



Do You Have A Balanced Board?

by [Steve Brown](#) Topics: [board of directors](#), [strategic planning](#), [performance](#)

Summary: Sometimes even the best boards get out of balance, with one or two voices dominating. We give you ways to prevent and remedy this situation.

Some things happen later today than previously in history. Back in 1960, the data shows people got married at about 21Ys old and now that is closer to 28Ys - about 9Ys later. You may have read that somewhere, but it might not have been linked to another fact. The life expectancy in 1960 was just under 70Ys old and today it is just under 79Ys - about a 9Y difference. Ponder that one.

As you do, we shift gears to look at bank board members. We are not talking about age, but rather about personalities here. Sometimes even the best boards get out of balance, with one or two voices dominating discussions.

To keep things balanced, the best plan is to prevent the imbalance in the first place. It's the job of the chairperson (Chair) or CEO to lead and direct the conversation during board meetings. That includes setting a professional tone and ensuring that everyone's input is welcomed with respect. A good Chair understands that no one member can possibly know everything and emphasizes that the board can only thrive with input from every member.

Even with the best guidance and intentions, some board members may still drown out other opinions. Board members with strong personalities can add a lot to discussions, and they often don't intend to eliminate other points of view. If that's the effect they create though, the board may lose its sense of balance and engagement.

It's the job of the Chair or CEO to step in when this happens. If one or more members monopolize the conversation, thanking them for their contributions and saying that you'd appreciate hearing from other members too is often all it takes to restore balance.

If that doesn't work, a quiet, private meeting might work by making directors aware of tendencies they may have to stifle discussion. Encourage all directors to listen continually to keep the overall board in a healthy balance.

On the flip side of this issue, the Chair or CEO will also need to meet with quiet or disengaged board members. They are attending meetings for a reason, so actively soliciting all opinions and letting even the quietest directors know that you value their input creates the healthiest structure. Board education events can also be helpful by improving confidence, particularly when subjects go deep into the banking or regulatory worlds or delve into highly technical matters.

Another tip is to have annual discussions about how your board meetings are going. What's good about them? What could be improved? Talk about the topics on the agenda, the time allowed for important matters, and whether all members are involved.

Annual director evaluations may also be something to do. The key is to ask often whether directors actively participate in board meetings. Then, consider whether each director in turn is participating and showing respect for other opinions.

You are probably doing much of this, but with strategic planning on the near term horizon we hope this helps get even better discussion flowing. There are also many times when it may be appropriate to revisit - such as the addition of a new board member, a retiring member or if an overall board review hasn't been completed in a while.

ECONOMY & RATES

Rates As Of: 09/23/2019 11:08AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.90	-0.07	-0.45
6M	1.91	0.04	-0.57
1Y	1.81	0.04	-0.79
2Y	1.66	0.15	-0.83
5Y	1.58	0.19	-0.94
10Y	1.70	0.20	-0.99
30Y	2.14	0.18	-0.87
FF Market	FF Target	Fed Disc	
1.90	2.00	2.50	
SOFR	Prime	Unemp	
1.86	5.00	3.70	

[More Market Rates](#)

BANK NEWS

Future Growth

The sharp decline in market yields in August and the change in investor sentiment has led large banks to revise revenue growth targets downward. The response comes as the economic environment becomes much more challenging.

M&A Activity

1) Third Coast Bank, SSB (\$855mm, TX) will acquire Heritage Bank (\$290mm, TX) for an undisclosed sum. **2)** BankPlus (\$2.9B, MS) will acquire State Bank & Trust Co (\$1.2B, MS) for \$136.5mm in stock (100%) or 1.64x tangible book. **3)** First Financial Bank (\$8.0B, TX) will acquire The Bank & Trust of Bryan/College Station (\$624mm, TX) for \$190mm in stock (100%) or 2.72x tangible book.

Economic Growth

The latest Wall Street Journal survey of blue chip economists finds GDP is expected to increase 2.2% this year, before slowing to 1.7% in 2020 and 1.9% in 2021.

More Buying

The Fed will discuss whether to resume buying Treasuries at its October meeting, as the group seeks to address high levels of volatility in overnight lending rates. The move is not expected to be quantitative easing as seen in 2008, but would likely rather be small purchases of Treasuries from time to time in order to prevent bank reserves from declining. Reserves have declined from a high of \$2.8T about 5Ys ago to \$1.4T today, while currency in circulation has jumped from \$800B to \$1.7T over the past decade.

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