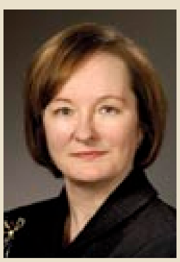
How to fix the annual meeting … in 100 words or less

That was the challenge presented to a network of *Directors & Boards* colleagues and readers of the *e-Briefing* monthly newsletter. Here is a selection of responses.

I would remove the 'annual' — once a year isn't engagement. Have an annual polling session with statutory reports but have other interaction for meaningful exchange of ideas between those annual sessions. David Gonski, a well-respected Australian chairman, once reflected that an annual general meeting with shareholders was like a drunken one-night stand with some total strangers! I tend to agree — not that I have ever tried his analogy… it is just that I find the meetings so unfulfilling.

— ***Julie Garland McLellan,*** author of the new book *Presenting to Boards* and one of Australia's leading governance experts (www.mclellan.com.au)

Fixing the annual meeting begins with proper preparation in advance. Step 1: All directors should read every word of all publicly available documents in advance of the meeting with the intent of seeing the company through the eyes of its most knowledgeable outside stakeholders. Step 2: Directors should meet with shareholders and other stakeholders and prepare and present a report of findings at the meeting. Step 3: The board should prepare and present a report on how it has added value for all shareholders and stakeholders and its plans to improve its performance in future years.



— ***Eleanor Bloxham,*** CEO, The Value Alliance (www.thevaluealliance.com)

The annual meeting should be one of the company's main investor relations events of the year. It should be a showcase for the company's products, its culture, its strategic direction, and its corporate governance. In addition to a regular investment or marketing road show, presentation should be made as to various governance structures and activities the company's board has gone through during the year. Individual board committee chairs should get up and make the presentation of what his/her committee worked on during the year and their goals for the coming year. At a minimum, shareholder input should be solicited and, optimally, dialogue be had. If the above were to be conducted annually and investors could count on it, there would be a build-up of in-person and webcast attendance that would be worthwhile in terms of awareness and positive perception, which would find its way eventually in a higher stock price.

— ***Andrew Shapiro,*** president, Lawndale Capital Management LLC (www.lawndalecap.com)

Shareholder governance pressure will obviously continue during the 2011 proxy season as the Dodd-Frank Act interpretation by the SEC continues to become a reality. Meanwhile, in response, some companies are beginning to consider changing the annual meeting process to include both audit and compensation committee chairs offering planned comments during the meeting. The focus would be to provide a visual awareness of a chair and issues that have been considered by a committee.

— ***C. Warren Neel,*** corporate director and executive director of the Corporate Governance Center at the University of Tennessee (www.corpgovcenter.utk.edu)

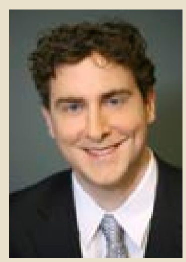
Almost all shareowner meetings are too formal, perfunctory, and sanitized to be useful (apart from the real activities related to proxy voting). Although most likely only a partial fix, I think giving shareowners, and perhaps other non-owner stakeholders, the real ability to place items on the agenda for discussion and reaction by directors (who should be required to attend every AGM) would improve AGM effectiveness.

— ***Michael McCauley,*** senior officer, Investment Programs & Governance, Florida State Board of Administration (www.sbafla.com)

Advance notice, voting by proxy, shareowner dispersion and other factors reduced the meaningfulness of annual shareowner meetings. Yet, "face-to-face accountability" can still change corporate policy. Recent "virtual-only" meetings demonstrate they are not ready for prime time, just as tablet computers needed years of development prior to iPad success. "Hybrid" meetings provide a testing ground for security issues, intuitive interfaces, independent facilitators using published procedures, Q&A sessions around each proxy item and other experiments that can lead to increased accountability. Technology can facilitate real deliberation or devolution into meaningless ritual. The choice is ours.

— ***Glynn Holton,*** executive director, United States Proxy Exchange, and ***James McRitchie,*** publisher of CorpGov.net (http://CorpGov.net)

The constraints are real: limited time, limited participation of shareholders, and legal constraints on what can be said. Investors hoping to discern novel insights at the annual meeting are ripe for disappointment. So spend time on giving shareholders a window on how the board and management interact on an issue of substance. Dispense with serial presentations in favor of a less-scripted discussion of an unusually challenging risk or opportunity, with questions from shareholders online or in person. Bring corporate governance to life to validate shareowner confidence in the stewards of their interests.



— ***Matt Orsagh,*** CFA, director, Capital Markets Policy, CFA Institute (www.cfainstitute.org)

How about letting directors answer questions from shareholders? A rookie meeting attendee once asked me, "Why are the directors sitting at the front of the room with their backs to the shareholders? Shouldn't they be facing the shareholders?" The question was utterly guileless, but I didn't have an answer.

— ***Cornish Hitchcock,*** principal, Hitchcock Law Firm (www.hitchlaw.com)