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PRIVATE COMPANY
DIRECTOR
THE MAGAZINE FOR PRIVATE COMPANY GOVERNANCE

Summary Report // 2025

Private Company Board Compensation and Governance Survey

This report is a summary analysis of a joint study by
Compensation Advisory Partners, *Family Business* and
Private Company Director magazines.

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Introduction

Board members at privately held and family-owned companies play an important role in governance and oversight and should be appropriately compensated for their contributions and efforts. However, the appropriate amount of compensation is difficult to determine because of the lack of available market data on private company board pay. To address this data deficiency, Compensation Advisory Partners (CAP) and Private Company Director and Family Business magazines conduct our annual survey of private company board compensation and governance.

The new 2025 sixth edition of the survey report covers a robust dataset of 633 respondents that certified their data in April 2025 and provides an up-to-date analysis of director pay practices that reflects the current competitive environment. New questions about family and owners' councils were added to the 2025 survey to capture the additional governance forums specific to family businesses. Year-over-year comparisons are made in this report with respect to the 2024 survey results.

For the purpose of analyzing the compensation data elements, only companies that provide the compensation element were included. Some companies that do not offer a particular compensation element provided "zero" as the answer for that pay element. Zeros were omitted in the analysis of pay levels for components of pay. However, companies not offering a particular compensation element are reflected in the prevalence data. The effective date for the data is April 2025.

Summary Report

The full report for the 2025 Private Company Board Compensation and Governance Survey with detailed results is provided to survey participants only. This executive summary report covers high-level findings. Please contact CAP to participate in the 2026 edition of the survey to access the full results with data by revenue size, industry and company type, or if you are interested in a compensation assessment based on the survey data.

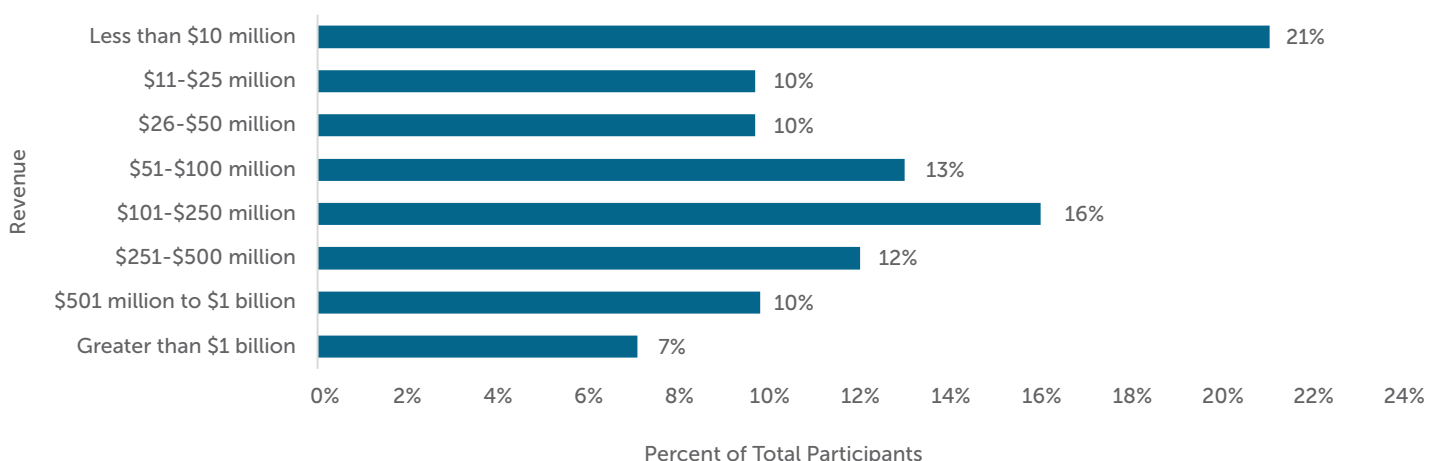
About the Survey Participants

The survey respondents represent companies in diverse industries and span a variety of sizes as measured by revenue. Exhibit 1 shows the distribution of responses across revenue ranges. The average revenue across the entire survey sample is \$138 million. However, the large number of respondents means that we have robust data samples across all revenue ranges.

The top three industries represented in the survey are manufacturing (26% prevalence), professional, scientific and technical services (16%), and finance and insurance (11%).

