

2023

PRIVATE COMPANY BOARD COMPENSATION SURVEY



LODESTONE GLOBAL

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LODESTONE GLOBAL

We are a specialized consulting firm focused on high-performance boards. We BUILD, FACILITATE, OPTIMIZE, and EDUCATE award-winning boards around the globe to drive performance and profitability for our clients.



BUILD YOUR BOARD

Lodestone Global's proven methodology results in the creation of a board that respects and leverages your culture, supports your leadership team on critical strategic initiatives, and delivers a high return on investment. Our proprietary and exclusive database of experienced Board candidates ensures optimal effectiveness.

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IMPROVE YOUR BOARD

Strategy without execution is a daydream, and execution without strategy is a nightmare. Lodestone Global uses industry best-practices to optimize your board. Our experienced facilitators ensure all board members are expertly trained to bring forth high levels of collaboration and engagement.

[LEARN MORE](#)



COMPENSATE YOUR BOARD

Lodestone Global's best-in-class, proprietary data and analytics provide you with precise, custom-tailored director compensation levels. We perform annual performance and compensation reviews to ensure your board is benchmarking to the latest and most accurate market levels.

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INTRODUCTION

Lodestone Global surveyed 782 companies across 50 different industries and 38 countries to analyze current board practices and compensation around the world.



EXECUTIVE SUMMARY

2023 PRIVATE COMPANY BOARD COMPENSATION SURVEY



MEDIAN COMPENSATION UP +9.7%

Median total compensation was \$49,200 up +9.7% from the \$44,850 reported last year (+4.9% growth in 2021). The increase is the result of a +10.6% increase domestically, offset by a +6.8% increase internationally. Hospitality firms saw the most growth this year, paying their directors +14.4% more year-on-year.



COMPENSATION GROWTH TO MODERATE

Compensation growth is expected to moderate with only 39% of respondents projecting a rise in 2023 director pay – down from the 58% who expected an increase last year and 45% the year before.



EXECUTIVE SUMMARY

BOARDS & DIVERSITY



Lodestone Global's aim is to increase private company director diversity. The data continues to show that diversity of perspectives produces a higher-performing boardroom.

WOMEN REPRESENTATION INCREASING

80%

In 2022, women served on 80% of the boards of companies surveyed, up from 79% last year.

2.5

The number of women directors remained at a median of 2.5 vs. 2.5 last year, achieving a ~40% representation on a typical board.

ETHNIC/RACIAL MINORITY REPRESENTATION

26%

In 2022, ethnic minorities served on 26% of the boards of companies surveyed. This is the first year that Lodestone Global collected this data.

DIVERSITY DRIVES PERFORMANCE

98%

98% of boards with at least one female director reported an increase in revenues since the respondent joined the board.



