
Total	\$193,142



BDO 600 2023 Survey

Companies paid directors 37% of total compensation in cash and 63% in equity



WHAT ARE THE NUMBERS?

public companies

Public Company Board Member Compensation Summary:

- Generally Accepted Public Company Board Member Total Compensation Range: \$125,000 - \$500,000+

Most Prevalent Public Company Board Member Total Compensation Range:

- Low End: \$125,000 - \$200,000 per year
- Middle: \$200,000 - \$300,000 per year
- High End: \$300,000 - \$500,000+ per year

My experience + comparison to BDO study puts our collective average somewhere between the \$175k - \$200k range...

Read Mark's article: [How Much Should You Be Paid as a Board Director](#)



WHAT ARE THE NUMBERS?

private companies

BREAKDOWN OF TOTAL COMPENSATION

ANNUAL
RETAINER

\$37,650

PER FORMAL
MEETING FEE

\$2,575

PER INFORMAL
MEETING FEE

\$1,225

TOTAL COMPENSATION **\$50,400**

Data represents median values. Total compensation assumes 4 Formal (historically "in-person") and 2 Informal (historically "teleconference") meetings.

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WHAT ARE THE NUMBERS?

private companies – United States

U.S. DATA	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual Retainer:	\$36,700	\$35,400	\$32,250	\$29,850	\$31,500	\$30,000	\$28,000	\$24,000	\$21,000	\$22,000	\$20,000	\$20,000
Per Formal Meeting:	\$3,250	\$3,350	\$3,000	\$3,000	\$3,250	\$3,000	\$2,500	\$2,500	\$2,500	\$2,000	\$2,500	\$2,500
Per Informal Meeting:	\$2,250	\$2,000	\$1,750	\$1,750	\$1,500	\$1,500	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$750
Total Compensation:	\$54,200	\$52,800	\$47,750	\$45,350	\$47,500	\$45,000	\$41,000	\$36,000	\$33,000	\$32,000	\$32,000	\$31,500

Data represents median values. Total compensation assumes 4 Formal (historically "in-person") and 2 Informal (historically "teleconference") meetings.

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WHAT ARE THE NUMBERS?

private companies – international

INTERNATIONAL DATA	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Retainer:	\$38,450	\$36,350	\$33,150	\$31,300	\$29,000	\$28,000	\$25,500	\$25,000	\$27,500	\$24,500	\$20,900
Per Formal Meeting:	\$1,000	\$1,150	\$1,300	\$1,250	\$1,600	\$1,500	\$2,050	\$2,000	\$1,500	\$1,000	\$1,250
Per Informal Meeting:	\$500	\$800	\$750	\$1,000	\$750	\$750	\$2,000	\$1,500	\$1,000	\$500	\$1,250
Total Compensation:	\$43,450	\$42,550	\$39,850	\$38,300	\$36,900	\$35,500	\$37,700	\$36,000	\$35,500	\$29,500	\$28,400

