



# 2020

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## PRIVATE COMPANY BOARD **COMPENSATION SURVEY**

# LODESTONE GLOBAL PROFILE

**LODESTONE GLOBAL**  
Industry-leading **STRATEGIC ARCHITECTS** with a unique ability to design your **BOARD OF DIRECTORS**

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**BOARD TUNE-UP**  
Strategy without execution is a daydream, and execution without strategy is a nightmare. Lodestone Global can help you **TUNE-UP YOUR BOARD** for optimal performance.  
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**BUILD YOUR BOARD**  
Finding the right directors is an art form. Lodestone Global's **QUALIFIED DIRECTOR DATABASE™** can help you **IDENTIFY AND ATTRACT THE PERFECT BOARD MEMBERS**.  
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**BOARD COMPENSATION**  
Lodestone Global's best-in-class, proprietary **DATA & ANALYTICS** provide you with precise, custom-tailored director compensation levels.  
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**WHY BUILD A BOARD OF DIRECTORS?**

"Everybody expects me to come up with all the ideas," said Steve Jobs. "That's not how you build a strong company."

**PROMOTE ACCOUNTABILITY**  
Boards promote accountability across your organization. They provide a critical sounding board to test ideas, initiatives and strategies and prevent the "Emperor Has No Clothes" syndrome. Everybody has to report to somebody, and the board helps reinforce.

**DRIVE PERFORMANCE**  
Boards drive performance by forcing clarity about strategy and direction. They make the company prioritize initiatives and resources to achieve critical goals in a timely fashion. They eliminate distraction and encourage momentum in profitable directions.

**EXTEND NETWORKS**  
Boards extend your connections and access to places and people you can't reach. They help you see the unseen, explore untapped territory and provide a litmus test on risk.

We are a specialized consulting firm providing strategic guidance to chief executives of private and family-controlled enterprises, who are considering forming or refreshing a fiduciary or advisory board.

Lodestone Global is **not a traditional search firm**. We invest significant partner time to help you define your strategy, and assist you in developing, recruiting and maximizing a board that drives those strategic objectives.

Lodestone Global gives you exclusive access to a network of experienced Board candidates from a proprietary database for you to evaluate. We utilize a proven methodology for assembling or updating a board that respects your culture and delivers a high return on investment.

Considering Building or Refreshing your Board?

Contact us at: [info@lodestoneglobal.com](mailto:info@lodestoneglobal.com)

Lodestone Global surveyed **375 companies** across **33 different industries** and **38 countries** to analyze current board practices and compensation around the world.



The median revenue of the sample was \$100m. The median number of employees was 250.



Median total compensation was \$43,500, ~4.8% higher than the \$41,500 reported last year.



Compensation growth is forecasted to continue, with 35% of the respondents projecting a rise in director pay – up from 34% that expected an increase last year, and 27% in 2016.



The **4.8% increase** (+4.5% in 2018) is the result of a 5.5% increase domestically and a 3.6% increase internationally. Technology firms saw the most growth this year, paying their directors +10% more than in 2018.

# EXECUTIVE SUMMARY

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Boards continue to have a strong impact on company performance. **94% of companies reported increased revenues** and **92% reported increased EBITDA**. Since the respondent joined the board, companies reported an average revenue increase of ~50%. 53% of the participants categorized their boards as “Indispensable” or “Very Effective” at driving corporate strategy. **These results support the notion that a board, particularly with the right directors, can be essential to achieving corporate goals and improving profitability.**



**71% of the companies in the survey had women as board members**, up from 61% last year and 60% the year before. The number of women directors was up to a median of 2.0 vs. 1.5 last year, **achieving a 33% representation on a typical board vs. 20% in 2018**. 97% of boards with at least one woman director reported that their companies increased revenues.



50% of the survey respondents were family owned companies. The median number of board members was 6, with 3 independent directors. Similar to last year, 21% (22% in 2018) of respondents reported using equity as part of their compensation schemes.

# ABOUT THE SURVEY

The 9<sup>th</sup> Annual 2020 Private Company Board Compensation Survey was conducted among our clients and select members of YPO\* in the fall and winter of 2019. 375 companies provided meaningful responses.

Surveyed companies were comprised of family majority owned, private equity owned, single majority owned, and diversely owned equity structures. The survey presents the overall results of our work in determining specific compensation levels, as well as prevalent Board practices. This survey is private and confidential and was conducted for the sole benefit of participating companies and Lodestone Global. This report may not be reproduced, quoted, archived, redistributed, or otherwise used without express permission.

\*YPO connects 28,990 chief executives of companies generating >US\$6 trillion in revenues and employing >15 million people in 137 countries.

# METHODOLOGY

The objective of the survey was to collect data on Board member compensation for independent directors. We also captured data on Board practices and sentiment, to provide a picture of current governance thought among private company board members.

All of our data was collected and normalized to annual levels to provide a relative basis of comparison.