EXECUTIVE SUMMARY

BOARDS & PERFORMANCE



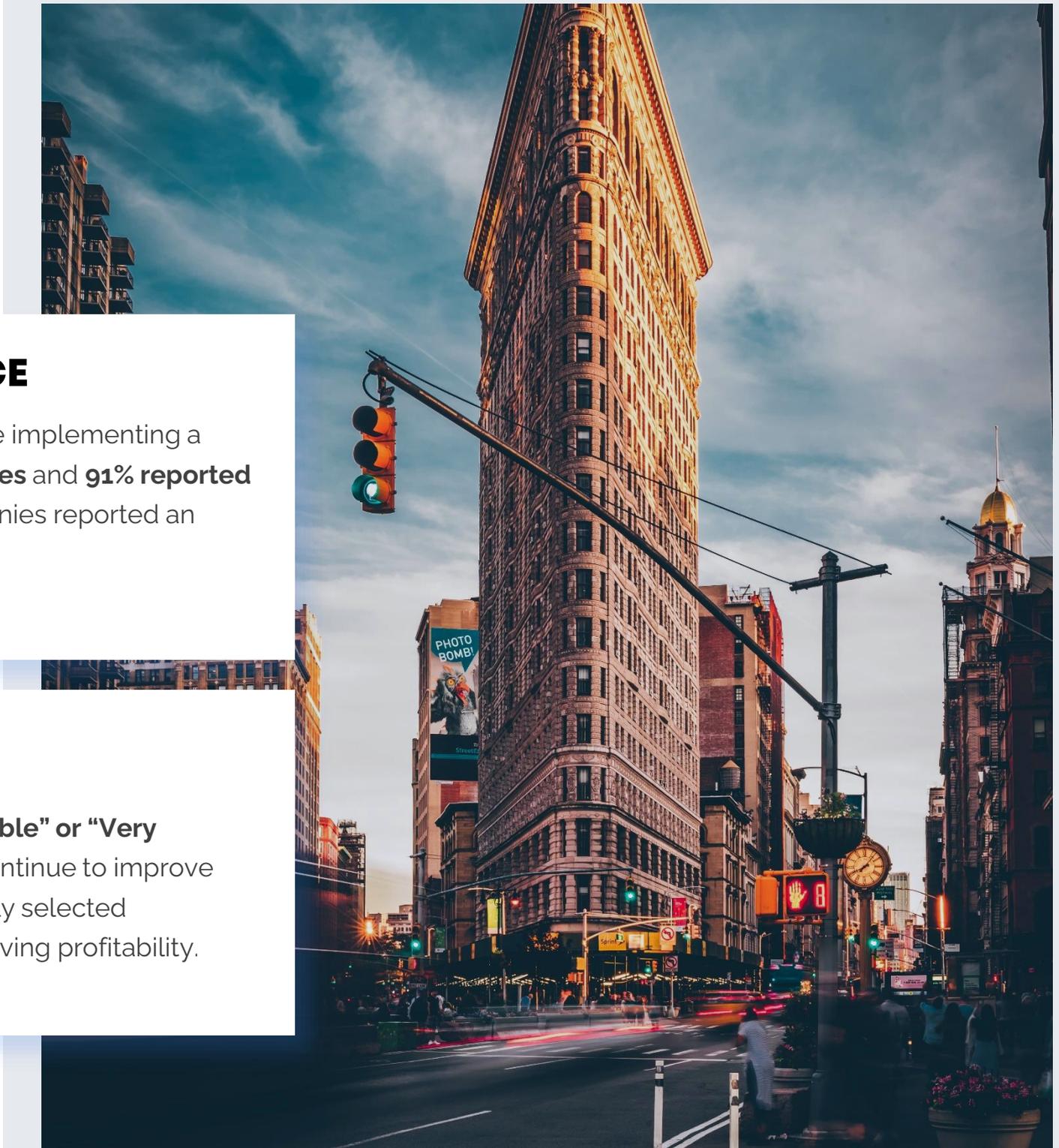
BOARDS DRIVE COMPANY PERFORMANCE

Boards continued to strongly impact company performance. Since implementing a board of directors, **96% of companies reported increased revenues** and **91% reported increased EBITDA**. Since the respondent joined the board, companies reported an average revenue increase of ~65%.



BOARDS ARE INCREASINGLY EFFECTIVE

66% of the participants categorized their boards as “Indispensable” or “Very Effective” at driving corporate strategy. These results, which continue to improve year-over-year, support the notation that a board with strategically selected directors can be essential to achieving corporate goals and improving profitability.





EXECUTIVE SUMMARY

COVID-19 IMPACT



HYBRID IS HERE TO STAY

In 2022, over 54% 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 32% last year and compares to 95% of companies holding virtual meetings in 2020 due to the pandemic. Over 65% of the respondents indicated a preference for at least two in-person meetings per year.



COMPENSATION BACK TO NORMAL

Nearly zero temporary modifications to director compensation that were put in place in 2020 were reported in 2022. In fact, 59% of respondents reported increased pay commensurate with the increased meetings that have taken place since the onset of the pandemic.