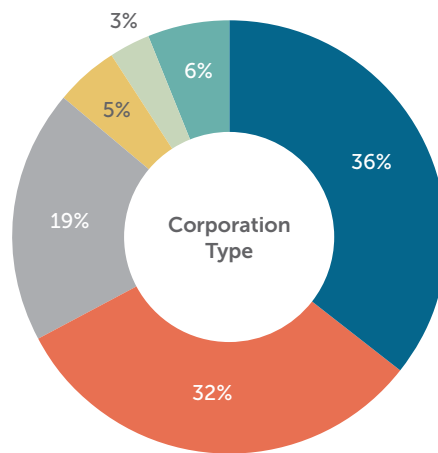
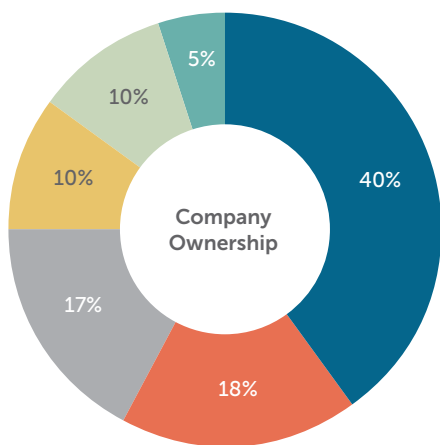
EXHIBIT 1

Annual Revenue of Participants



Of the participating companies, 50 percent are wholly or majority family-owned or controlled. The survey also drew participation from companies that are closely held, private equity-owned, and owned by employees through employee stock ownership plans (ESOPs). The business structures represented include S corporations, C corporations, limited liability companies (LLCs), partnerships, and other structures (see Exhibit 2).

EXHIBIT 2



- Family-owned 100%
- Closely-held (unrelated owners)
- ESOP-owned (50% or more)
- Private equity-owned or invested
- Majority family-owned or controlled
- Other*
- S Corporation
- C Corporation
- Limited Liability Company (LLC)
- Non-US Corporation
- Partnership
- Other*

*Other includes Sole Proprietors, Mutual Companies, B Corporations, Non-Profits and Cooperatives

Most participants are based in the United States, but the survey drew responses from all over the world. Of the respondents, 74 percent have fiduciary boards, while the remainder have advisory boards. Compensation for directors on advisory boards is typically 65 percent to 75 percent of the compensation for directors on fiduciary boards, given less risk and legal obligations with advisory boards.

Compensation Components

As private company board governance continues to evolve, the complexity and time commitment associated with board service has increased because of a broader mandate of work being expected of board members. The additional responsibilities, coupled with greater competition to recruit qualified candidates and an inflationary economic environment, resulted in a 25 percent increase in median total compensation per director from 2024.

Table 1 summarizes board compensation levels for the total sample if the participant reported data for that element.

TABLE 1
Median Private Company Board Compensation Levels (Total Sample)

| | Prevalence (% Offering Board Comp) | 2025 | 2024 | 2023 | % Change (2024 to 2025) |
|--|--|-----------|-----------|-----------|----------------------------|
| Board Member Base Cash Compensation | | | | | |
| Annual Retainer | 77% | \$38,800 | \$32,000 | \$30,000 | 21% |
| Per-Meeting Fee | 38% | \$2,500 | \$2,500 | \$2,500 | Flat |
| Board Chair Additional Cash Compensation | | | | | |
| Annual Retainer | 39% | \$25,000 | \$20,500 | \$20,000 | 22% |
| Lead Director Additional Cash Compensation | | | | | |
| Annual Retainer | 46% | \$16,375 | \$17,375 | \$12,000 | -6% |
| Committee Chair Additional Cash Compensation | | | | | |
| Annual Retainer | 38% | \$6,000 | \$7,500 | \$6,000 | -20% |
| Committee Member Additional Cash Compensation | | | | | |
| Annual Retainer | 32% | \$5,000 | \$5,000 | \$5,000 | Flat |
| Long-Term Incentive Value (Restricted Stock, Options, Cash) | | | | | |
| Total Sample Value | 37% | \$50,000 | \$60,000 | \$50,000 | -17% |
| Average Annual Total Compensation | | | | | |
| Average Pay to One Director | | \$50,000 | \$40,000 | \$35,000 | 25% |
| Total Pay for All Directors | | \$207,375 | \$178,000 | \$180,000 | 17% |

Notes: Data reflect the median of all companies reporting data for each pay component. Median figures are not additive because of the varying prevalence of each pay component.

