

The “Future” of Corporate Governance

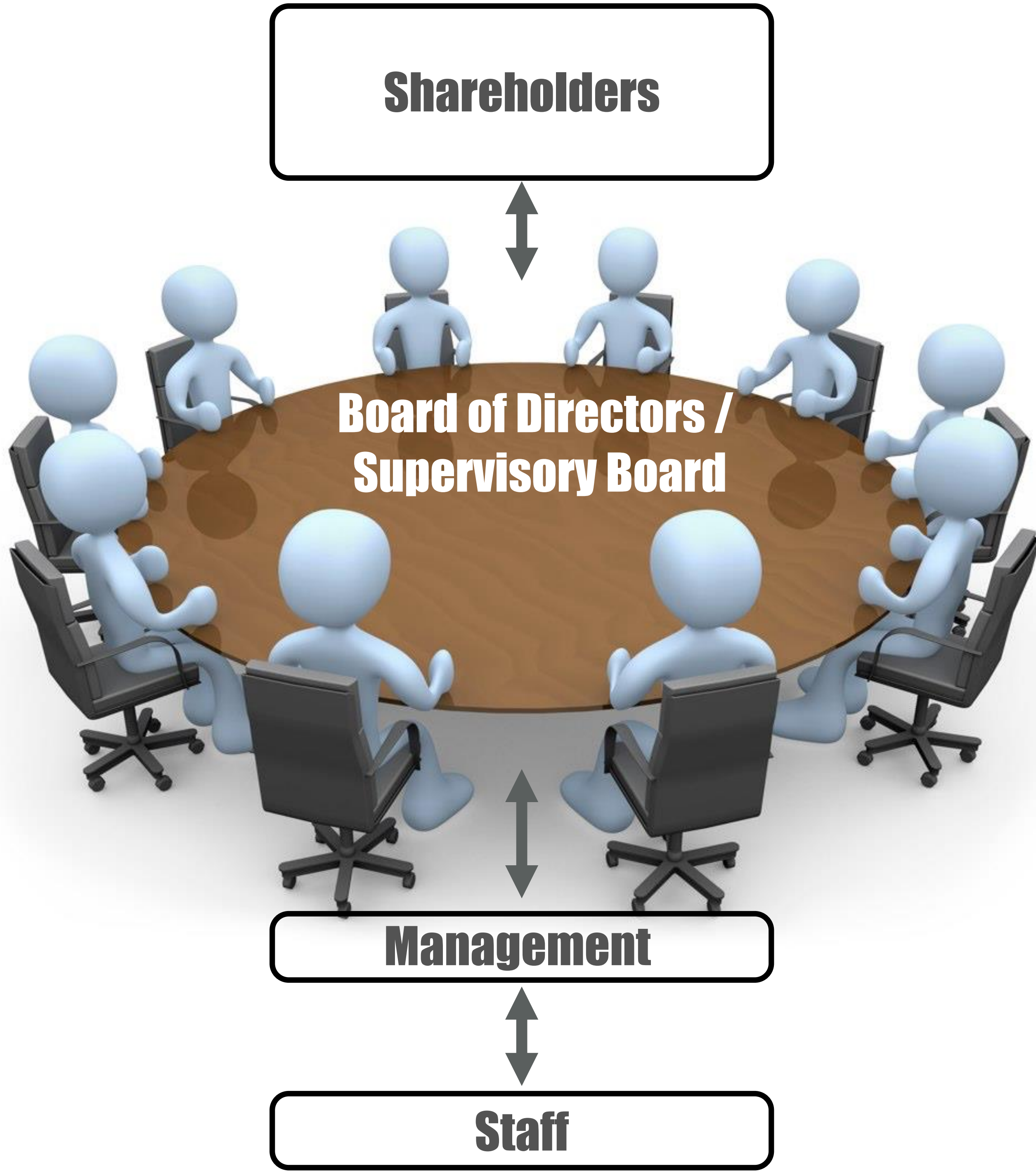


Erik P.M. Vermeulen



A Smarter Board of Directors

ACCOUNTABILITY



EMPOWERMENT



VI. The responsibilities of the board

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

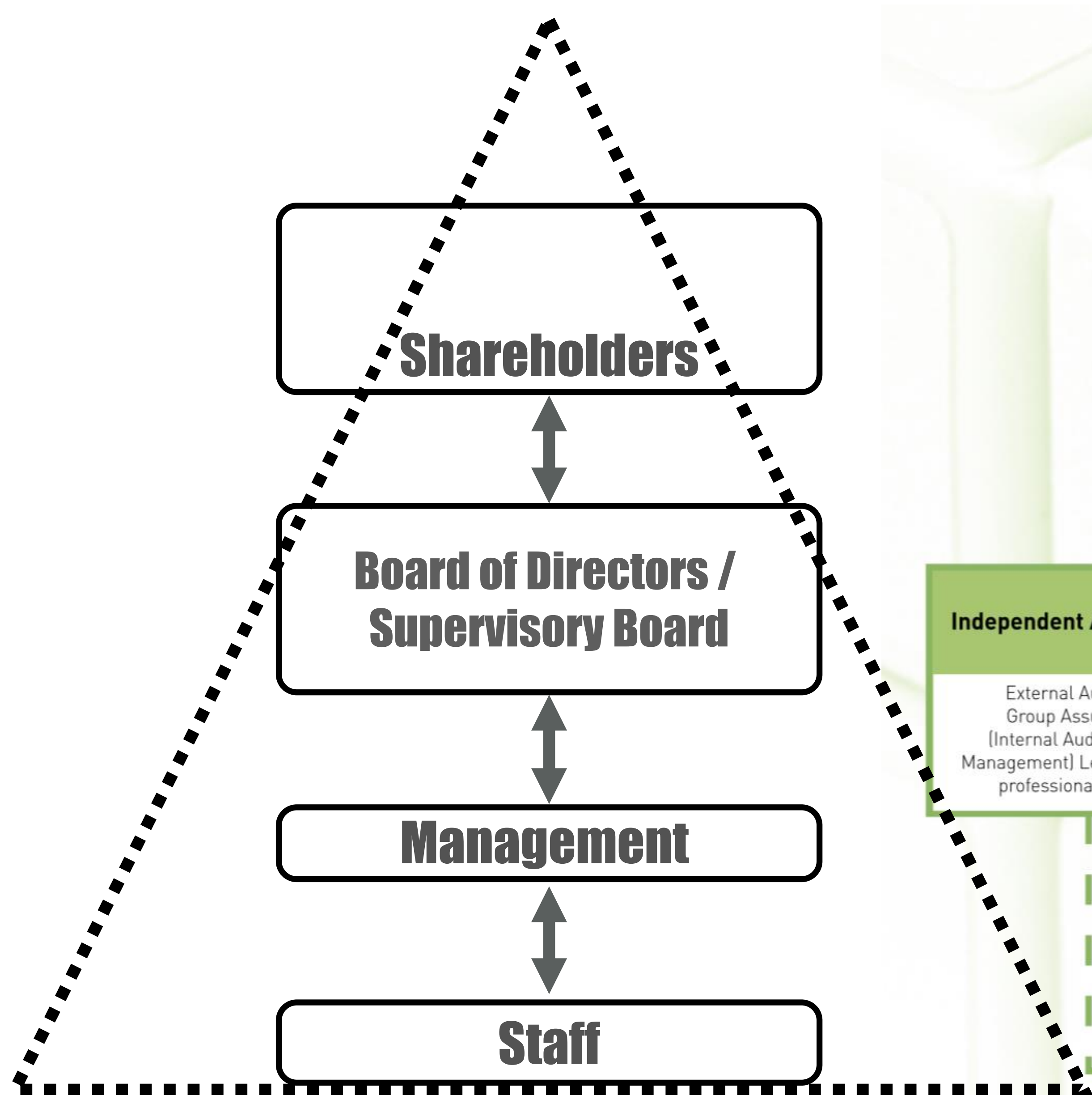
Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders (and other stakeholders)



Key functions:

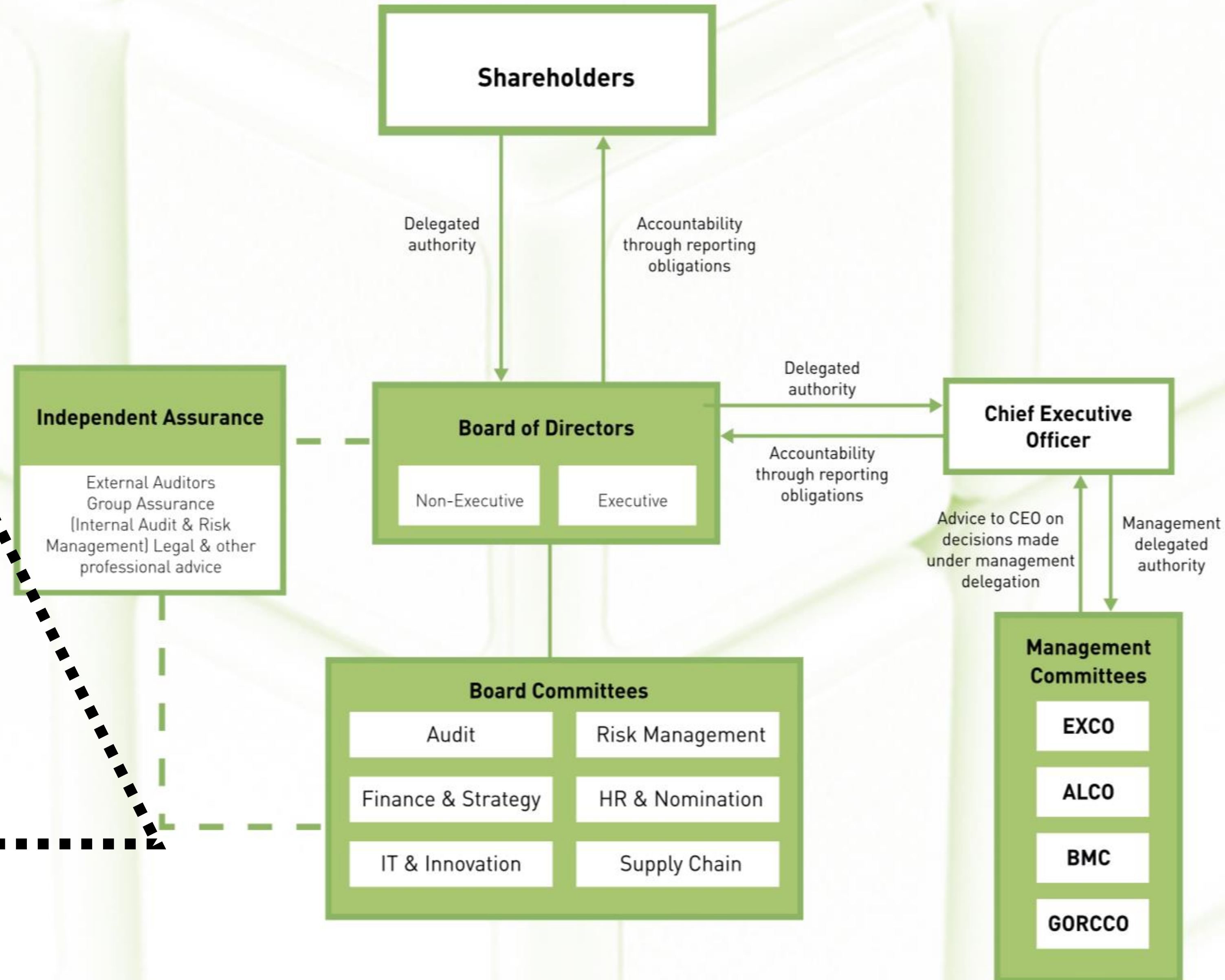
- Strategy
- Risk management
- Annual budgets & business plans
- Performance objectives
- Monitoring implementation & performance
- Overseeing major capital expenditures, acquisitions and divestitures
- Governance
- Selecting, compensating, monitoring key executives
- Succession planning
- Remuneration
- Board nomination
- Conflicts of interest
- Related party transactions
- Accounting, financial reporting, audit
- Overseeing the process of disclosure & communications





**Hierarchies, Profit, Control,
Focus on Shareholder Value**

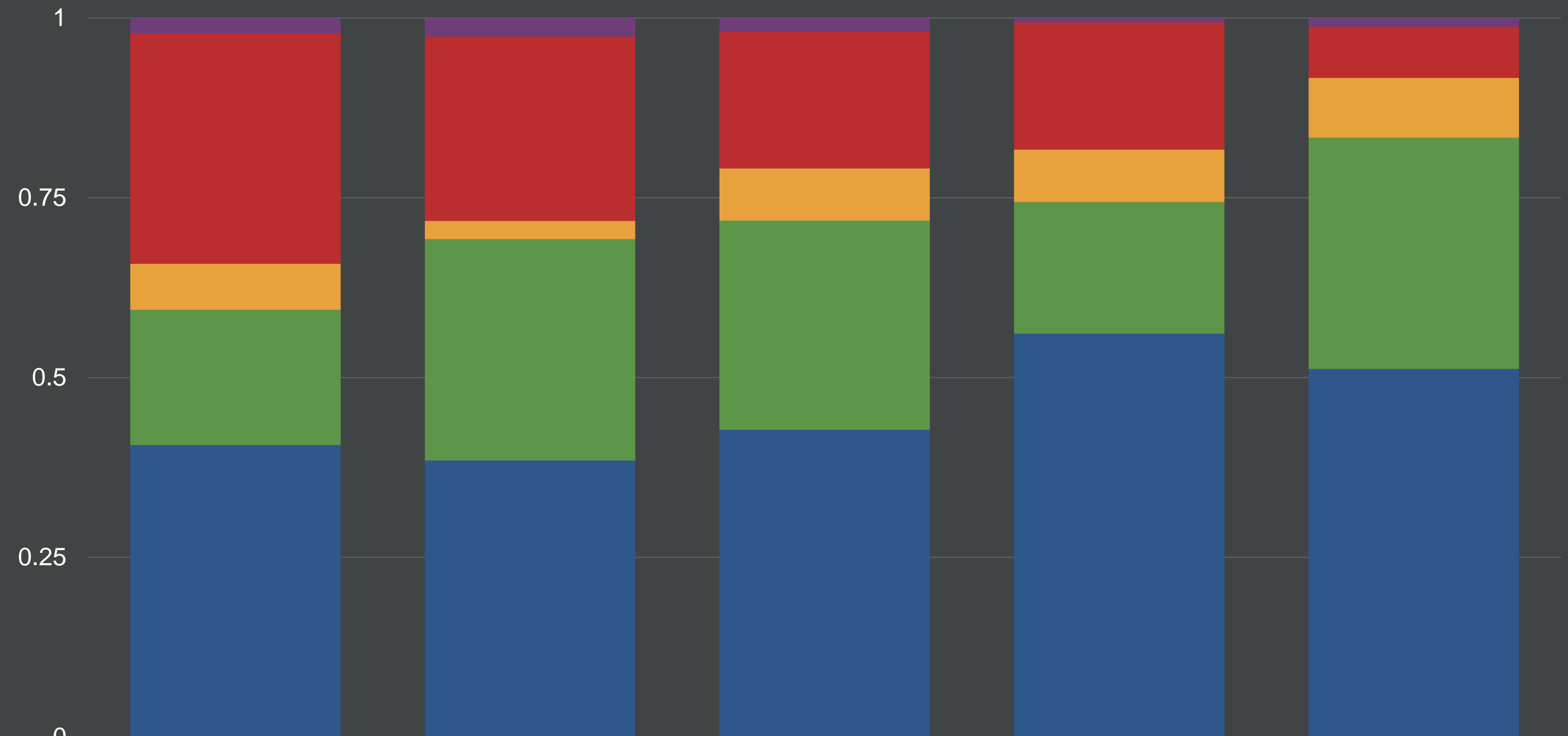
Corporate Governance Framework



Composition

THE WORLD'S MOST INNOVATIVE COMPANIES

EXPERTISE Management Compliance Sales & Marketing Business Digital



	Average	Median
Number of directors	13	12
Number of independent directors	9	10
Age	61	61
Time on the board (years)	7.7	7.5
Women on the board	3	3

Based on earlier research of the FT500 companies

"Widely Dispersed" Company
 "Founder-Controlled" Company
 Corp./Gov.-Controlled Company
 "Significant Stake" Company
 "Family-Controlled" Company



Academic



Regulator



Consultant



Information?