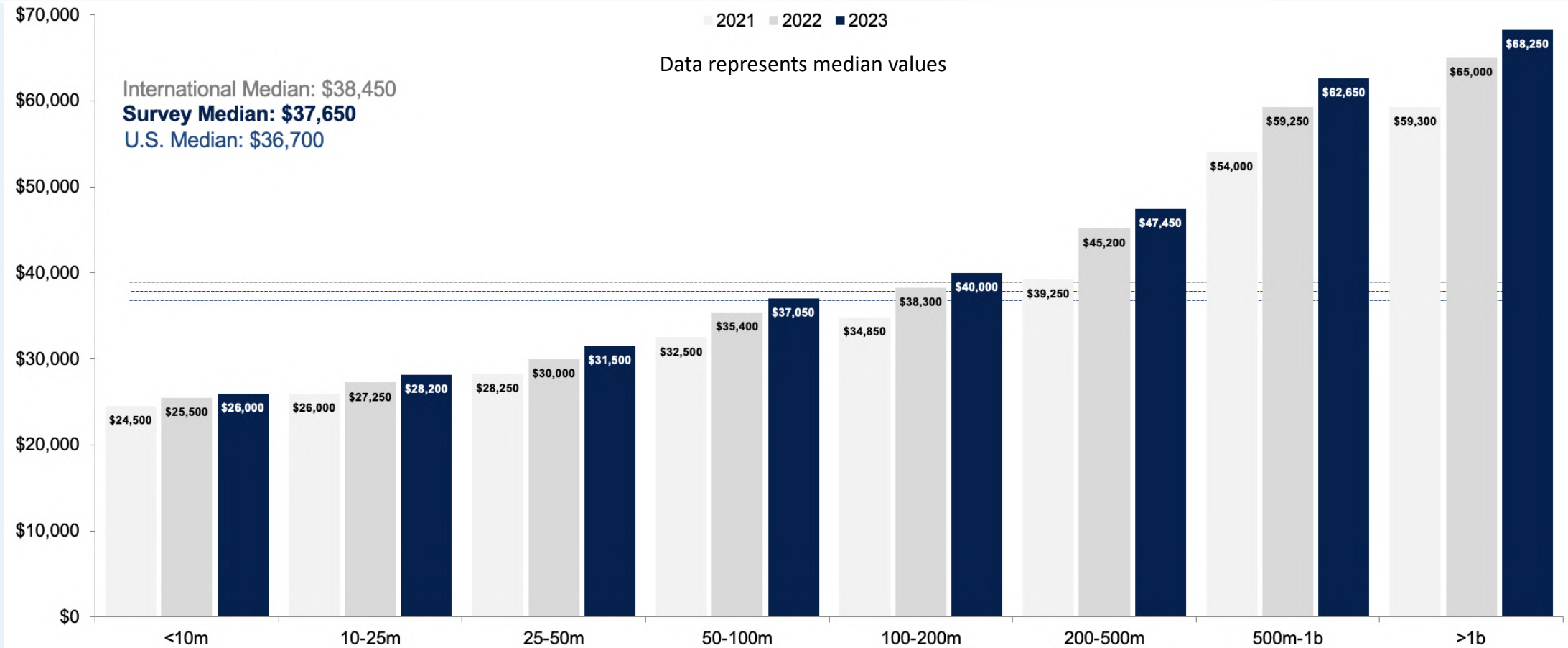
Data represents median values. Total compensation assumes 4 Formal (historically "in-person") and 2 Informal (historically "teleconference") meetings.

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WHAT ARE THE NUMBERS?

private companies – international

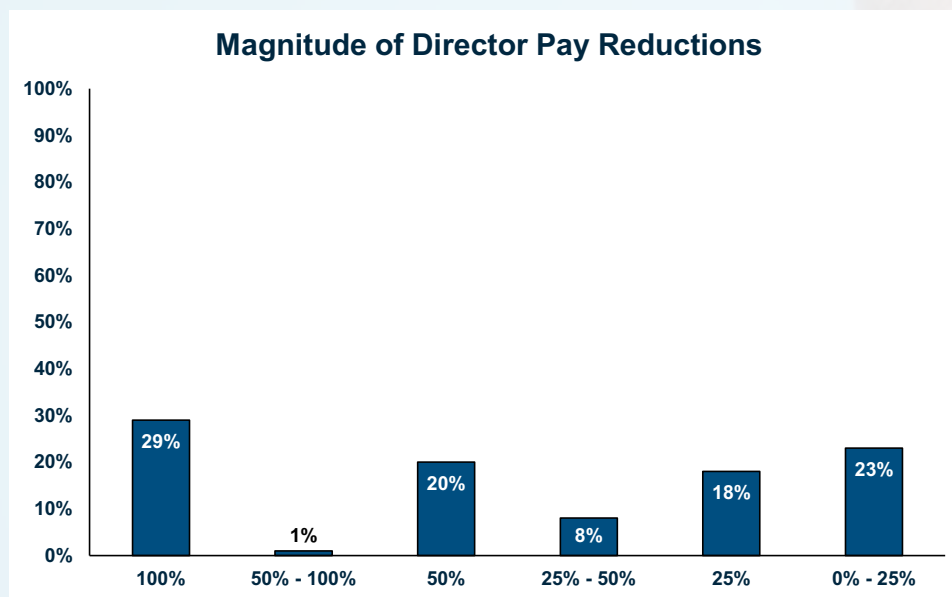
Compensation By Revenue



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[Private Company Board Compensation Reports](#)



The most common Director pay action in response to the COVID-19 pandemic:
Reduction of cash fees (with few Boards making changes to equity award practices)



Reference: *Director Compensation in Uncertain Times* - Pearl Meyer 2/23/21

This caused some public blowback due to a stock (RSU – restricted stock unit) value windfall scenarios

Post-pandemic pay is back to normal...