BOARDS STILL ASKED TO DO MORE

In 2021, 75% of respondents indicated their companies had increased the number of meetings due to COVID-19. In 2022, that number remained at 76%. Many companies are employing special meetings/working sessions to deal with critical issues that have surfaced due to the pandemic (e.g., digital transformation, supply chain issues, etc.). The median number of meetings remained elevated at 4 Formal (5+ hours) and 4 Informal (~1-3 hours) per year.

ABOUT THE SURVEY

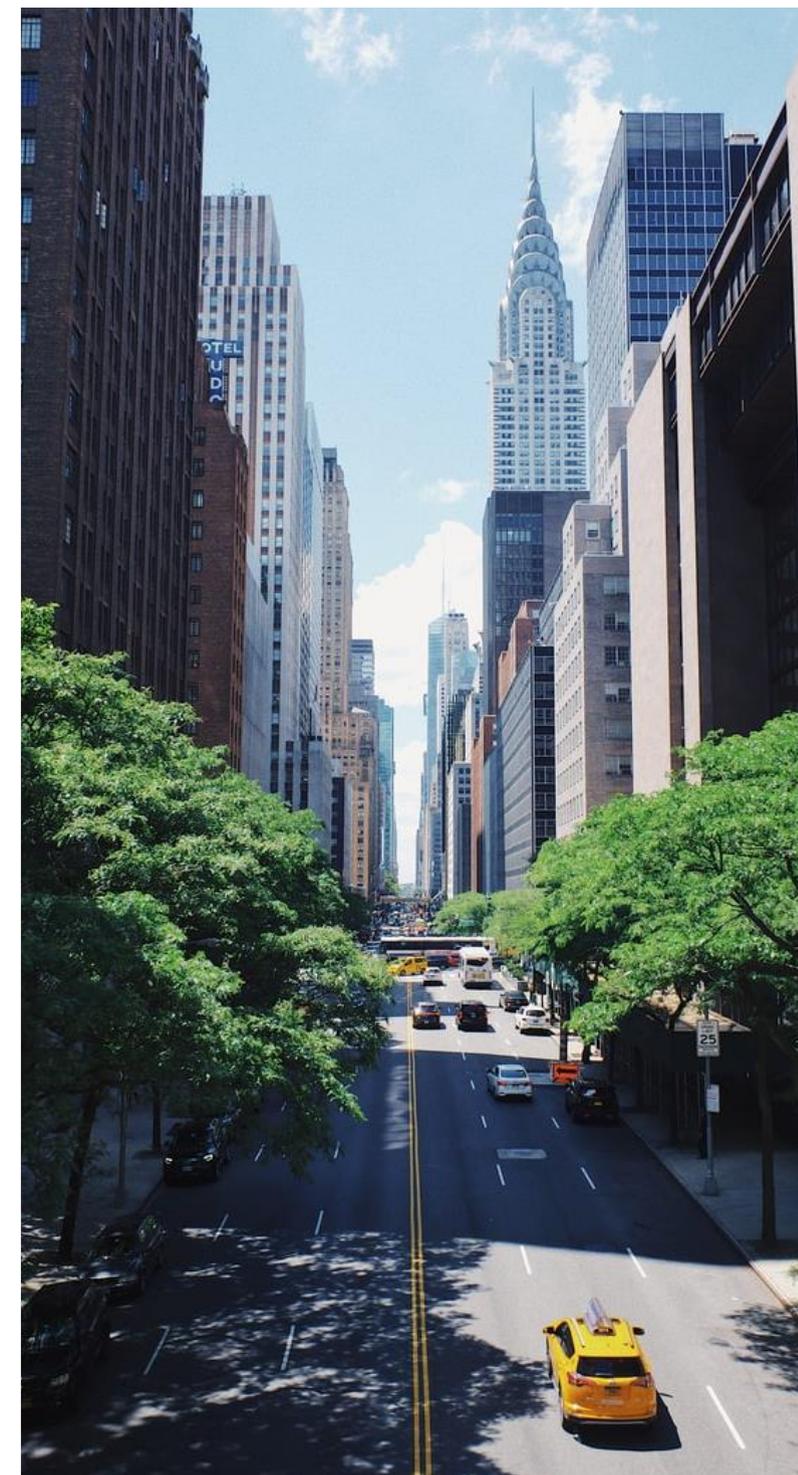
2023 PRIVATE COMPANY BOARD COMPENSATION SURVEY

