

# 2019

## PRIVATE COMPANY BOARD COMPENSATION SURVEY



# LODESTONE GLOBAL PROFILE

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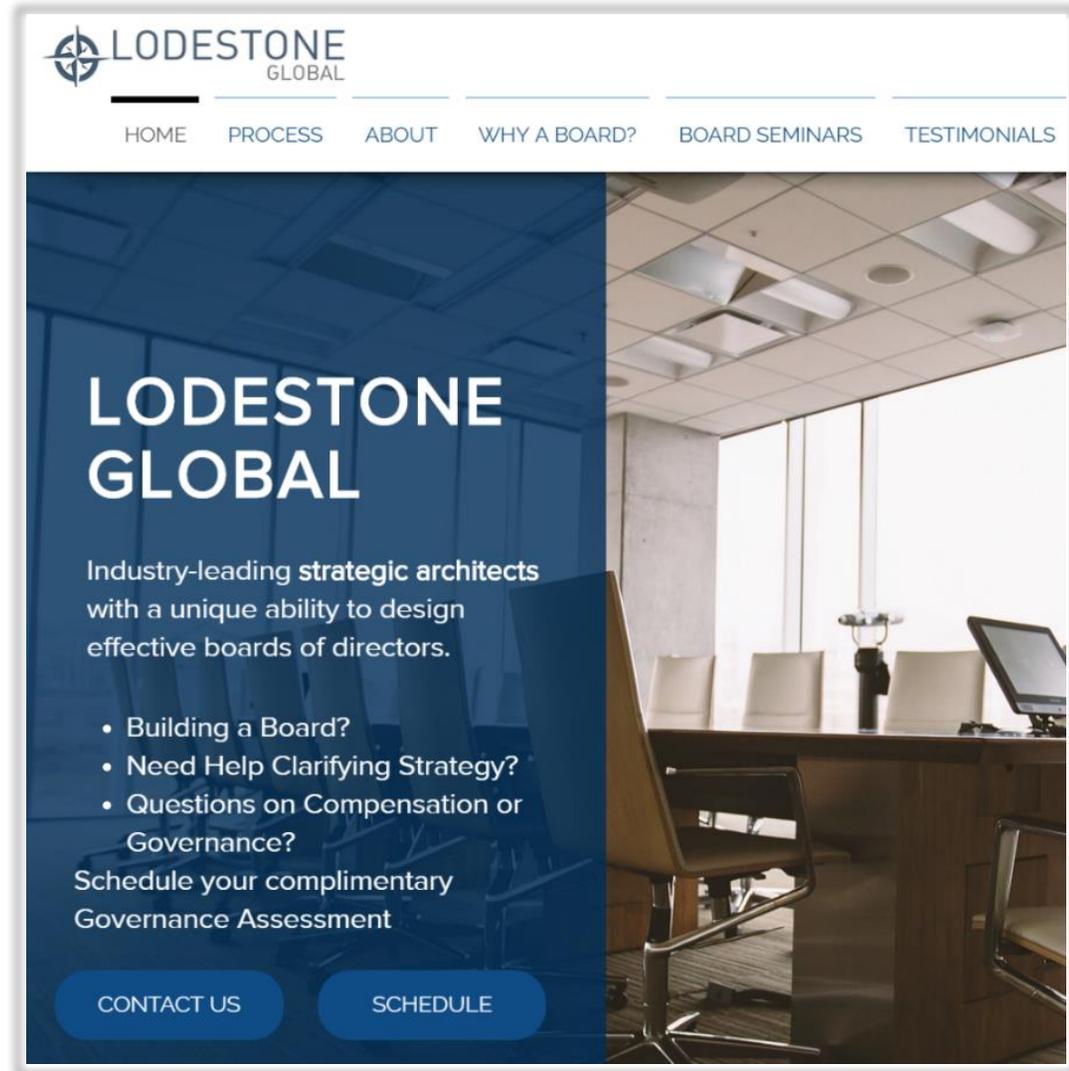
We are a specialized consulting firm providing strategic guidance to chief executives of private and family controlled enterprises, who are considering forming or refreshing a fiduciary or advisory board.

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)





# EXECUTIVE SUMMARY

Lodestone Global surveyed **319 companies** across 33 different industries and 32 countries to analyze current board practices and compensation around the world.



The **median revenue** of the sample was **\$105m**.  
The **median number of employees** was **275**.



**Median total compensation** was **\$41,500**, approximately 4.5% higher than the \$39,700 reported last year.



This **4.5% increase** (10% in 2017) is the result of a 10% increase domestically, offset by a 6% decline internationally. Financial Services firms saw the most growth this year, paying their directors 30% more than in 2017. Compensation growth is forecasted to continue, with 34% of the respondents projecting a rise in director pay – up from 27% that expected an increase last year, and 20% in 2016.





