

BOARD COMPENSATION: HOW MUCH SHOULD YOU GET PAID?

WGOB E-Guides provide tips for your board journey, empowering you with the confidence and courage to lead and serve on corporate boards.

Even if compensation is not your primary motivation for joining a board, it is critical for every experienced and aspiring board member to understand board compensation practices and trends in director compensation to determine what they should be paid for the expertise, skills and value they will bring to the board. Here is our best advice on board compensation:

1. KNOW THE COMPENSATION YOU DESERVE

THE GLOBAL PANDEMIC HAS DISRUPTED AND AMPLIFIED THE ROLE OF BOARDS OF DIRECTORS ACROSS ALL INDUSTRIES. THE TRADITIONAL OVERSIGHT ROLES—WHICH ONCE CONSISTED MAINLY OF STRATEGIC PLANNING AND GENERAL RISK MANAGEMENT—HAVE EVOLVED, AND THE ROLE OF THE BOARD AND THE EXPECTED HOURS HAVE EXPANDED.

2. REVIEW THE BOARD'S COMPENSATION

ONCE YOU'VE DECIDED TO PURSUE A BOARD OPPORTUNITY AT A SPECIFIC COMPANY, REVIEW THEIR DIRECTOR COMPENSATION PLANS. FOR PUBLIC COMPANIES, THE COMPANY'S ANNUAL PROXY CIRCULAR WILL INCLUDE THE COMPENSATION STRUCTURES FOR THE BOARD OF DIRECTORS. IF YOU'RE PURSUING A BOARD OPPORTUNITY AT A PRIVATE COMPANY, YOU CAN REQUEST INFORMATION ON THE BOARD'S COMPENSATION STRUCTURE.

3. COMPARE TO COMPENSATION TRENDS

DON'T FORGET TO DETERMINE IF THE BOARD COMPENSATION ALIGNS WITH THE MARKET COMPARABLES. YOU CAN REVIEW AND COMPARE BOARD COMPENSATION TRENDS USING THE [CANADA SPENCER STUART BOARD INDEX](#). CURRENTLY, WE ARE SEEING A TREND TOWARD FIXED-FEE RETAINERS AND AWAY FROM PER-MEETING FEES.

4. ASK THE RIGHT QUESTIONS

WHILE REVIEWING A COMPANY'S BOARD COMPENSATION, ASK YOURSELF: IS IT IN LINE WITH WHAT YOU ANTICIPATED? WHAT COMMITTEES WOULD YOU BE EXPECTED TO SERVE ON, AND WOULD YOU BE CONSIDERED TO CHAIR ONE OF THESE COMMITTEES?

5. UNDERSTAND COMPENSATION STRUCTURES

COMPENSATION WILL VARY DEPENDING ON THE TYPE OF BOARD YOU JOIN. [AS BOARD LEADER MICHELE ASHBY ADVISES](#), LARGER CORPORATIONS PAY MORE THAN SMALLER COMPANIES, AND STARTUPS OFTEN PAY IN EQUITY INITIALLY. COMPENSATION IS TYPICALLY A PACKAGE THAT MAY INCLUDE RETAINERS, MEETING ATTENDANCE FEES, STOCK GRANTS OR OPTIONS, BONUSES AND OTHER BENEFITS.

6. UNDERSTAND TIME EXPECTATIONS

YOU SHOULD PREPARE TO SPEND UP TO 300 HOURS PER YEAR ON A CORPORATE BOARD, DEPENDING ON THE COMPANY'S PRIORITIES AT ANY GIVEN TIME. HOWEVER, THE TIME COMMITMENT WILL DEPEND ON THE BOARD, SO YOU SHOULD ASK QUESTIONS ABOUT TIME EXPECTATIONS AS PART OF YOUR DUE DILIGENCE.