The 12th Annual 2023 Private Company Board Compensation Survey was conducted among our clients and select members of YPO* in the fall and winter of 2022. 782 companies provided meaningful responses. Additional data was collected from over 3,500 companies that is excluded in these results to keep the sample consistent. The additional data is available to custom compensation clients upon request.

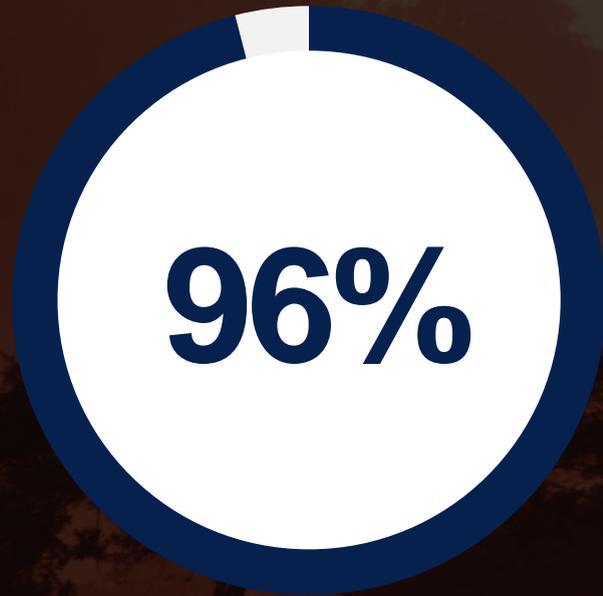
The objective of the survey was to collect data on Board member compensation for independent directors. We also captured data on Board practices and sentiment, to provide a picture of current governance thought among private company board members. All of our data was collected and normalized to annual levels to provide a relative basis of comparison. Average calculations included all 782 respondents (except per teleconference fees) whereas median calculations excluded the respondents who did not give an answer for that specific category.

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.

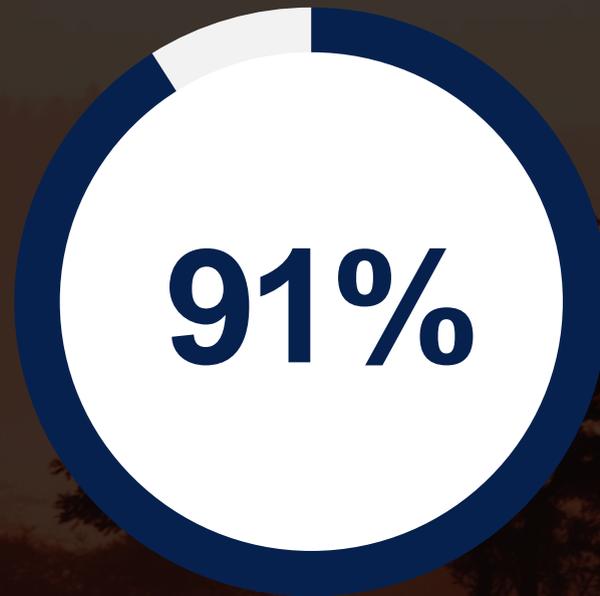
*YPO connects ~30k chief executives of companies generating >USD\$6 trillion in revenues and employing >15 million people in 137 countries.



BOARDS DRIVE PERFORMANCE



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



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

+65%



Companies reported **AVG. REVENUE GROWTH OF 65%** since implementing a Board of Directors

PURCHASE FULL VERSION

www.lodestoneglobal.com/compensate

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

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