

## The Board of Directors (BoD) Decision Planning Guide

### Decisions Delegated to the Board of Directors

Annual business plan, Officer hiring and compensation plans, Stock options, Capital structure and liabilities, Dividends, Risk management, Insurance Policies, Acquisitions, divestitures, and capital expenditures above X million, Litigation settlements above X million, Fines and penalties above X million, Restructurings that exceed X million, Tax settlements that exceed X million, Contingent liabilities above X million, Pension contributions that exceed X million

<b>Processes</b>	Create an annual calendar that specifies major subjects for review by the BoD.	The annual calendar of the BoD could prescribe 6-8 vital subject areas, one for each of its board meetings. (Strategic planning in January to next year's budget in November).
	Prepare committee charters that define the decisions for which each committee is responsible for.	e.g. The charter of the compensation committee requires that directors choose independent compensation consultants and approve compensation plans, equity awards, and executive employment agreements.
	Use a decision protocol to identify issues and the type of decisions that should be brought to the BoD.	The list of "issues reserved to the board," specifies that items such as executive compensation, large transactions, and new businesses fall under the BoD approval
	Send "strategic" decisions to the board.	Directors and executives are instructed that "important impact decisions" or those that "will change the future" of the company should be made by the BoD.
<b>Principles</b>	Take to the board decisions that touch on a company's core values. (even if they have modest in financial impact).	The CEO of a large investment-management company asked the BoD to decide whether to close its rapidly growing China equity fund, despite customer demand to invest more in the particular fund.
	Research and review the decision options before approving a plan of action.	The investment-management company's BoD asked for detailed analysis of customers and the Chinese stock market before reaching a decision on the China equity fund.
	Subdivide large strategic decisions into smaller, sequential ones.	Segregate vital decision on whether to go ahead with a large investment into three separate pieces: authorizing development, initiating sales, and commencing manufacturing.
	Remain engaged in secondary decisions that flow from primary strategic decisions.	After giving the go-ahead for a large investment, continue to monitor the manufacturing and sales efforts to ensure that the program stays on track.
	Sustain ongoing dialogue between the CEO and the non-executive or lead director.	Instruct the non-executive or lead director to report to the BoD on acquisitions or divesting operating units. The directors are jointly aware, which decisions should be presented to the board.
	Request and evaluate explanations and assumptions for proposed executive decisions.	Directors are encouraged to challenge BoD recommended set of units for divestiture. Acquisitions etc altering the final list.