**Limited number of
meetings?
(average 6-10)**

Time?

**Compliance
fatigue?**

Guidance?

Box-ticking?



TESLA

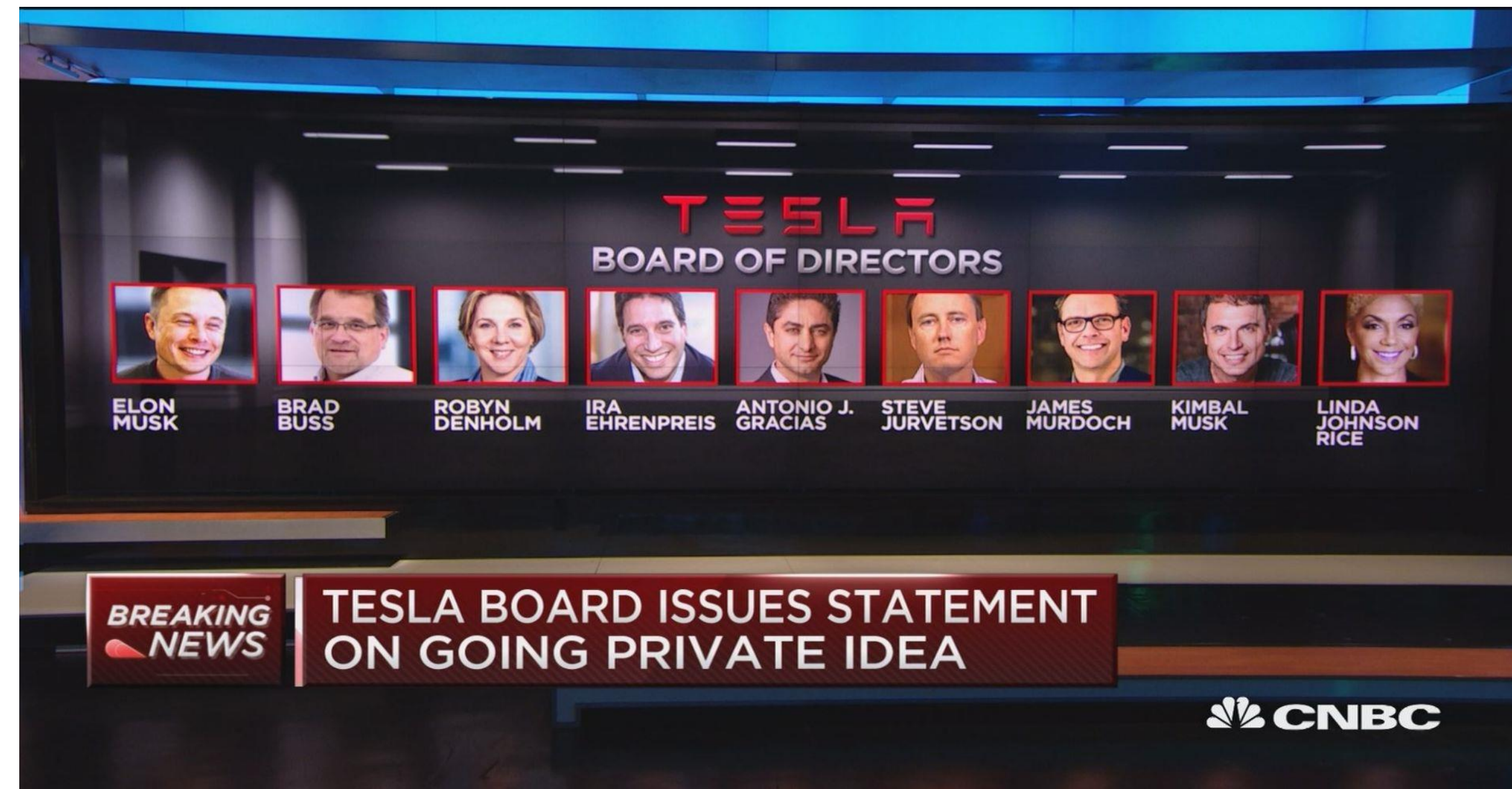
THE RECORDER

LAW BUSINESS TECHNOLOGY

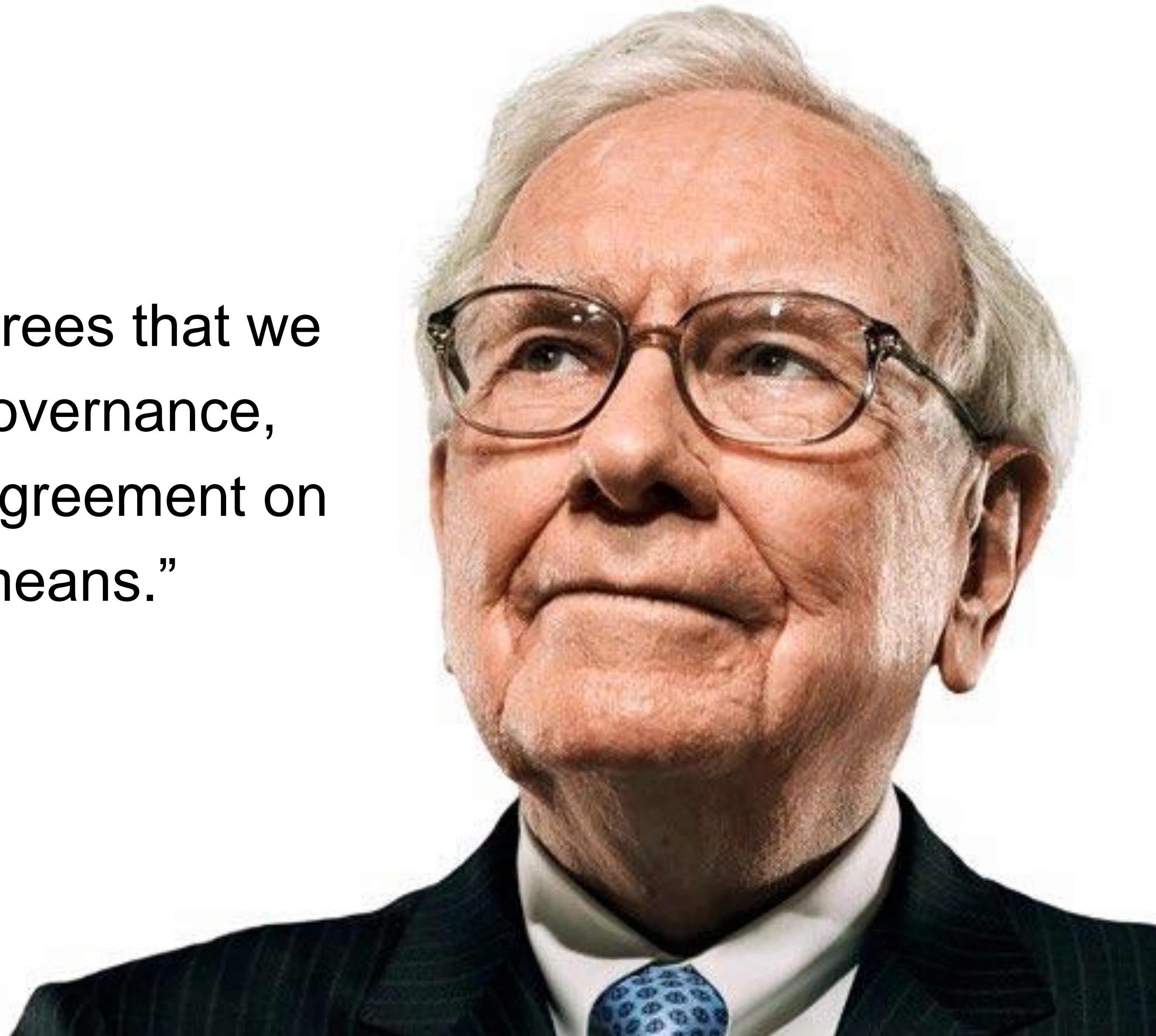
Musk, Tesla Board Sued Over CEO's 'Erratic Behavior'

A Tesla shareholder has sued Elon Musk in the Delaware Court of Chancery over his recent pattern of "erratic behavior" and accused the company's directors of "gross mismanagement" for failing to monitor the outspoken CEO's statements on Twitter.

By Tom McParland | October 18, 2018



“While most everyone agrees that we need good corporate governance, there has been wide disagreement on what that actually means.”





Learning from Others & Other Companies

Management of Sustainability (MOS)

Management aiming to improve sustainability

Contributing to the resolution of a variety of environmental and social issues through corporate activities that consider the future of people, society, and the Earth

Management of Economics (MOE)

