

BANK DIRECTOR

RESOURCE CENTER

[Interviews/Webcasts](#) | [Interviews](#)

January 29, 2008

Inside the Boardroom with Joe Ruck

BD: Jack Milligan, associate publisher, *Bank Director* magazine

Ruck: Joe Ruck, president and CEO, BoardVantage

BD: How is technology changing the way boards of directors manage their affairs?

Ruck: Traditionally, board work was entirely a paper-based process, but that has begun to change in the past few years. Whether triggered by competitive pressures, an opening up of global opportunities or because of the requirements of the Sarbanes-Oxley Act, which has infused more paper into the governance process, the pace of board work has quickened. Now we're seeing customers build board books of one thousand, two thousand, or sometimes even three thousand pages. A better way to communicate that information -- particularly if time is of the essence -- is to introduce technology into the process.

Another change is about the way that board members interact. Where traditionally all the work was done in face-to-face meetings, typically once a quarter, that has now changed to a combination of regularly scheduled meetings and communication that takes place in between meetings. Now there are frequent updates -- sometimes monthly, sometimes weekly as in the case of retail businesses with store reports -- and these updates give boards much greater insight into their company's operations than was possible with the old batch process where all information was only shared at meeting time. So I would say that technology has enabled complemented regular meetings with between-meeting communications that in turn leads to a more informed and responsive board.

BD: The image of a corporate director that a lot of people probably have in their heads is someone who is at least in their early 50s and often much older. How comfortable, personally, are directors with using technology?

Ruck: We have over 150 customers -- about half of them are Fortune 500 companies -- and what you described is emblematic of a traditional director: somebody has not been raised with technology. Directors like this make up a significant portion of our customer base. At the same time we see more and more tech-savvy directors take board seats. So for a board portal it is important to address the needs of both kinds of directors because a typical board always has a mix. What is changing is the mix. When we first started a few years ago, maybe only 10% to 20% of the directors fell in the progressive category. Now we're seeing a 50/50 split, even moving on to 60/40, and that has helped build the market.

Social trends favor this direction as well. How do directors stay in contact with their grandkids? Well, the answer is email. In other words a directors' adoption of technology on a personal level is helping the adoption of technology in the boardroom.

BD: Beyond their own comfort level with using technology, what other concerns do directors have in terms of introducing technology to the governance process?

Ruck: Since we're dealing with hyper-sensitive information, information security is a primary concern and it should never be compromised. Today the technology is there to make the product secure but still easy to use enough for traditional directors.

Another concern is addressing the needs of the general counsel, who is typically the focal point of all board communication. What is important for this team is that the board portal offers a toolkit that takes the headache out of board book assembly. When a board moves online this type of functionality is essential for realizing the intent of increased visibility that so many directors look for to improve governance. All these elements have been put in place in good portals, which in turn has led to increasing acceptance. Perhaps CEO's have heard about us from their fellow CEOs or directors been exposed to it on other boards -- they will typically introduce the idea at a board meeting. "Hey, why don't we start looking at an electronic board communication solution or a board portal?"