Total compensation includes annual board cash retainer, meeting fees (board and committee), leadership premiums, committee leadership and membership retainers, and long-term incentives for non-employee directors.

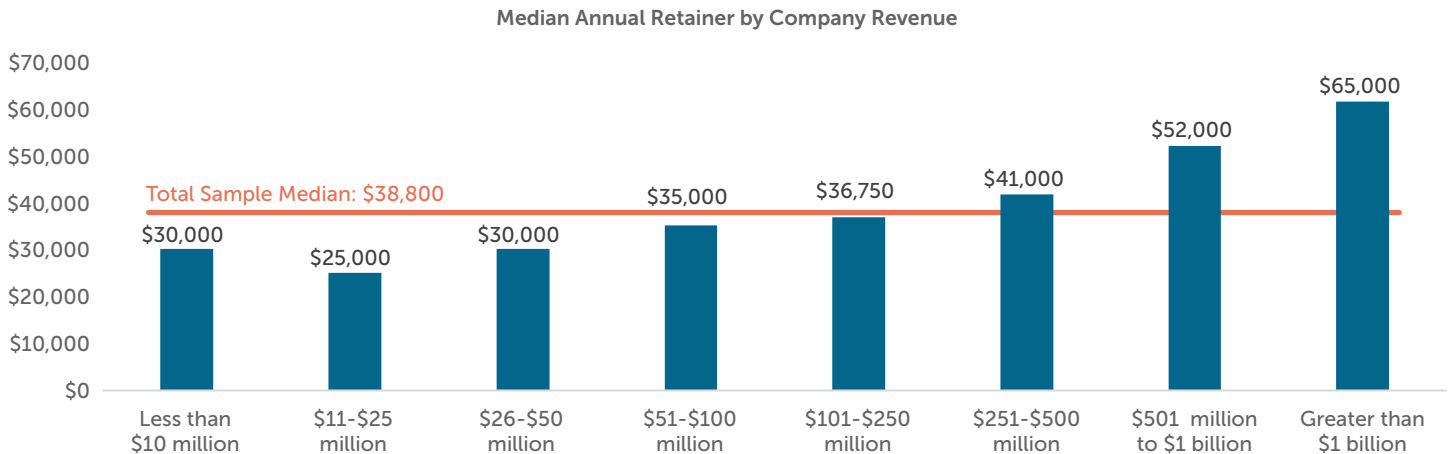
The double-digit increase in total director compensation from 2024 to 2025 can be attributed to the following factors:

- Increased prevalence of annual board retainers (77% vs. 75% in 2024) and the corresponding reduction in per-meeting fees (38% vs. 45% in 2024). Companies are consolidating meeting fees into a single annual retainer.
- Increased prevalence of long-term incentives across the entire survey sample (37% vs. 28% in 2024). This is a trend that CAP has been predicting, and we are finally seeing evidence of it in the data set.
- Increased workload for directors. The number of directors working more than 100 hours per year increased by 18 percent in 2025.

Annual Retainer

Of survey respondents, 90 percent provide some form of compensation to directors. Annual board service cash retainers are the most prevalent component, paid by 77 percent of respondents. In addition, more than half of companies (54%) now use annual retainers as their only form of cash compensation. Board retainers are highly correlated with company size as shown in Exhibit 3.