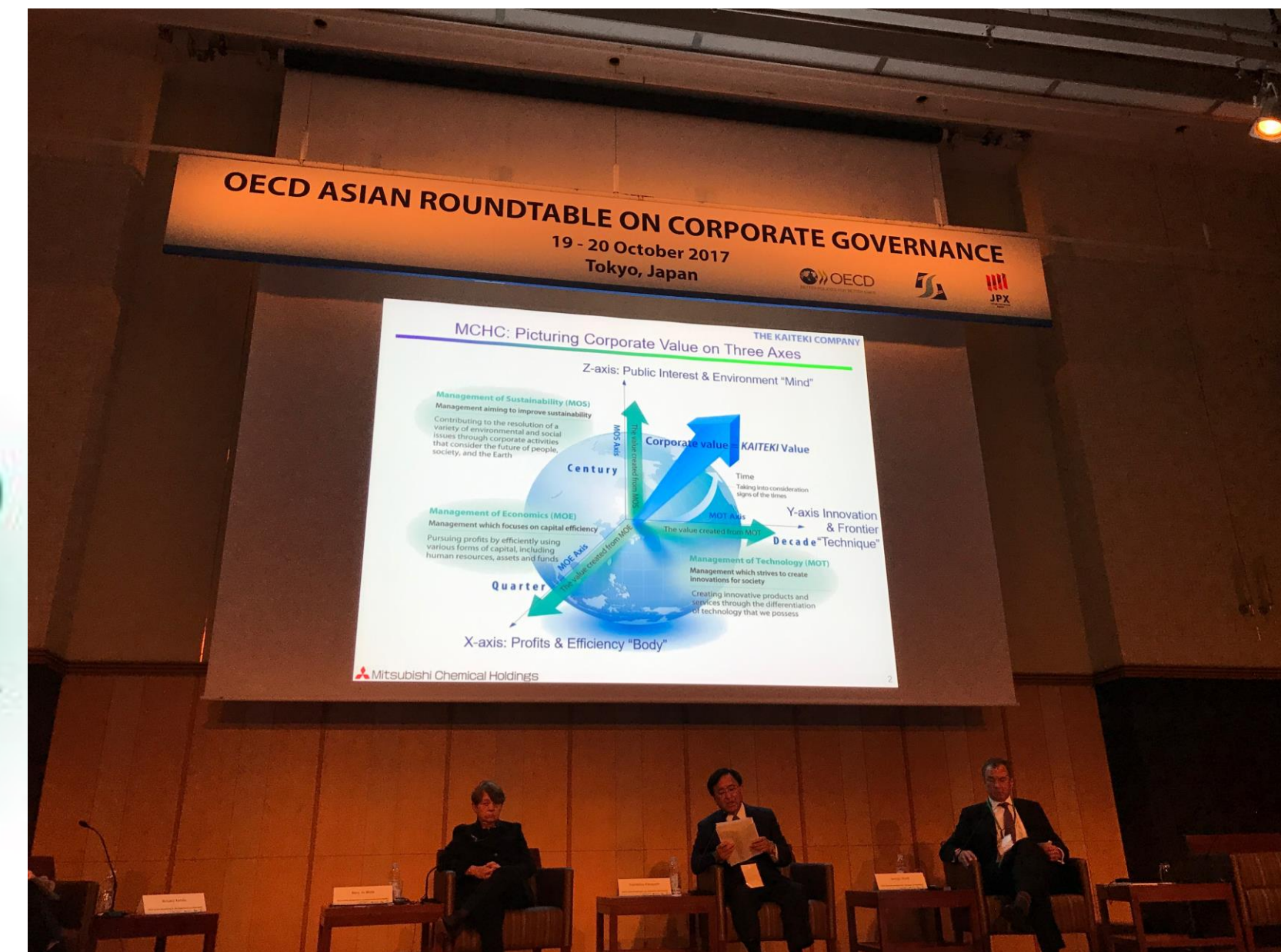
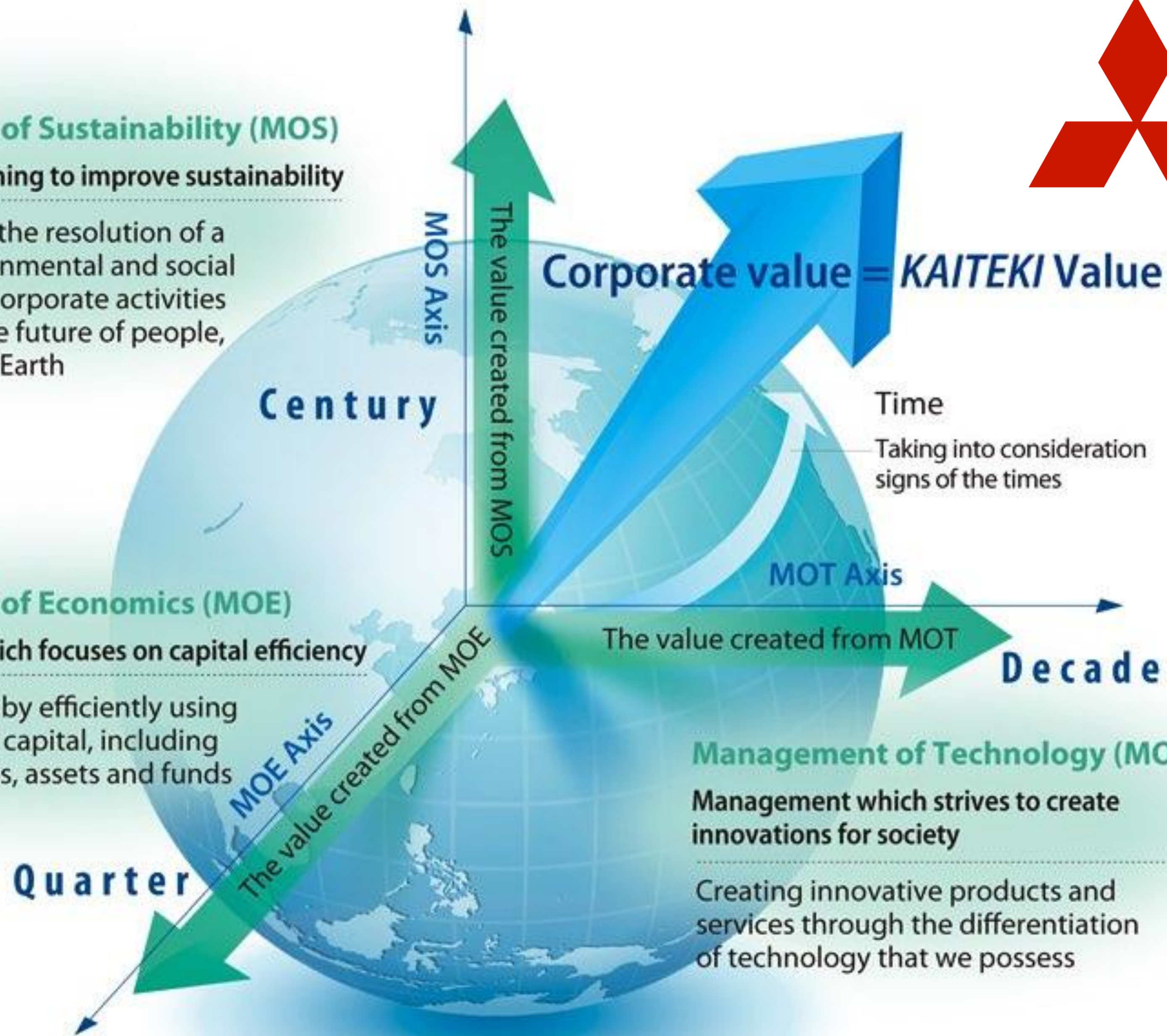
Management which focuses on capital efficiency

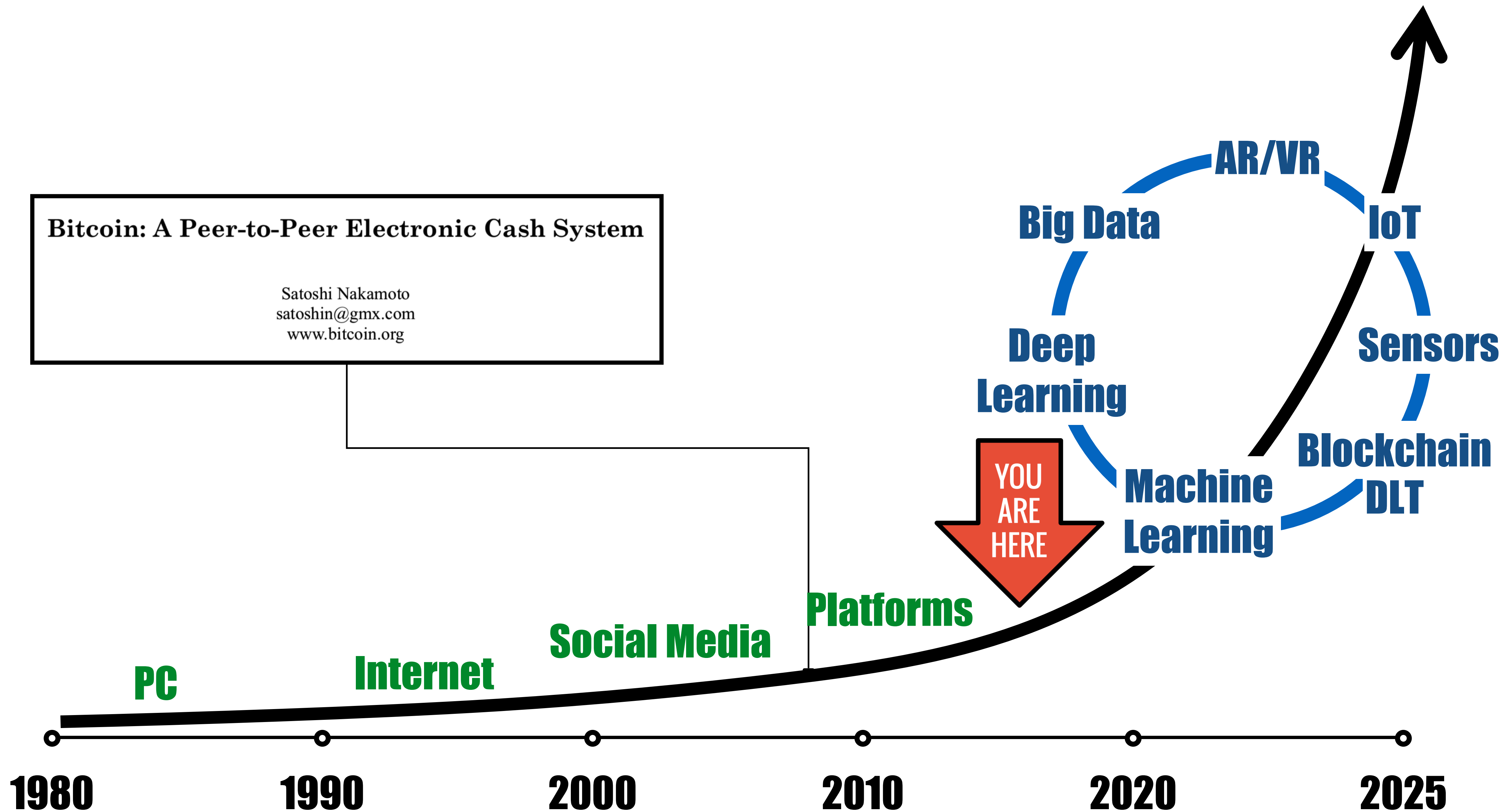
Pursuing profits by efficiently using various forms of capital, including human resources, assets and funds

Management of Technology (MOT)

Management which strives to create innovations for society

Creating innovative products and services through the differentiation of technology that we possess



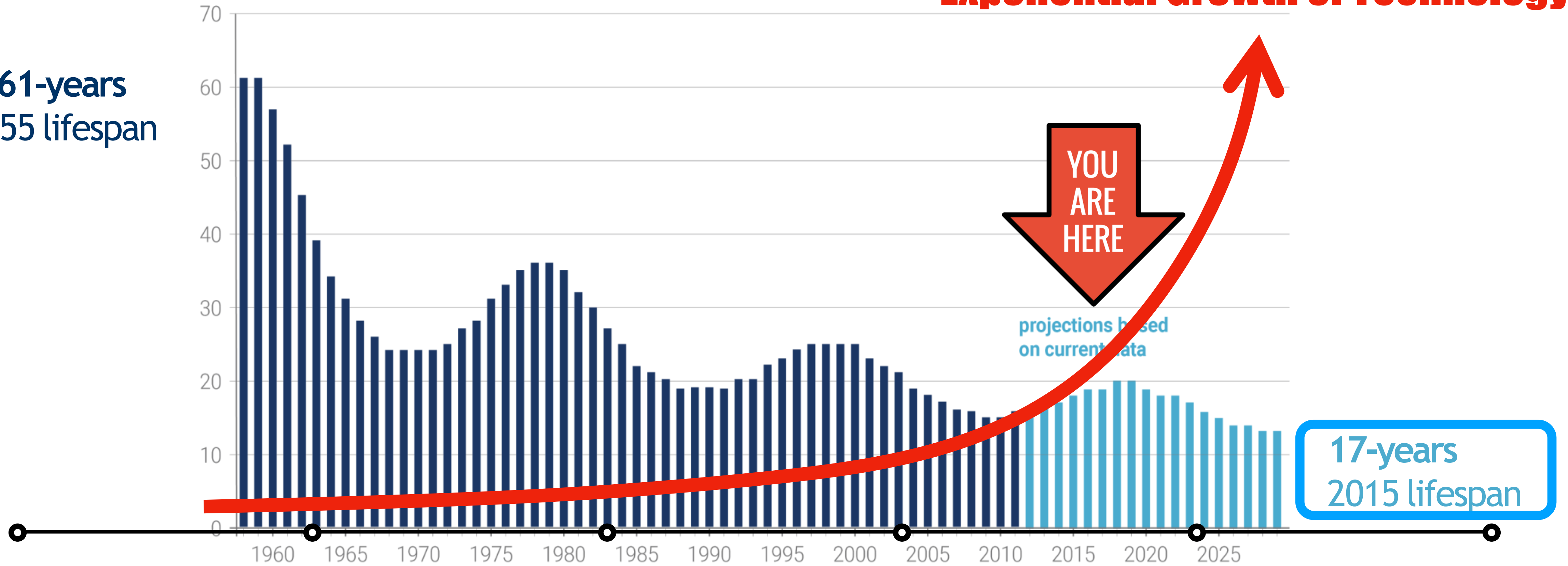


IN THE LAST 15 YEARS

52% of S&P 500 companies have disappeared

Exponential Growth of Technology

61-years
1955 lifespan



Year (each data point represents a rolling 7-year average of average lifespan)

THE LARGEST COMPANIES BY MARKET CAP

The oil barons have been replaced by the whiz kids of Silicon Valley



Top 5 Publicly Traded Companies (by Market Cap)

● Tech ● Other



visualcapitalist.com



DATA IS THE NEW OIL,
AND INTELLIGENT
INFORMATION IS THE
NEW CURRENCY

Data- and intelligence-driven enterprises win



Precision Agriculture Technology



Operator Stations



Displays



AutoTrac™



Implement Guidance



Receivers



GreenStar™ Documentation



Field Connect™



Mobile Apps



JDLINK™ Connect



John Deere Operations Center



Sheila G. Talton



View Your Accounts

Account Summary

Username

Password

Go

Save Username

[Forgot Password/Username?](#)

Need online access?

[Sign Up Now](#) or [Take a Tour](#)

[Privacy, Cookies, and Security](#)



Keeping you informed

Actions we're taking to make things right for our customers

[Read the latest update](#)

College



Fraud Information Center



Retirement



Home Lending



Banking Made Easy



Borrowing and Credit



Homeownership, simplified

Information and resources from the nation's #1 lender provide support at every stage of homeownership.

[Explore Home Lending Options](#)

- [Check rates and payments](#) for mortgage and home equity
- [Buy your first home](#) with help from our interactive guide
- Customize and [compare loan options](#)
- [Make payments online](#) or learn about [managing your account](#)

Buying a house?

Estimate how much you may be able to borrow

[Get Prequalified >](#)

Time to refinance?