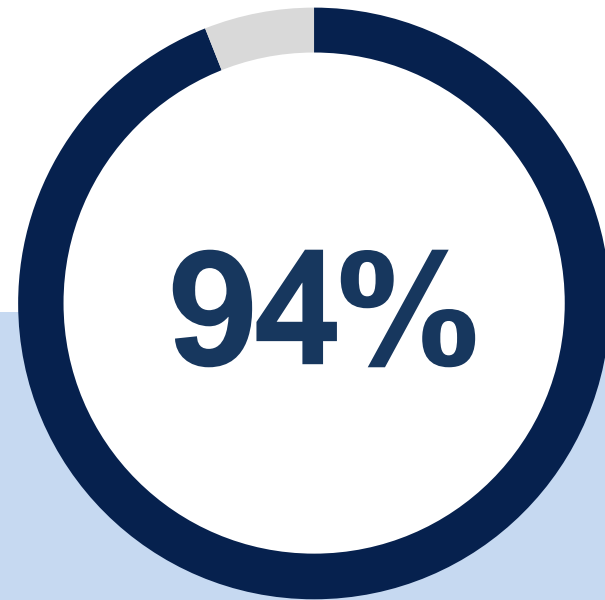
Average calculations included all 375 respondents (except per teleconference fees) whereas median calculations excluded the respondents who did not give an answer for that particular category.

# SUMMARY STATISTICS

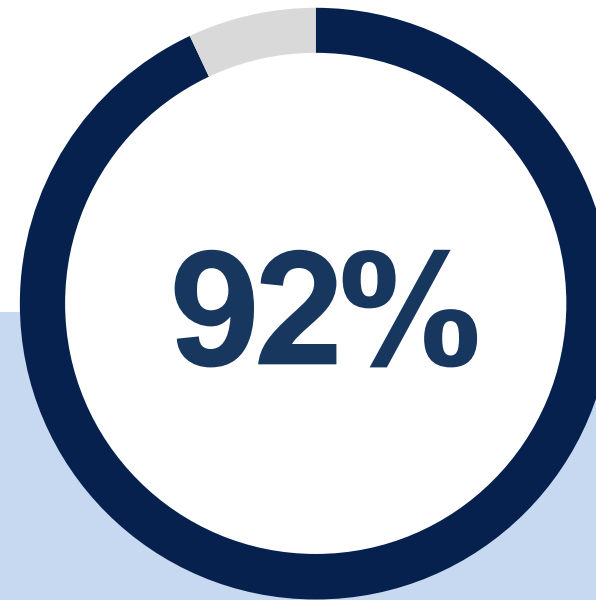


	<b>AVG</b>	<b>MED</b>
Total Respondents:	375	375
Revenue:	\$306m	\$100m
Employees:	750	250
Yearly Meetings:	4.3	4.0
Annual Retainer:	\$31,538	\$31,000
Per Meeting Fee:	\$2,281	\$2,750
Board Members:	6.4	6.0
Independent Directors:	3.1	3.0
Female Directors:	2.1	2.0

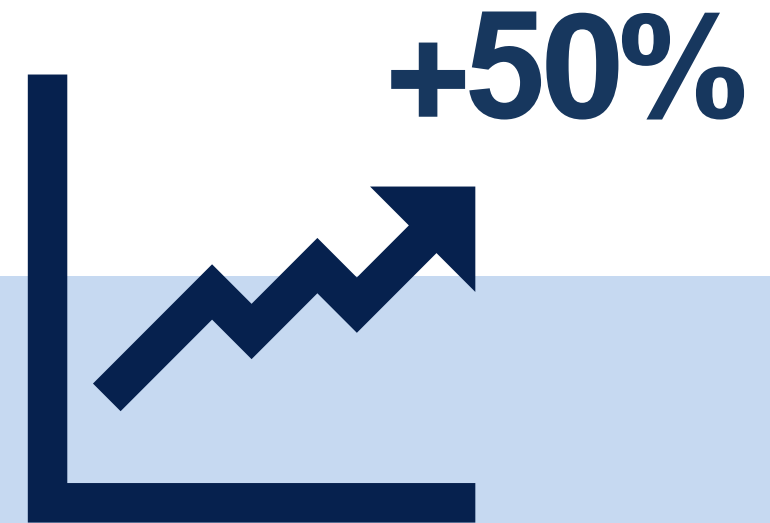
# BOARDS DRIVE PERFORMANCE



Companies reported **INCREASED REVENUES** since implementing a Board of Directors



Companies reported **INCREASED EBITDA** since implementing a Board of Directors



Companies reported **AVERAGE REVENUE GROWTH OF 50%** (49% 2018) since implementing a Board of Directors

# WOMEN BOARD MEMBERS

INCREASINGLY REPRESENTED ON PRIVATE COMPANY BOARDS

# 71%

INDICATED THERE ARE FEMALE  
MEMBERS ON THEIR BOARD  
(UP FROM 61% LAST YEAR)

# 2.0

MEDIAN NUMBER OF FEMALE  
MEMBERS ON THE BOARD  
(UP FROM 1.5 LAST YEAR)

**NOW 33% BOARD REPRESENTATION**





# QUESTIONS?

# CONTACT US FOR FULL VERSION

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](mailto: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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