

# 2016–2017 NACD Private Company Governance Survey

## EXECUTIVE SUMMARY

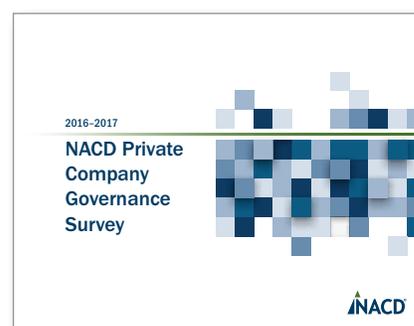
Expectations are rising for private company boards, and the business environment is increasingly complex. Against this backdrop, directors seek to understand whether their boards' governance practices align with those of their peers. The *2016–2017 NACD Private Company Governance Survey* offers insight into the priorities, challenges, and composition of private company boards, including family-, mutually, and investor-owned companies, among others.

Specific findings are offered on directors' outlooks around:

- key business trends and critical board priorities;
- board involvement in strategy development;
- the state of board risk oversight, especially cyber risk; and
- director education and onboarding practices.

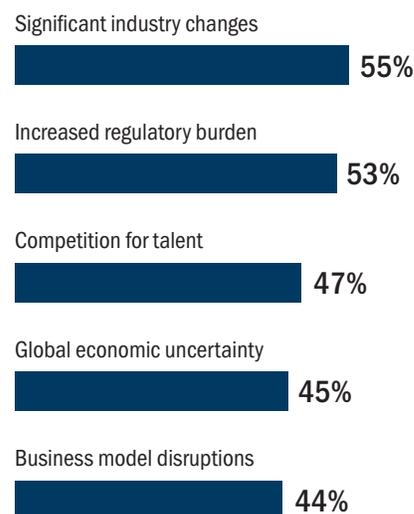
### Selected Key Findings:

- **Fifty-five percent** of respondents report that the biggest trend they expect to impact their private companies over the next 12 months will be major industry changes, which is not dissimilar from the responses received from public company respondents. In this operating environment, many industries are being uprooted by a wave of interconnected developments, including rapid changes in technology, market consolidation, business model disruptions, increasing regulation, and shifts in consumer behaviors.
- For **more than 60%** of private company boards, improving the quality of their dialogue with management is a critical priority for the next 12 months, while **56%** of respondents emphasize the need for improvement in the quality of information that the board receives from management.



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### What five trends do you foresee having the greatest effect on your company over the next 12 months?



## EXECUTIVE SUMMARY, CONTINUED

- **Fifty-eight percent** of respondents find it challenging to pressure test the validity of increasingly uncertain assumptions underlying strategy, while **53%** of respondents indicate that there is insufficient agenda time allocated for in-depth strategy discussions during board meetings.
- **Less than 50%** of private company boards assess emerging risks or perform in-depth reviews of top risks, compared to more than **60%** of public company boards.
- Just under half (**49%**) of private company respondents indicate that their boards have onboarding programs for new directors—a striking difference from the 73% of public company directors who said the same.
- Overall, **48%** of private company respondents say they conduct full-board evaluations. The prevalence of full-board evaluations, however, varies significantly among private company types—**59%** for family businesses and **24%** for investor-owned boards.

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Does your board have an onboarding program for new directors?