Understand if refinancing makes sense for your situation with a free analysis

[Get Started >](#)

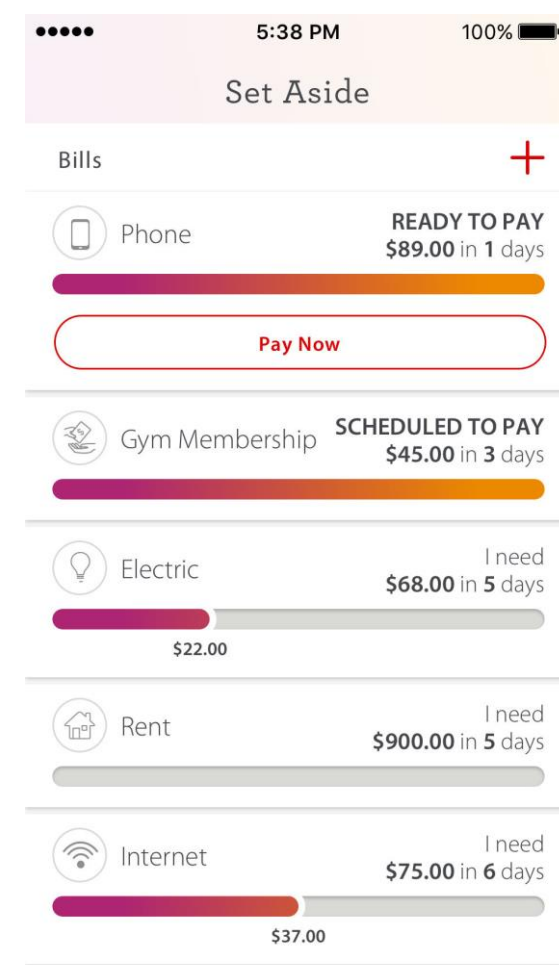
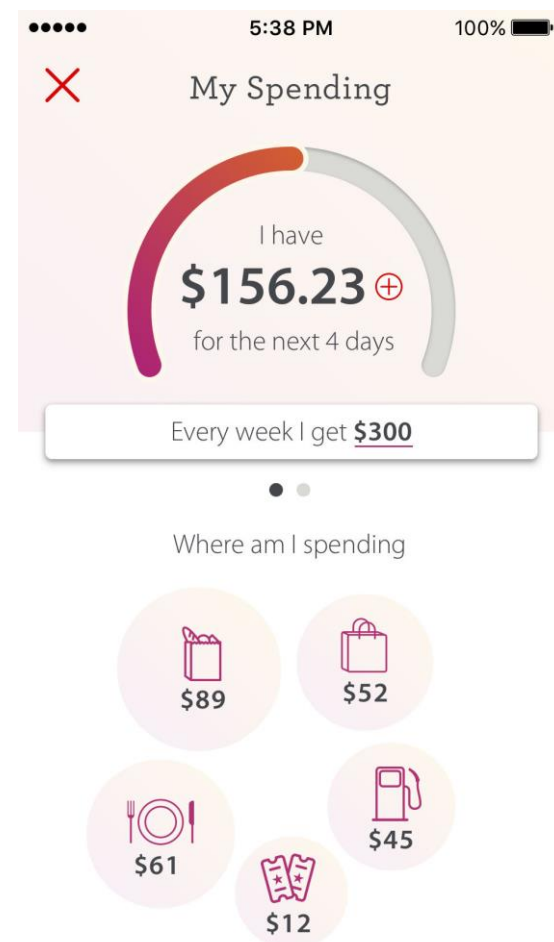
Digital Banks

FinTechs TechFins

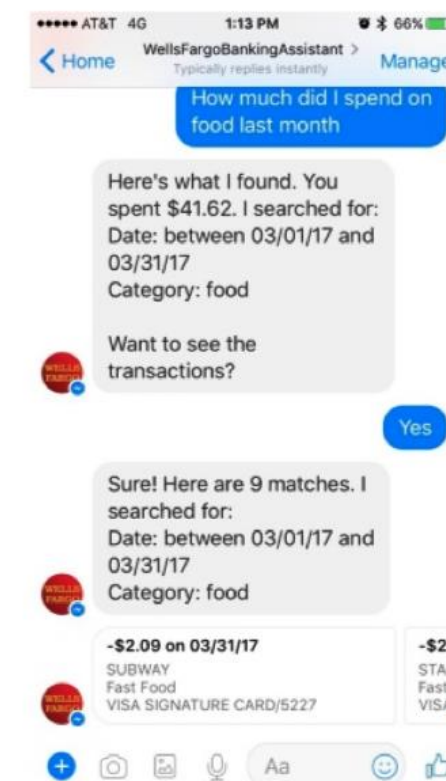
Scalability



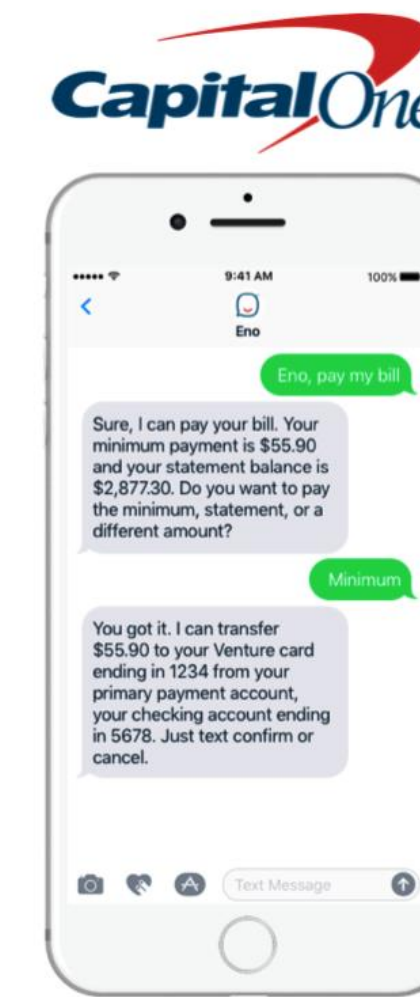
AI Solutions



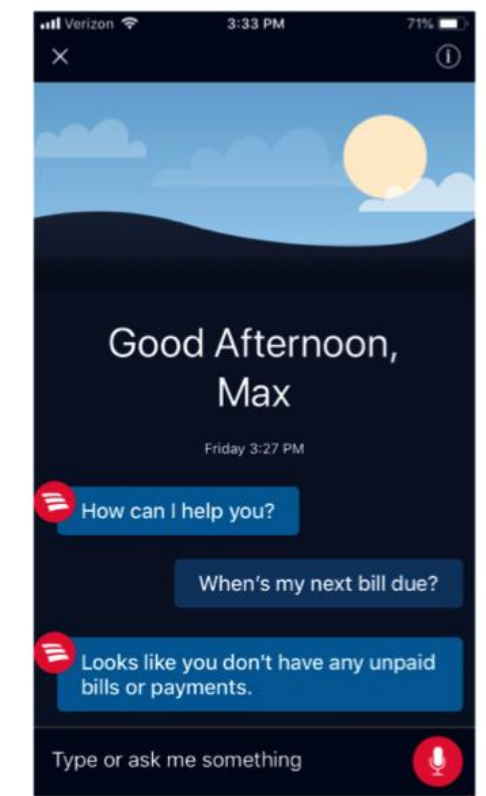
WELLS FARGO



Chatbots



Bank of America



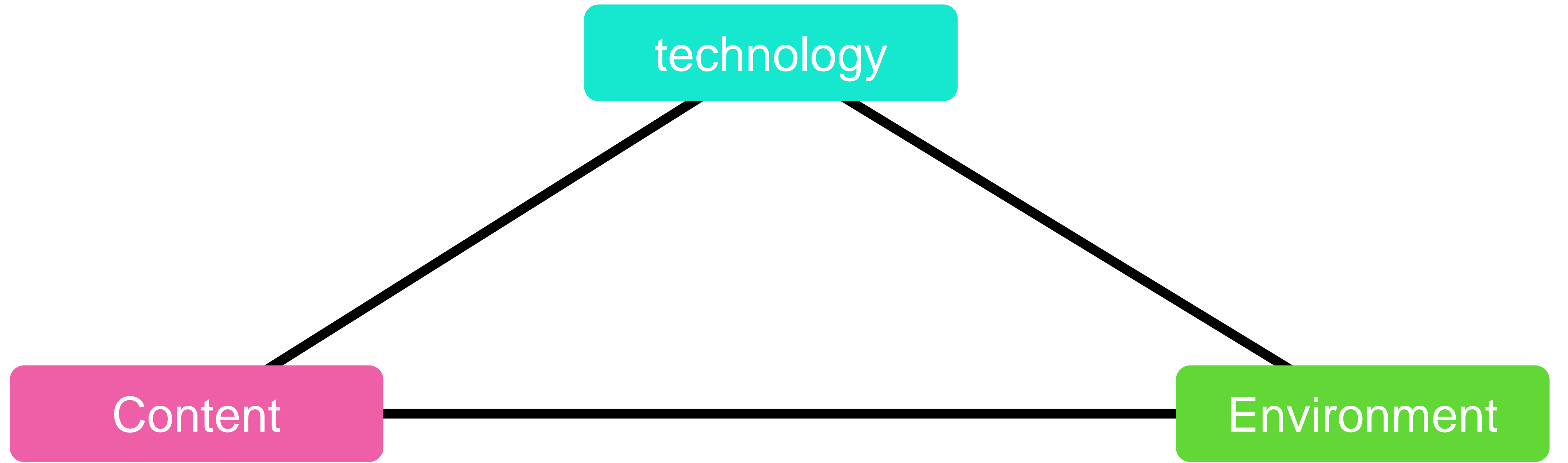
Technology

Content

Mobile Apps

JPMorganChase	Bank of America	WELLS FARGO	citi	Goldman Sachs	usbank	TD Bank	PNC	Capital One	DISCOVER BANK

Mobile-only Banks



Disillusioned millennials feel little brand loyalty to banks



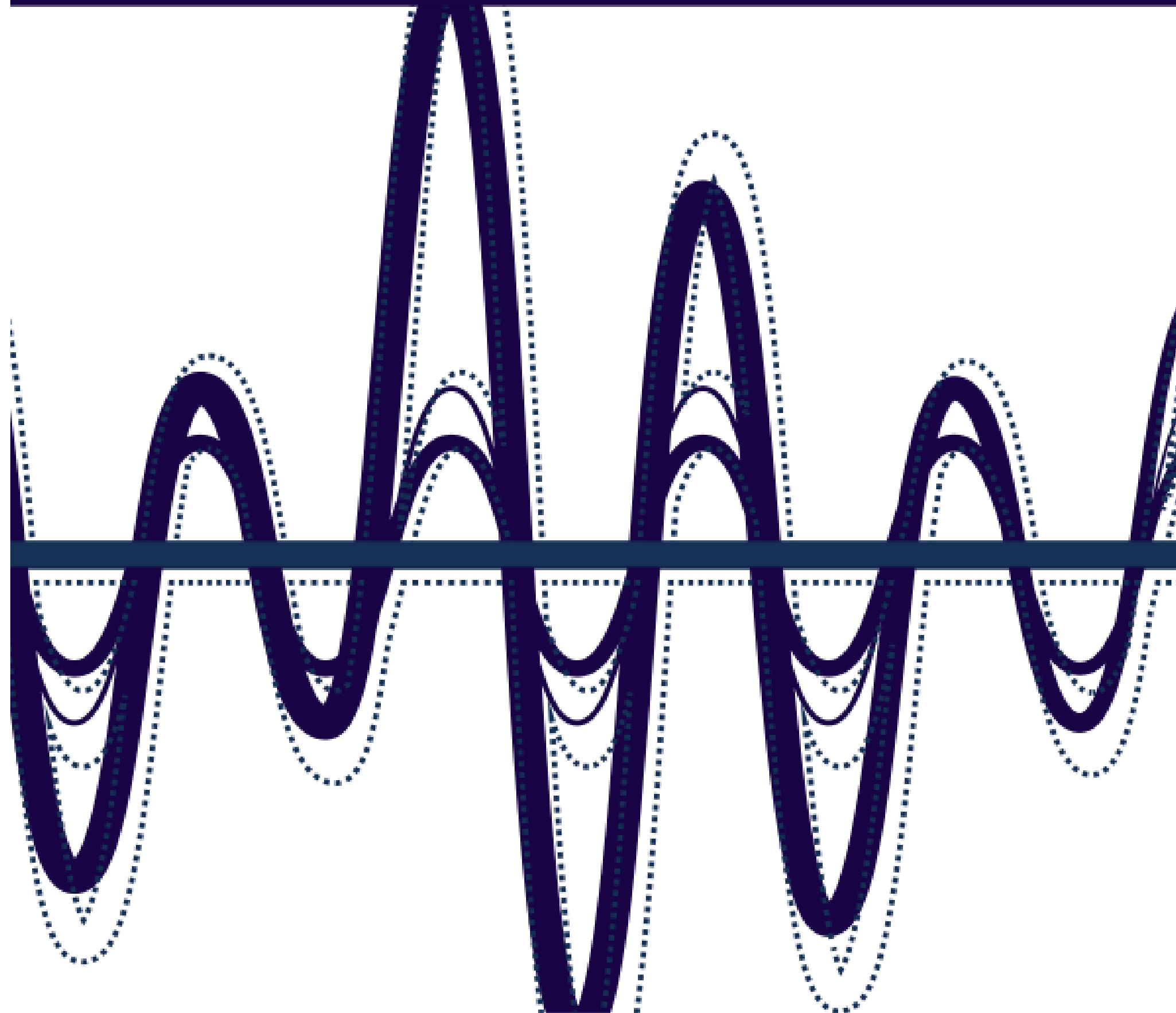
Only 24% of millennials 'strongly agree' their bank helps them reach financial goals



Millennials switch primary banks 2.5X more often than baby boomers

The Stakeholder Voice in Board Decision Making

Strengthening the business, promoting long-term success

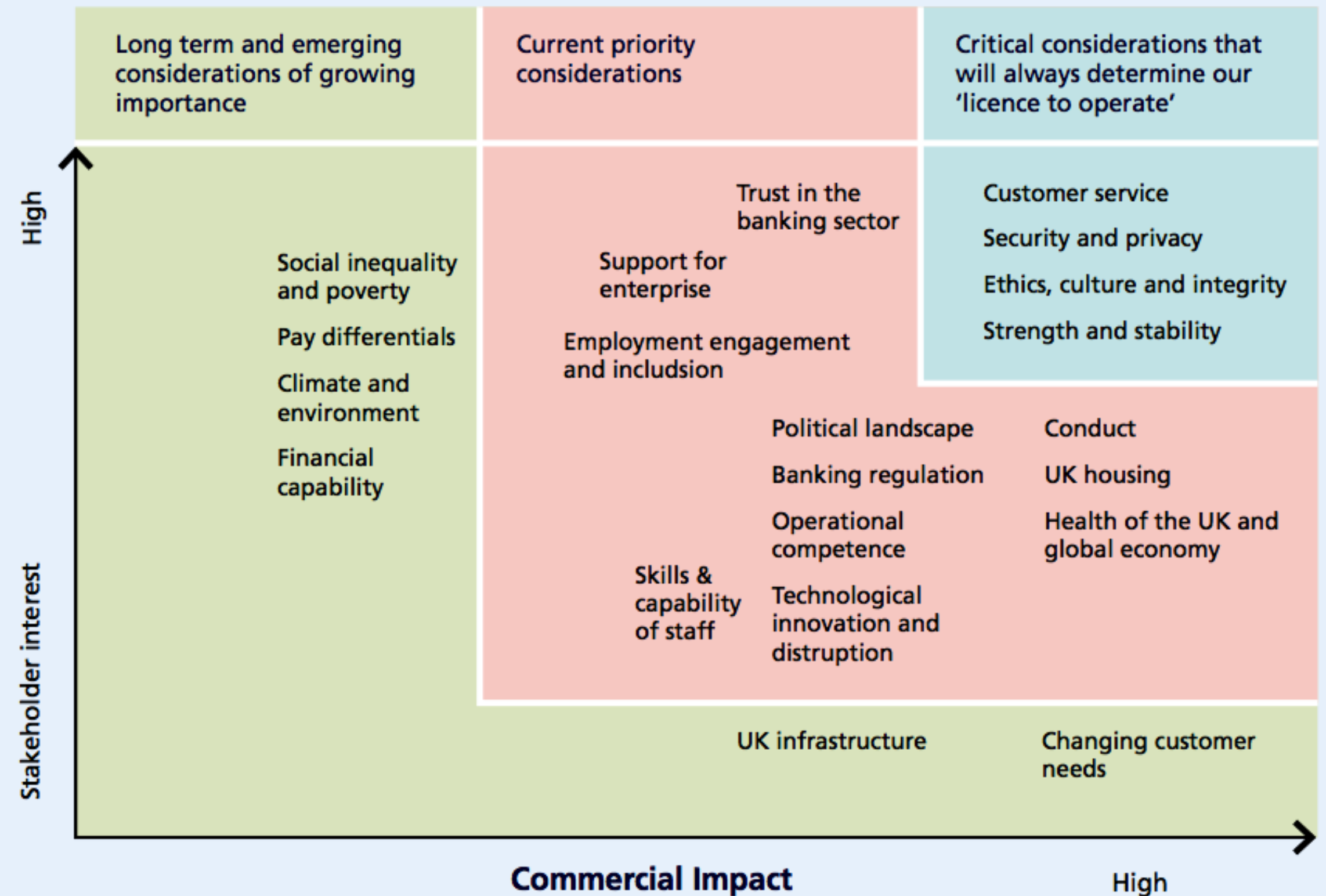


Example: Royal Bank of Scotland Group

The Royal Bank of Scotland Group (RBS) has developed a matrix which identifies the significant issues that impact on different stakeholder groups, divided into three categories:

- long-term and emerging considerations of growing importance;
- current priority considerations; and
- critical considerations that will always determine the company's 'licence to operate'.