# EXECUTIVE SUMMARY CONT



61% of the companies in the survey had women as board members, up from 60% last year and 57% the year before. The number of women on a typical board was up to a median of 1.5 vs. 1 last year.

Boards continue to have a strong impact on company performance. **94% of companies reporting increased revenues** and **93% reporting increased EBIT**. Since the respondent joined the board, companies reported an average revenue increase of 49%. ~96% of boards with at least one woman director reported that their companies increased revenues. 48% 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.**

50% of the survey respondents were family owned companies. The median number of board members was 6, with 3 independent directors. Historically, a statistically insignificant number of companies in our survey have used equity to compensate their board members. We saw a spike in equity usage in our 2016 survey (due to the over-index towards V/C or P/E backed technology firms), returning to more normalized levels in 2017. For the same reason in 2018, 22% of companies reported using equity as part of their compensation schemes. These schemes tended to target a specific value of the company or shares outstanding. For the third year in a row, total compensation for these schemes were paid roughly half cash and half equity.



# HOW TO READ THE SURVEY

## ABOUT THE SURVEY

The 8<sup>th</sup> Annual 2019 Private Company Board Compensation Survey was conducted among members of YPO in the fall of 2018. YPO connects 24,000 chief executives of companies generating US\$6 trillion in revenues and employing more than 15 million people in 130 countries. 331 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 YPO companies and Lodestone Global. This report may not be reproduced, quoted, archived, redistributed, or otherwise used without express permission.

## 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.

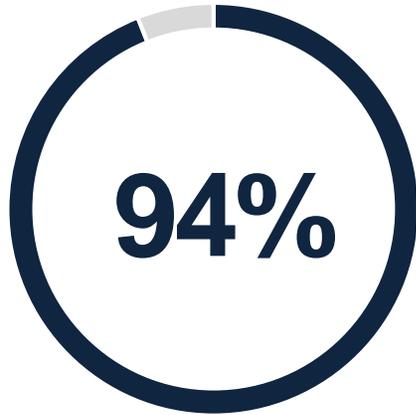
Average calculations included all 319 respondents (except per teleconference fees) whereas median calculations excluded the respondents who did not give an answer for that particular category.

# SUMMARY STATISTICS

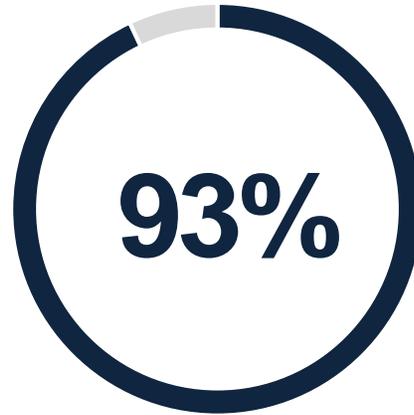
	<b>AVG</b>	<b>MED</b>
Total Respondents:	319	319
Revenue:	\$296m	\$105m
Employees:	1,050	250
Yearly Meetings:	4.2	4.0
Annual Retainer:	\$32,418	\$30,000
Per Meeting Fee:	\$2,138	\$2,500
Board Members:	6.3	6.0
Independent Board Members:	2.8	3.0
Female Board Members:	1.8	1.5

# BOARDS DRIVE PERFORMANCE

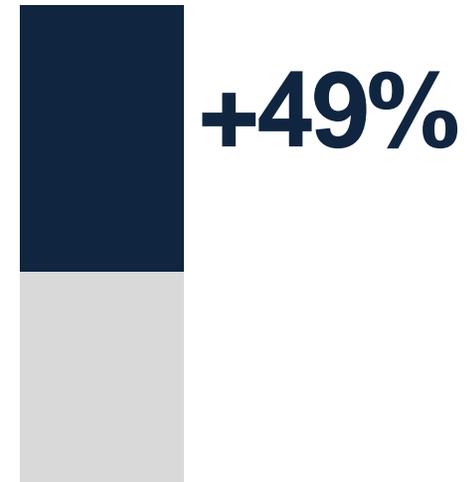
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Companies reported **INCREASED REVENUES** since implementing a Board of Directors



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



Companies reported **AVERAGE REVENUE GROWTH OF 49%** (56% 2017) since implementing a Board of Directors



# CONTACT US FOR THE FULL VERSION

If you have any questions, comments or suggestions, please contact us by email at:

[info@lodestoneglobal.com](mailto:info@lodestoneglobal.com)

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