Most cuts to Director pay were implemented in the second quarter of 2020 and reinstated by the end of the year.



MEETING AND COMMITMENT DYNAMICS

HYBRID IS THE PREFERRED MEETING APPROACH

Over 60% of companies reported adopting a hybrid approach to meetings (e.g., 2 out of 4 meetings per year held in person). This is up from 54% last year and 32% the year prior. Concurrently, virtual only boards have been decreasing with only ~15% of companies adopting this approach. Over 70% of the respondents indicated a preference for at least two in-person meetings per year.

BOARDS STILL ASKED TO DO MORE




Since the Covid-19 pandemic we have witnessed many companies employing special meetings/working sessions to deal with critical issues (e.g., digital transformation, supply chain issues, etc.). The median number of meetings has remained elevated at 4 Formal (5+ hours) and 4 Informal (~1-3 hours) per year. It appears that this structure is the "new normal." The median Board Member time commitment has increased to about 65 direct hours/year and ~200 hours/year in total.

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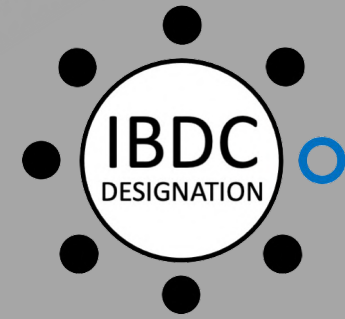
SUMMARY POINTS

public & private companies

-  Whether you are an aspiring Board Director or looking to join additional Boards, **it is extremely helpful to know how Board Director compensation is weighted and calculated.** This knowledge is instrumental in evaluating how a company values Board Members and what their ability is to properly compensate for this valuable service.
-  Remember that there are **many moving parts and 'sliding scales' within compensation categories** that affect the total Board Member compensation package, so be sure to weigh all components collectively.
-  Understanding Board Director compensation is not only about knowing how much you will be paid, but also understanding if the Board is keeping up with changing pay models and incentives. **Commonly, Boards employing older compensation models are also lacking in numerous other important areas of modern Board operations.**

Read Mark's article: [The Board Candidate's Checklist](#)





Becoming an Exceptional Board Director Candidate

— Education & Certification Course —

International Board Director Competency Designation (IBDC.D)

Get modern Board Director Candidate packaging **AND** modern Board operations knowledge all in one shot while **ALSO** earning your globally recognized *International Board Director Competency Designation* (IBDC.D) certification.

1:1

Group

On-Demand

<https://www.pfisterstrategy.com/exceptionalboarddirector>



CONTACT US

If you have any questions, comments or suggestions, or would like additional tailored insights for your company please contact us by email at:

info@lodestoneglobal.com

Material presented is designed to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.

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are you prepared?

Fully understand
Remuneration
components

Follow
the
trending

Know what
you are
worth!

Q&A

Contact Mark at mark@pfisterstrategy.com

Contact William at william@lodestoneglobal.com

Board Director Education + Certification Details <https://www.pfisterstrategy.com/exceptionalboarddirector>



WILLIAM TENENBAUM

Managing Partner

Biography

william@lodestoneglobal.com



William Tenenbaum is the Founder and Managing Partner of Lodestone Global a consulting practice which focuses on building, optimizing, compensating and educating high-performing boards around the world.

Over the last 10 years, Lodestone has worked with clients to design and recruit award-winning boards using their proprietary methodology and director database. Lodestone also improves boardroom cohesion and overall company performance by leading with culture and diversity. Finally, Lodestone has best-in-class private company board compensation data to provide clients with precise, custom-tailored insights.

William founded Lodestone Global in 2013. Since its founding, the company has assembled, has consulted with, or has been a member of over 1,000 boards. The boards extend across several industries including, but not limited to, manufacturing, real estate, food & beverage, retail, technology, wholesale, industrials & materials and conglomerates. Lodestone Global's client Diesco, Ltd. won the Private Company Advisory Board of The Year award given by Private Company Director, Directors and Boards and Family Business magazines.

William has spent over a decade managing billions of dollars in investments for multiple hedge funds and family offices. He has a keen analytical and financial background with extensive experience across myriad industries and business models. His specialty is working directly with management and family members to help clarify strategic objectives and drive growth in profitability and overall enterprise value.