RBS publishes a summary of the matrix in its annual report.



Core principles

- 1 Boards should identify, and keep under regular review, who they consider their key stakeholders to be and why.
- 2 Boards should determine which stakeholders they need to engage with directly, as opposed to relying solely on information from management.
- 3 When evaluating their composition and effectiveness, boards should identify what stakeholder expertise is needed in the boardroom and decide whether they have, or would benefit from, directors with directly relevant experience or understanding.
- 4 When recruiting any director, the nomination committee should take the stakeholder perspective into account when deciding on the recruitment process and the selection criteria.
- 5 The chairman – supported by the company secretary – should keep under review the adequacy of the training received by all directors on stakeholder-related matters, and the induction received by new directors, particularly those without previous board experience.
- 6 The chairman – supported by the board, management and the company secretary – should determine how best to ensure that the board's decision-making processes give sufficient consideration to key stakeholders.
- 7 Boards should ensure that appropriate engagement with key stakeholders is taking place and that this is kept under regular review.
- 8 In designing engagement mechanisms, companies should consider what would be most effective and convenient for the stakeholders, not just the company.
- 9 The board should report to its shareholders on how it has taken the impact on key stakeholders into account when making decisions.
- 10 The board should provide feedback to those stakeholders with whom it has engaged, which should be tailored to the different stakeholder groups.



Directors as “Consumer Experts”





TOMORROW MATTERS

Nika Kurdiani
Deputy CEO TBC Bank

Jack Ngare
Managing Director
Finserve Africa Limited



FinTech Partnerships – FMO Case Study

Keeping it simple: A **recipe for success** in Georgia's mobile banking market

Georgia's TBC ventures into neobanking Space

28 June 2018



TBC, the largest bank in Georgia, has engineered its own cloud-based, digital-only neobank, dubbed Space.

Structured as an autonomous business, Space provides customers with the full range of retail banking services including loans, saving products and payment cards. The business was developed from concept to launch in just eight months with the support of software-as-a-service engine Mambu.

მე ვხდით პროცესებს სახალისოს
მიიღე უამარავი ბონუსი



Shareholders

**Board of Directors /
Supervisory Board**

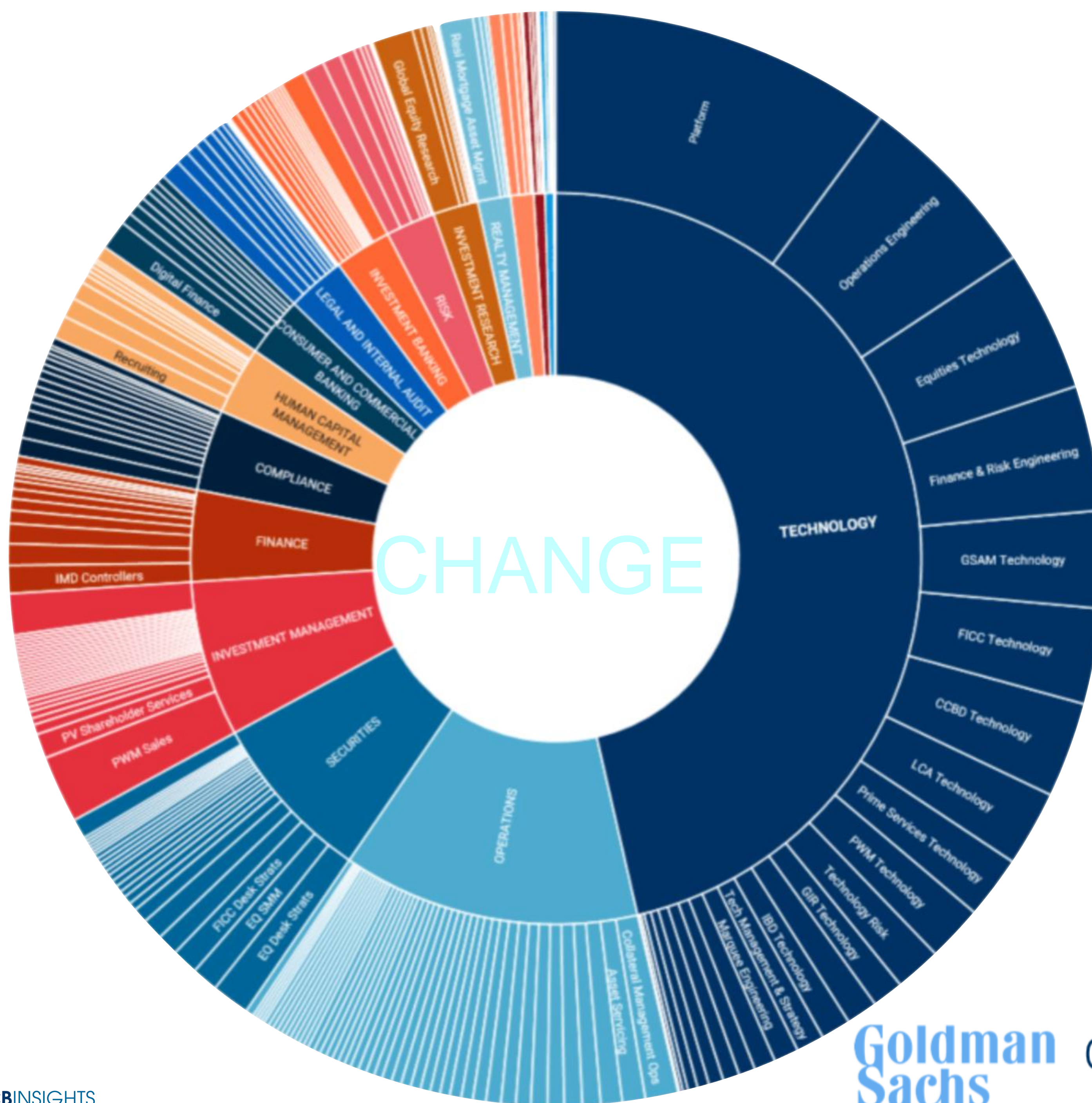
Management

Staff

Japan megabanks fighting stodgy corporate culture as new fintech players encroach

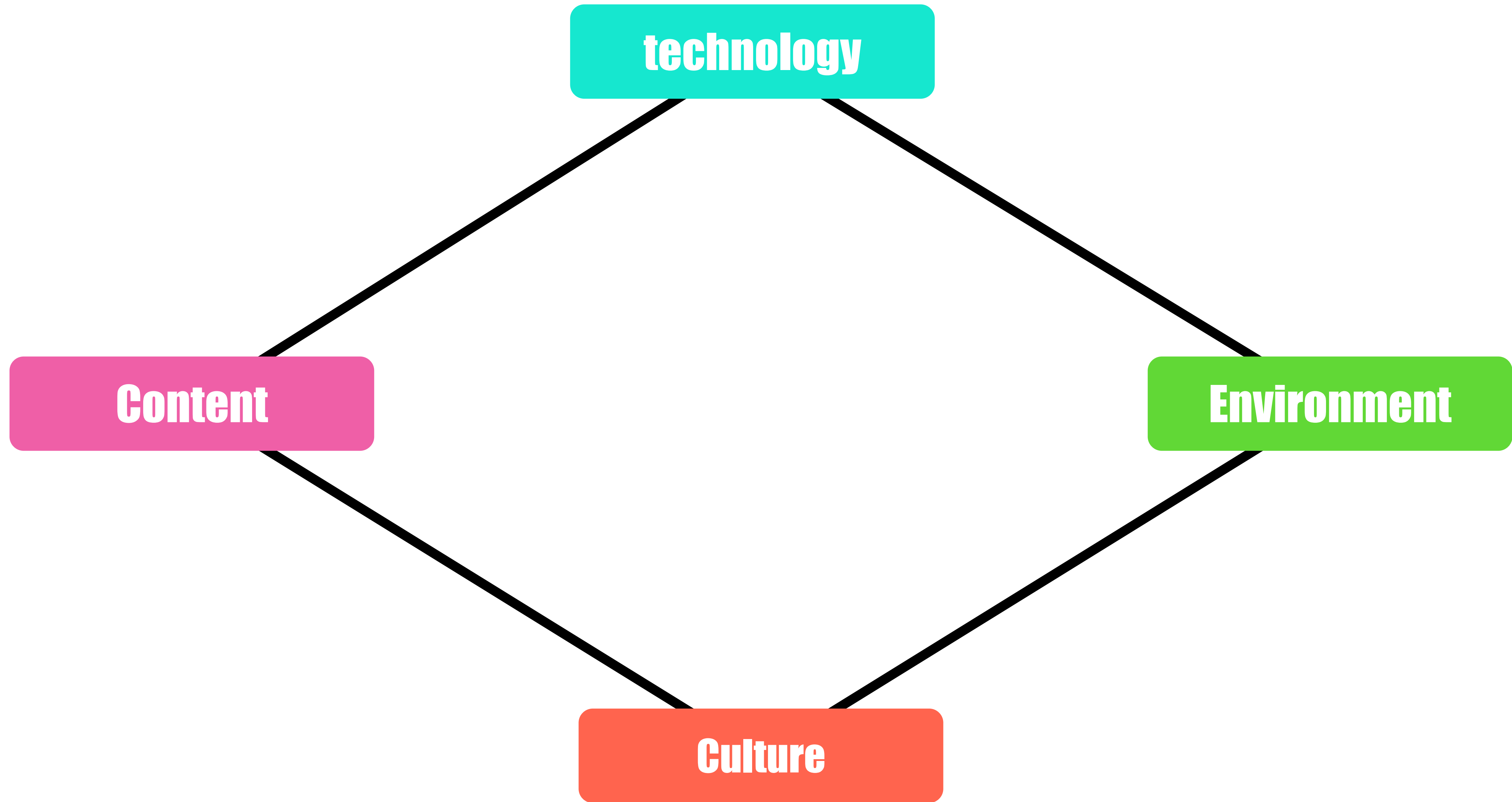
The Mainichi
Japan's National Daily Since 1922

**Hierarchies, Profit, Control,
Focus on Shareholder Value**



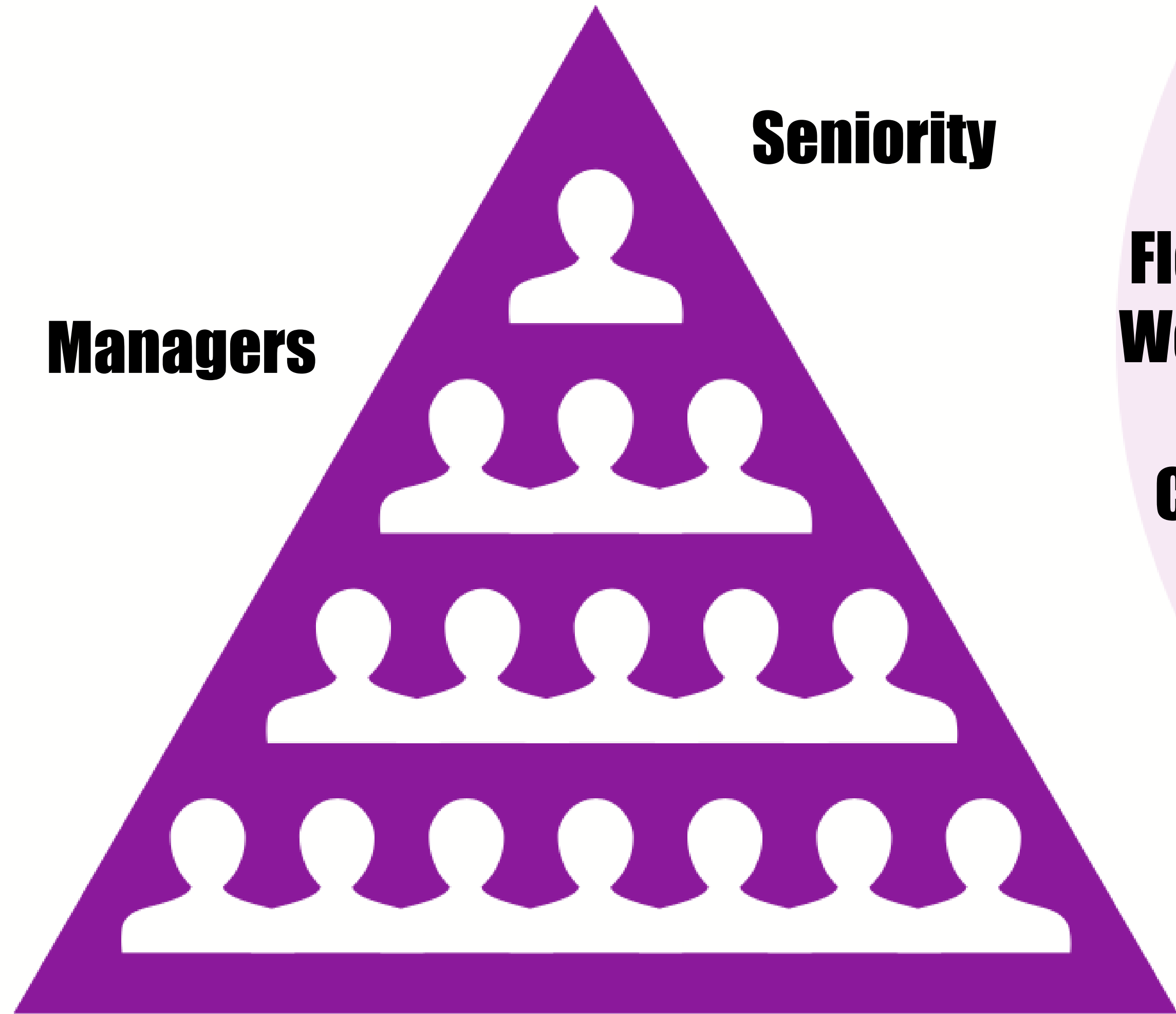
Attracting, training & retaining “tech talent”

