



## NAVIGATING YOUR BOARD THROUGH THE STRAITS OF ECONOMIC PERIL

### TOP TEN TAKEAWAYS

1. Risk oversight has become “Priority One” for Boards in the current economic environment.
2. Ensure that your Board understands and is able to assess the key risks and threats to your company’s strategy, business and industry.
3. Ensure that your company has adequate monitoring systems in place that will allow your management team and Board to identify and pay attention to early warning signs, including key risk indicators in your industry.
4. Consider whether risk management should be the responsibility of your entire Board or a standing committee (i.e., a risk management committee, the audit committee, or corporate governance committee).
5. Coordinate risk management efforts between your Board (or Board committee) and your company’s risk management officer, general counsel, internal audit team, and disclosure committee.
6. Evaluate your management team: Do you have the right quarterback and play makers for the current economic environment?
7. Evaluate how best to maximize and preserve your company’s liquidity by examining leverage ratios, access to credit and liquidity sources, and by reviewing and potentially re-prioritizing capital expenditures.
8. Focus your strategic planning on long-term fundamentals, balance sheet integrity and “smart growth,” possibly through opportunistic M&A activity.
9. Consider whether your company’s executive compensation policies encourage “unnecessary or excessive risk that could threaten the value of the company” and ensure that bonuses and equity compensation are tied to long-term shareholder value creation.
10. Improve your shareholder communications and relations through increased proactivity, transparency and responsiveness to shareholders.