William currently sits on multiple private company boards across several different industries including: Real Estate, Consumer Discretionary, Investment Management, Food & Beverage, Fintech/AI/ML, EdTech, Business Services, Healthcare and more. He is also a board member of the Morristown Medical Goryeb Children's Hospital.

William is a graduate from the Leonard N. Stern Business School at New York University.



MARK A. PFISTER

Non-Executive Director, CEO, and Chief Board Consultant

Biography

mark@pfisterstrategy.com



With a strong focus in Strategy, Governance, and Technology / Cybersecurity, Mark A. Pfister is CEO & Chief Board Consultant of M. A. Pfister Strategy Group, an executive advisory firm that serves as a strategic advisory council for executives and Boards in the public, private, nonprofit, and private equity (PE) sectors. He is also Chairman & CEO of Integral Board Group, a specialized Board services and consulting company, as well as Founder & CEO of the International Board Director Competency Designation (IBDC.D) education and certification program, a Board Director certification course recognized globally. Mr. Pfister is a 'Board Macro-Influencer' and his success has been repeated across a wide range of business situations and environments. He prides himself on being a coach and mentor to senior executives and Directors. In Board Director circles, Mr. Pfister has earned the nickname 'The Board Architect.'

The overarching theme throughout his career has been his aptitude in leadership positions, passionate focus on people, unique governance models, and ability to create value for shareholders and stakeholders through innovative business strategies and operational excellence. Michael Lorelli, Executive Chairman of Rita's Franchise Company, has said, "Mark's unusual combination of excelling at a macro and micro grasp of business, genuine interest in Governance, and ability to coach and mentor a Management Team make him a terrific Independent Director."

Mr. Pfister is a certified project management professional and frequently serves as an expert Project Executive, consulting on global programs/projects in their initiation and operational phases, as well as programs requiring remedial focus to bring them back on track. He has deep knowledge and experience in Board design & operations, strategic planning, business transformation, technology implementations, decisioning processes, certification & continuing education programs, executive coaching, and governance models.

Mr. Pfister was CEO of Pro4ia, Inc., an international consulting and professional services company specializing in a wide range of technology solutions utilizing formal Project Management as a proven and repeatable delivery method. With a Fortune 50 client list, Pro4ia was Citibank's Nominee for Crain's Magazine 'Entrepreneurship of the Year' Award in 2005. He simultaneously served as CEO of Onit, Inc., a national sourcing company specializing in placements for all levels of technology skill sets. Mr. Pfister was also the Regional Program Office Leader for American Express leading some of the largest technology transformation initiatives in the company's history. He served as a Licensed Engineering Officer in the U.S. Merchant Marine, holds a B.S. from the State University of New York Maritime College in Facilities Engineering, and completed Harvard Business School's Executive Education Program for Board Directors.

Mr. Pfister is the creator of the 'Board as a Service' (BaaS) engagement model, an industry he is credited with inventing. He is a Master Speaker and conducts international speaking tours, lectures, and seminars focused on effective leadership, strategy, Board architecture, becoming an exceptional Board Director candidate, professional project/program management, and entrepreneurship.

His popular book, 'Across The Board: The Modern Architecture Behind an Effective Board of Directors,' an Amazon best-seller with circulation in over 70 countries, has influenced an entire new generation of Board Directors.

Mr. Pfister is a proficient Board Director and CEO with experience across multiple industry verticals. He is typically the Chair, or a member of the Strategic Planning Committee, Governance Committee, Technology & Cybersecurity Committee, and has deep Nominating Committee experience. Mr. Pfister's experience as an internationally renowned Board Consultant, having guided and coached hundreds of Boards, Board Committees, and Board Members across public, private, nonprofit, and private equity (PE) verticals, additionally offers up unique and informed viewpoints to the companies he serves.

He holds an *International Board Director Competency Designation* (IBDC.D) through M. A. Pfister Strategy Group, is a certified *Project Management Professional* (PMP) through the Project Management Institute, earned a *Global ESG Board Certification* (GCB.D) through Competent Boards, holds a *Certified Cyber Intelligence Professional* Board Certification (CCIP) through the McAfee Institute, and previously held an *Executive Masters Professional Board Certification* through the American College of Corporate Directors (ACCD).