Goldman Sachs open job listings (9/14/2017)



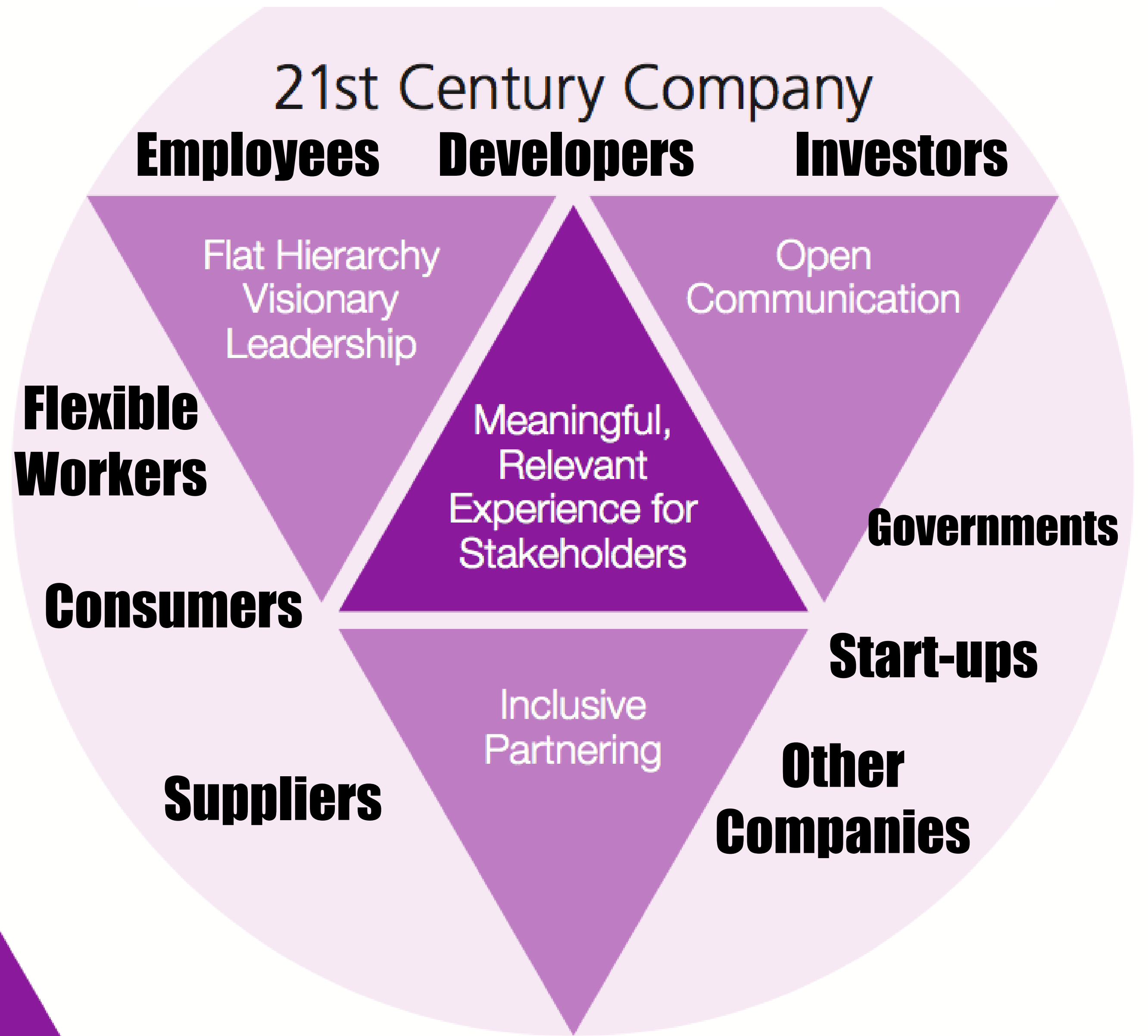
Hierarchical Organization

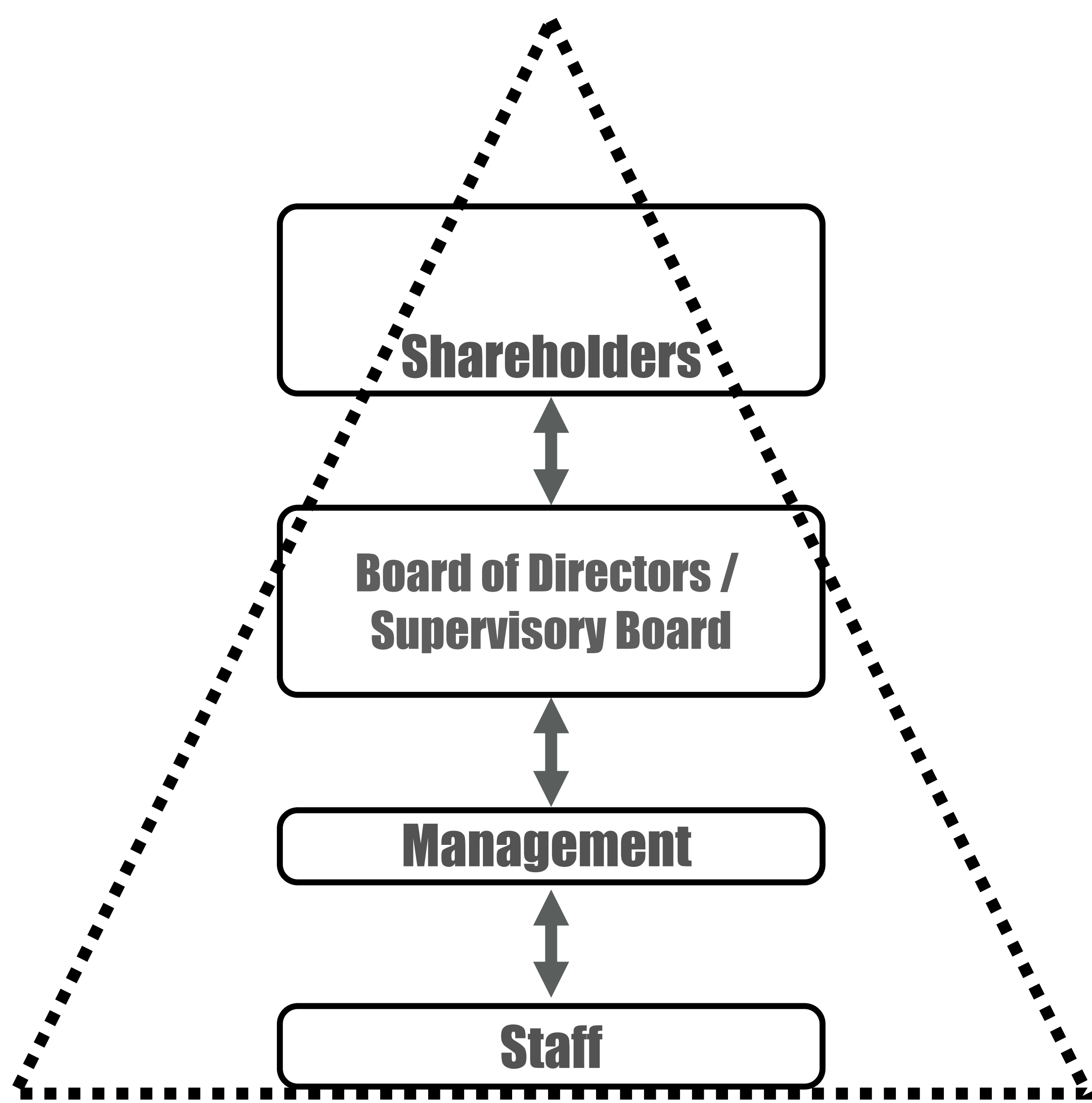
20th Century Company



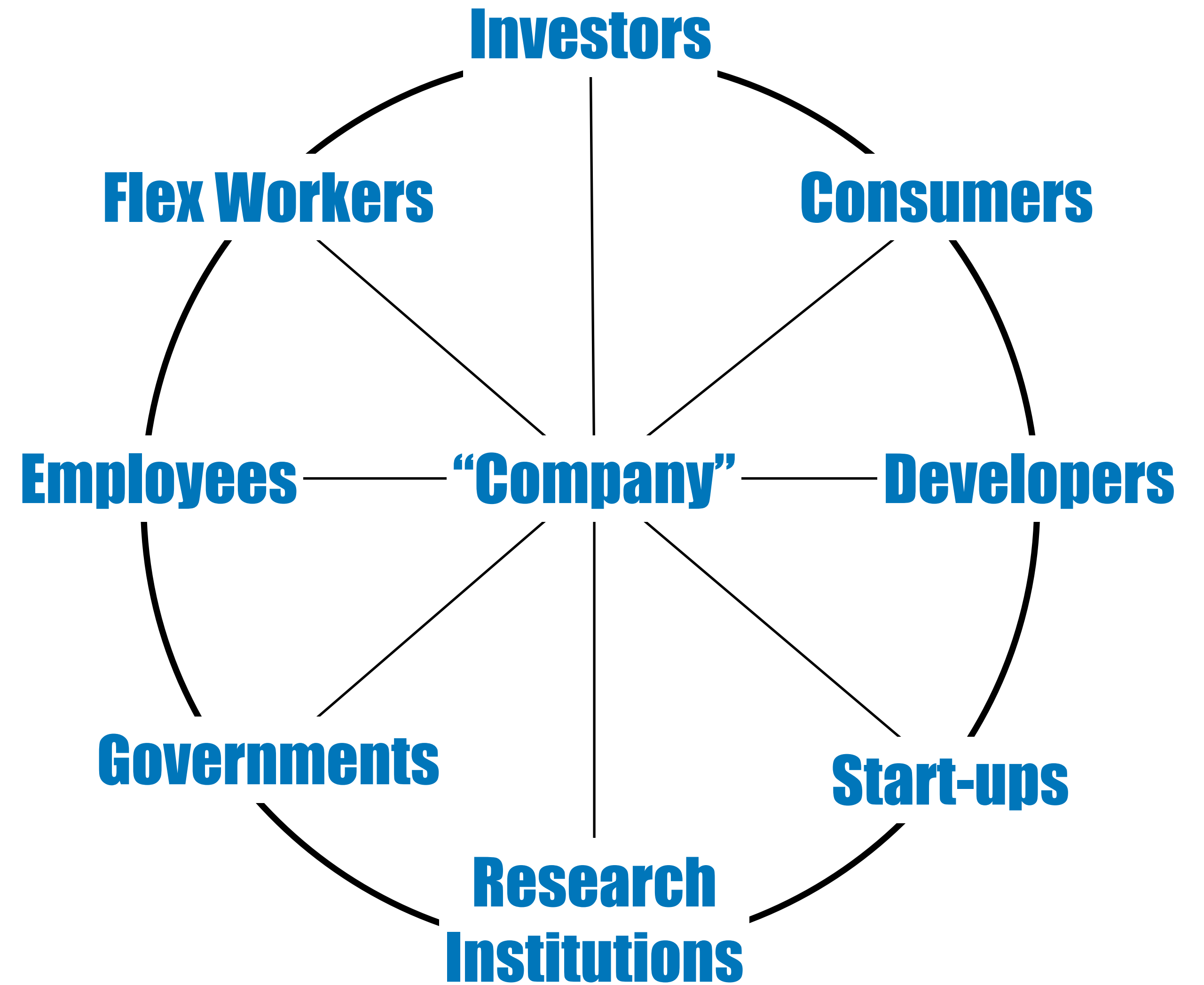
Flatter (more decentralized) Organization

21st Century Company





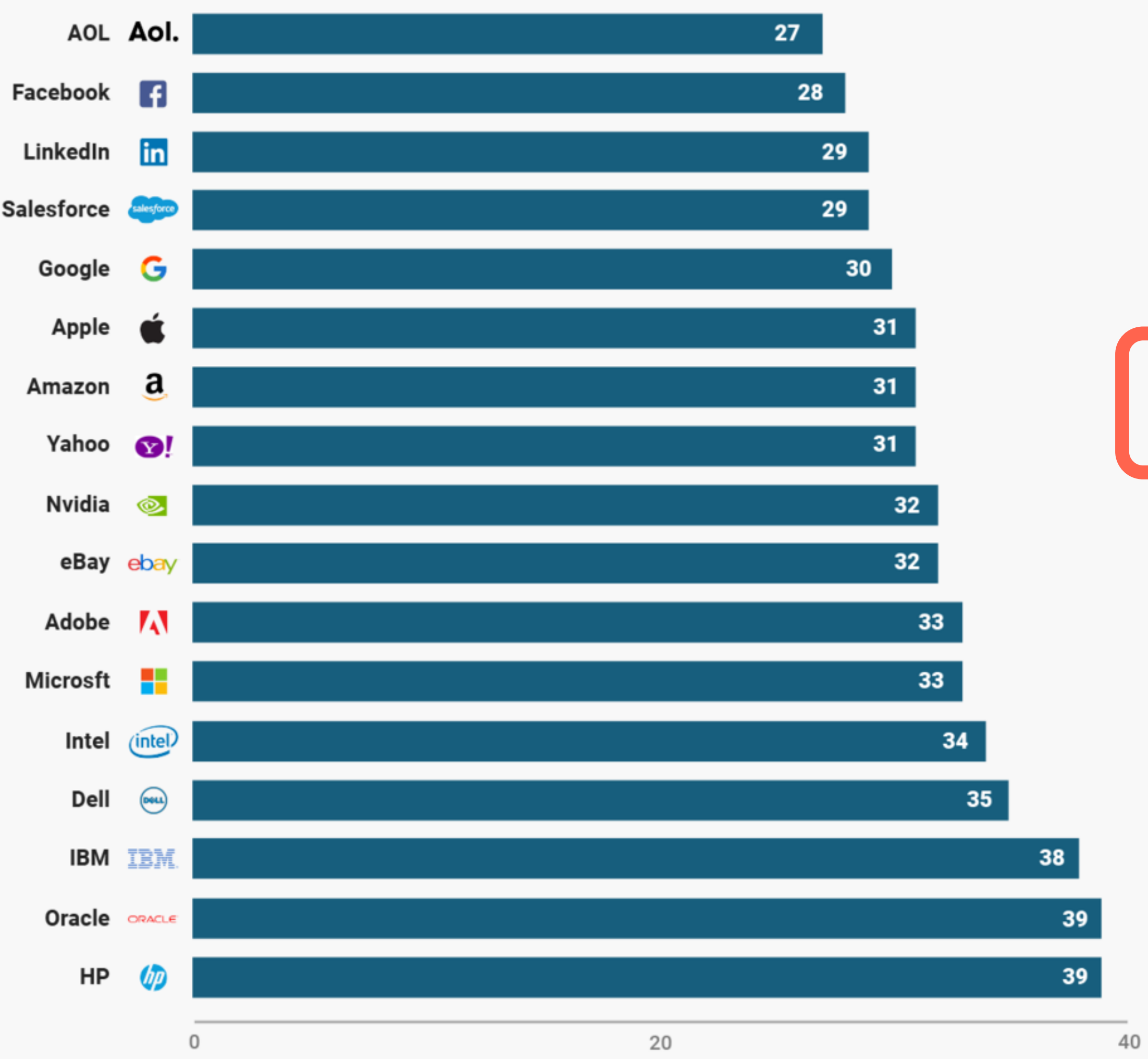
**Hierarchies, Profit, Control,
Focus on Shareholder Value**



**Networks, Purpose, Empowering,
Experimentation, Collaboration, Experience,
Convenience**

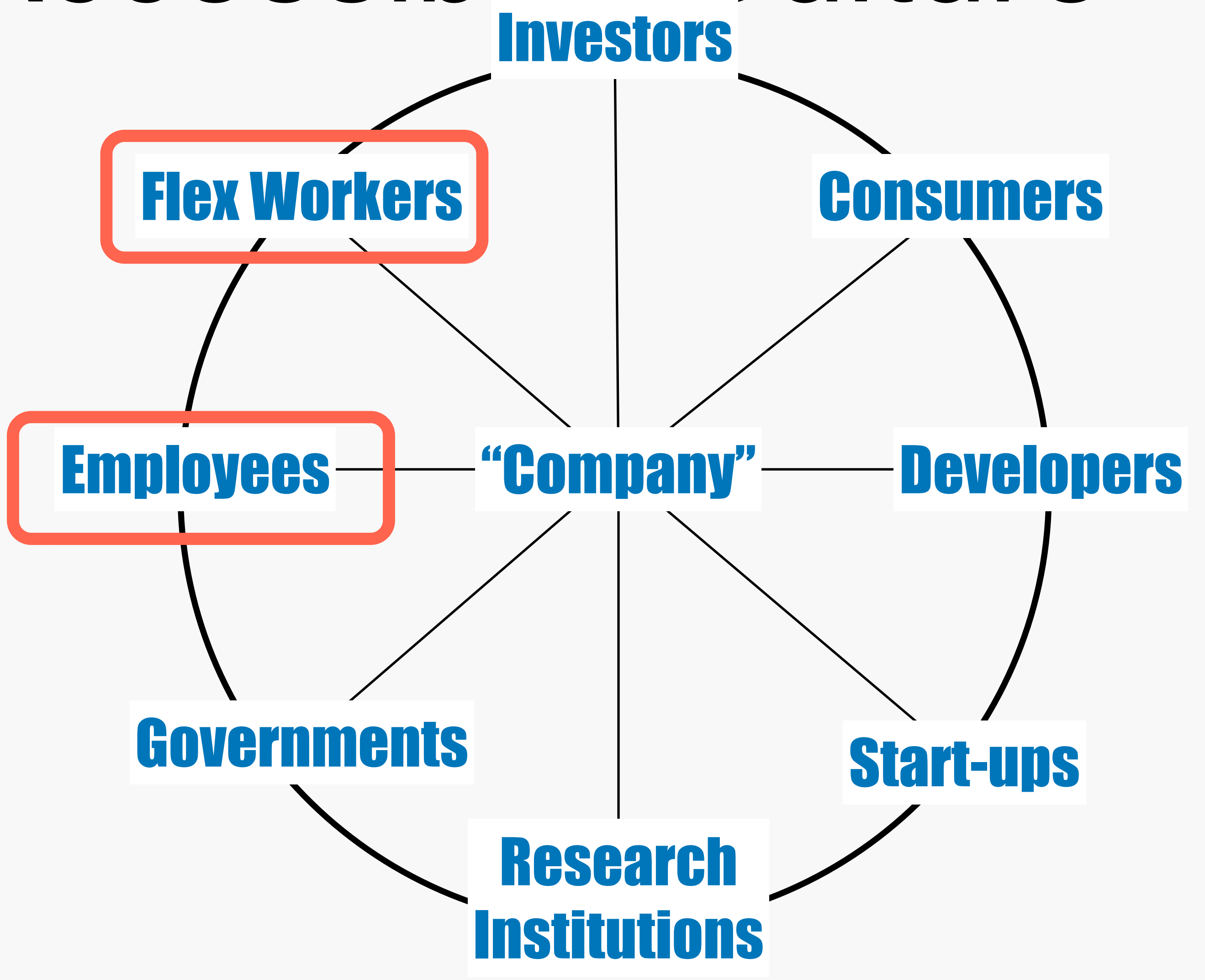
An "Open" & "Accessible" Culture

MEDIAN EMPLOYEE AGE AT TOP TECH COMPANIES



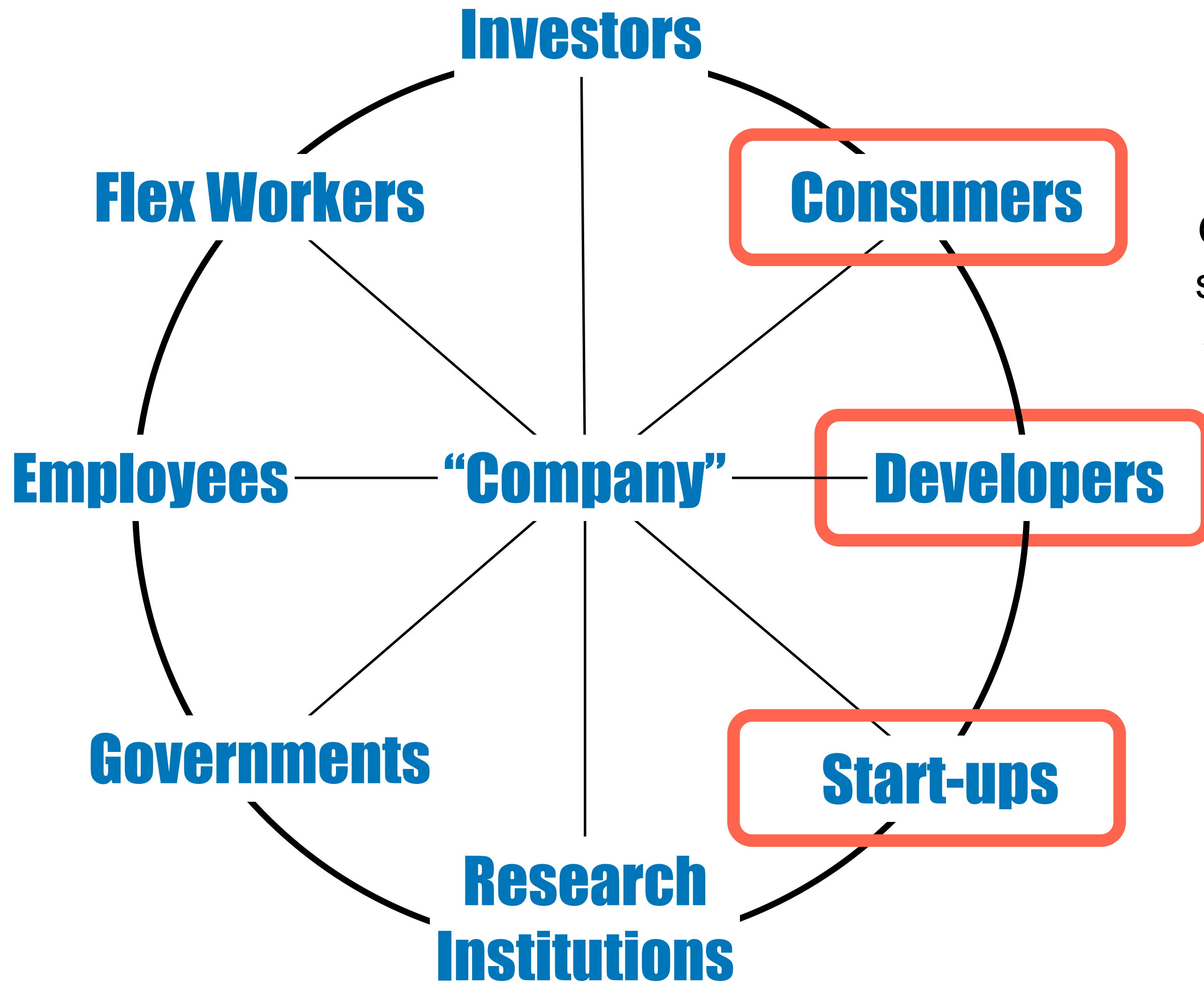
SOURCES: Statista

BUSINESS INSIDER



Ecosystems, Networks, Purpose, Empowering, Experimentation, Collaboration, Co-Creation

An “Open” & “Accessible” Culture

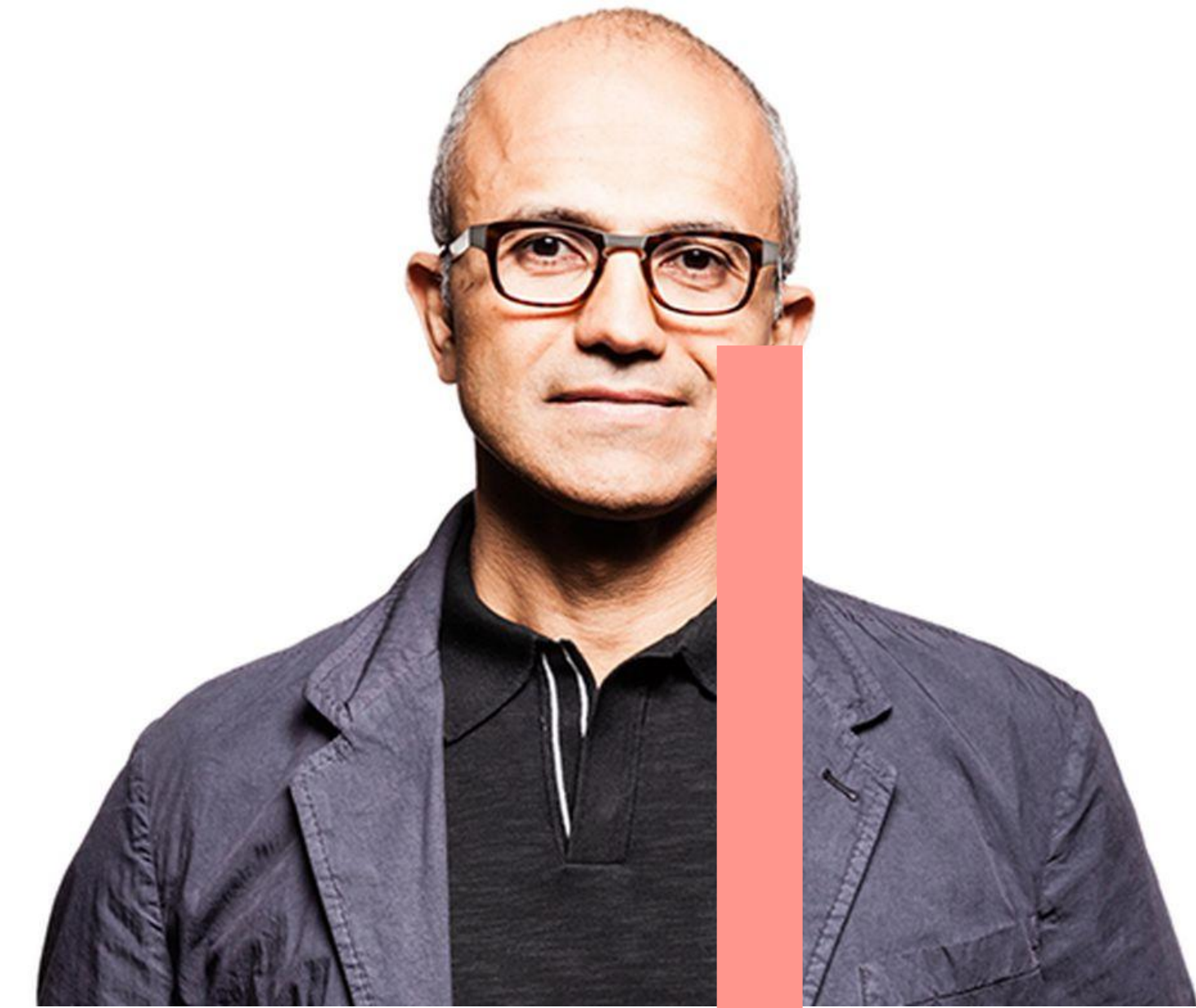


Open APIs (Application Programming Interface) and “open source software” attracts “developers” who can create very specific customized app solutions (which can help engage and retain customers)

By the end of 2010, Riot Games had rung up \$17.25 million in revenue, according to SuperData. A year later, sales had almost quintupled, to \$85.3 million. Its distribution partner in China and investor, internet giant Tencent Holdings, saw Riot Games' meteoric rise and wanted to buy the company, offering \$400 million in early 2011 for a 93 percent stake. Merrill and Beck accepted, persuading Tencent to let them operate independently. The two had big plans for LoL.

In December 2015, Tencent bought the remaining 7 percent of the company for an undisclosed sum. But Riot shows little evidence of being wholly owned by another entity. "There's not much about the relationship that's been typical," says Tencent EVP and "chief exploration officer" David Wallerstein. "I feel like the more we own of Riot, the more independent they become."

Acquisitions Microsoft



20

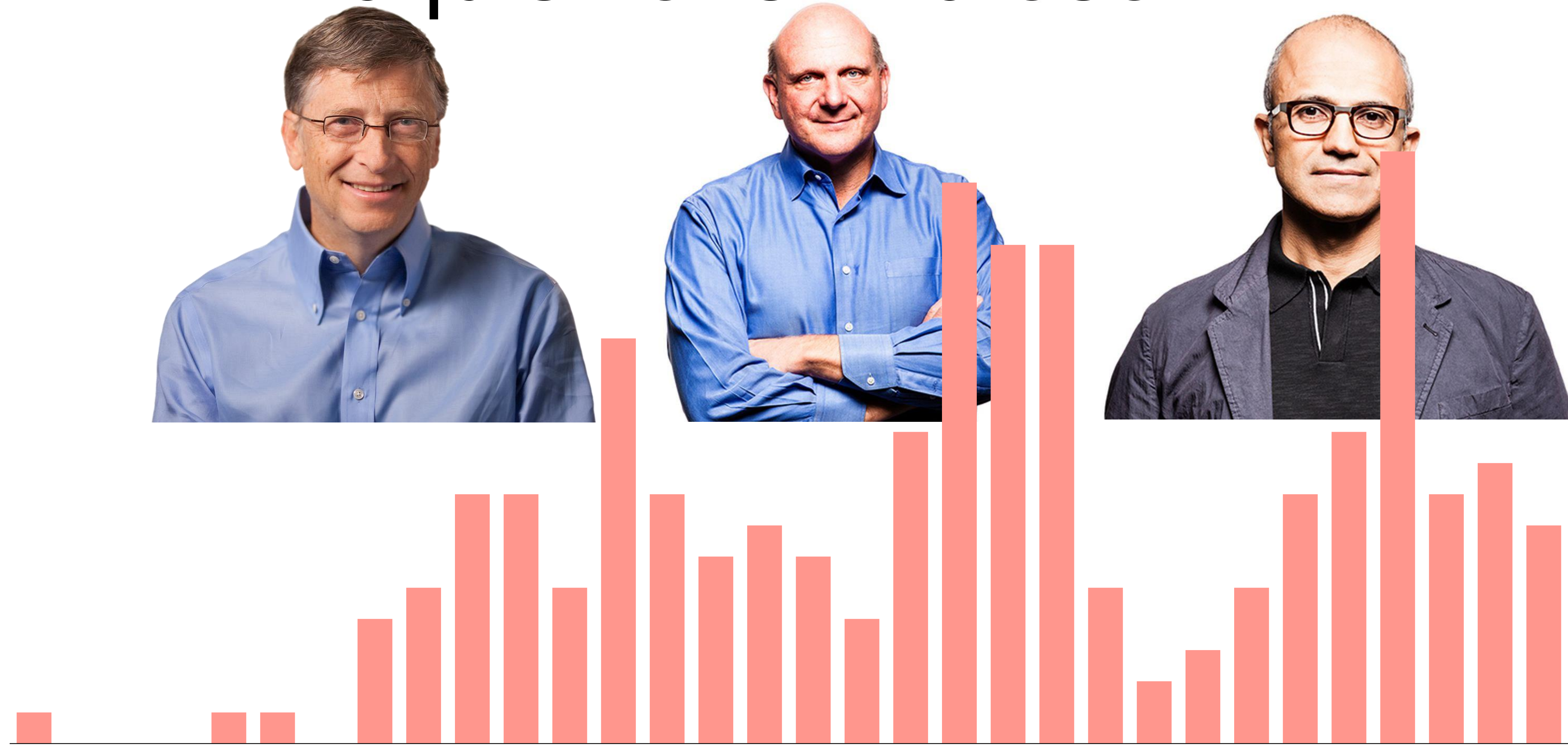
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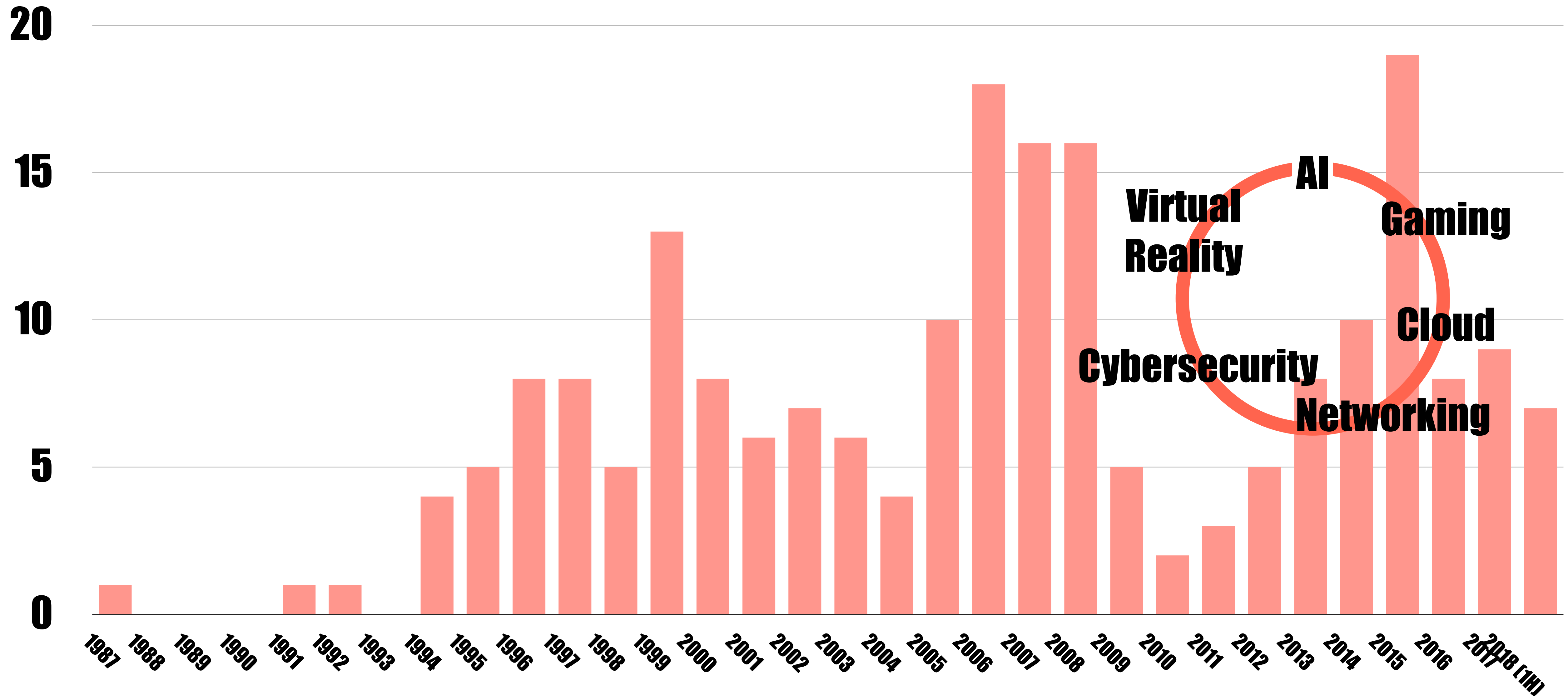
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1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 (1H)



Acquisitions Microsoft

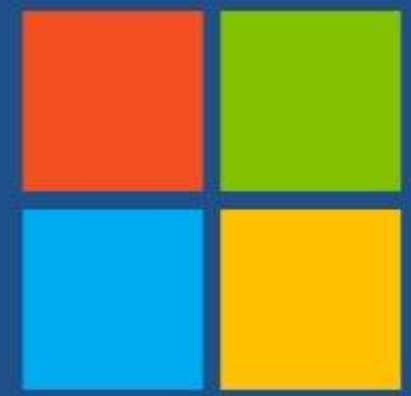




“In short, developers will be at the center of solving the world’s most pressing challenges. However, the real power comes when every developer can create together, collaborate, share code and build on each other’s work. In all walks of life, we see the power of communities, and this is true for software development and developers.”

—
Satya Nadella (CEO Microsoft)

Over the last three years there's been a seismic shift at Microsoft in the way it both thinks about building software, and how it shares it with the world. Famously insular under previous CEO, Steve Ballmer, his replacement, Satya Nadella, took the company in the other direction: opening up entirely.

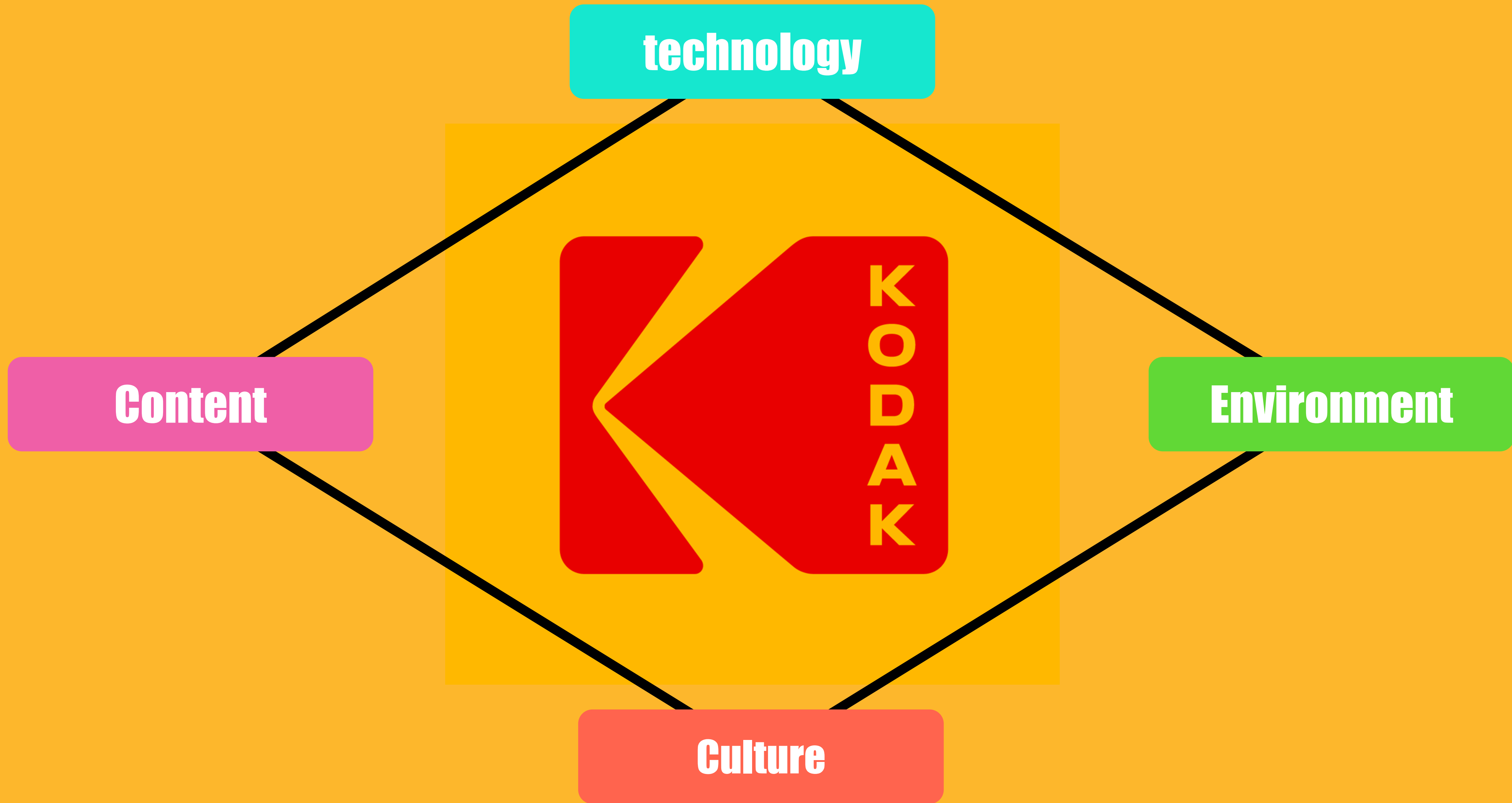


Microsoft



GitHub





How does blockchain power the KODAKOne platform?

Blockchain holds tremendous potential and business leaders around the world increasingly seek ways to apply the technology to specific industries and niches.

Given the immutable nature of a blockchain ledger or system, the KODAKOne platform is focused on providing practical applications for professional photographers.

Other KODAKOne platform features will include:



Image Registration

Provides immutable proof of ownership of your images and enables members to take advantage of the platform's wider services.



Rights Management

Every license will be documented by a smart contract on the blockchain confirming copyrights, licensing terms and conditions to the associated image or images.



Transparent Accounting

Royalty payments will be able to be received instantly via KODAKOne platform's smart accounting and reporting system; community members don't need a separate accounting system, as all payment and accounting related information is saved on the blockchain.



Community Marketplace

Our KODAKOne platform marketplace will enable KODAKCoin token holders to buy, sell and book products and services.



Compliance

Accountability

technology

Content

Environment

Culture

Engagement

Effectiveness

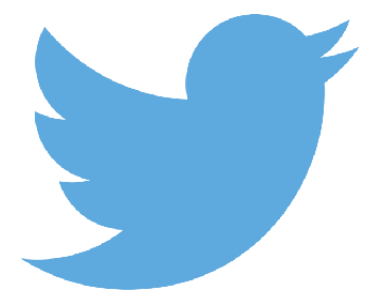


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