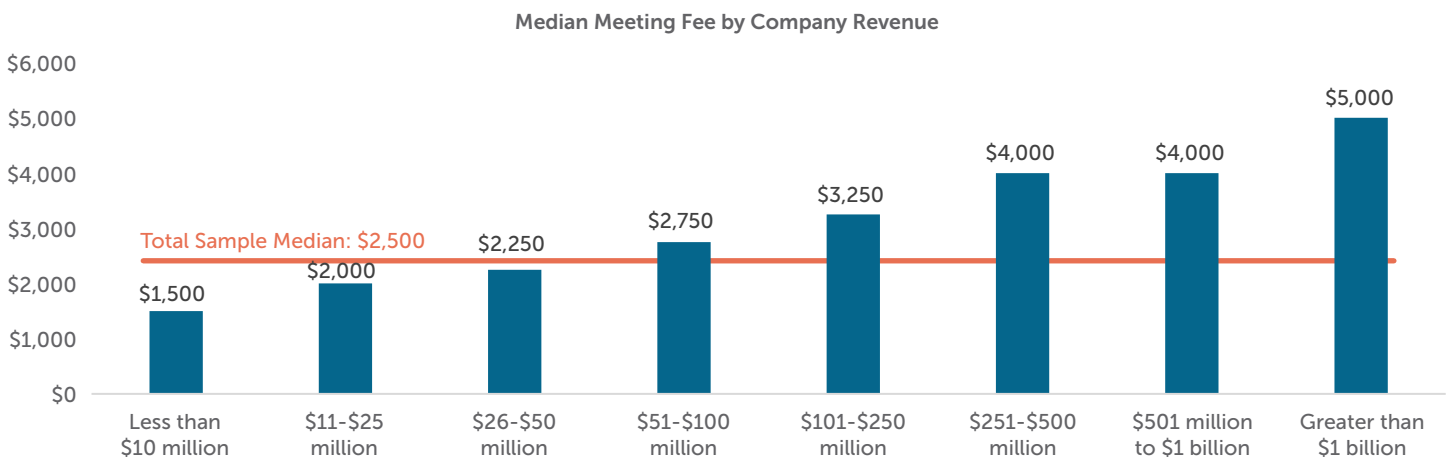
EXHIBIT 3



Meeting Fees

Meeting fees continue to be used by private companies – particularly family businesses – but are declining in prevalence. Of the private companies surveyed, 15 percent use meeting fees as their only form of cash compensation. As with retainers, meeting fees increase with company size (see Exhibit 4).

EXHIBIT 4



Long-Term Incentives

The prevalence of long-term incentives (LTI) for private company board service increased significantly, with 37 percent of respondents now offering LTI to directors. LTI use is growing in prevalence as private companies compete with public companies for director talent, and over 90 percent of public companies grant equity to directors.

Of the private companies offering LTI to directors, stock options and restricted stock/units (“real equity”) are the favored vehicles. Several respondents reported the use of cash bonuses tied to annual performance metrics, which CAP has classified as LTI in the survey. Typical practices for private company LTI awards are to grant either annually (54%) or when the director is appointed to the board (44%), and to have awards subject to vesting. Given the multiple time frames that awards cover, LTI grant values vary significantly. The total sample median award value is \$50,000, which is a combination of the grant date value of annual, ad hoc, periodic, and one-time/front-loaded grants.

The use of LTI indicates that private companies are working to retain and align board members with the company’s overall success. CAP expects the use of performance-based pay for directors to continue to increase over time, especially at larger private companies, because of competition for specialized board talent with public companies.

Other Key Pay Practices

Compensation to Family Members

Of the participants, 47% provide compensation to shareholders and family members who serve on the board. The decision to compensate shareholders and family members is a philosophical one; for some companies, the rationale for not paying directors is due to such directors already benefitting from the company through shareholder distributions or employment. Other companies believe in the importance of recognizing contributions, skills, and time for all directors, regardless of family or shareholder status. For these companies that compensate shareholders and family members, more than 70 percent compensate them on the same basis as the independent directors.

Board Leadership Retainer

Approximately 40 percent of private companies provide additional compensation for board leadership roles. When the incremental leadership retainers are considered as a multiple of regular board member retainers, the median multiple is 0.64x for the incremental board chair retainer, a level that has remained stable over time. The median multiple is 0.42x for the incremental lead director retainer.

Committee Retainers

About 40 percent of private companies provide additional compensation for committee chairs with an incremental retainer of \$6,000 at median. Most companies do not differentiate pay between types of committees.

Committees have become more prevalent at privately held companies, with 68% of survey respondents reporting they have formal committees. The three main committees reported are Audit and Compensation (both with 86% of respondents), and Nominating/Governance (67%). Typically, each director serves on one or two committees as a requirement of board service.

Summary of Board Pay Models

As shown in Table 2, private companies use different pay models to compensate directors. The annual cash retainer only model (either with or without LTI awards) is gaining in popularity (54% of respondents), as it is simple to administer and is similar to the approach used by publicly traded companies.

TABLE 2

| Board Pay Model | Prevalence | Rationale |
|---|------------|---|
| Annual Cash Retainer Only | 34% | Simple to administer. Good structure for frequent interactions/meetings. |
| Annual Cash Retainer + Equity or Cash Incentives | 20% | Prevalent board pay structure at public companies. Designed to share company success with board members. |
| Per-Meeting Fees Only | 15% | Work is tied to meetings, and pay is automatically work-load adjusted. |
| Combination of Annual Retainer and Per-Meeting Fees | 23% | Incentivizes meeting attendance. |
| Equity Retainer Only | 6% | Typically for start-ups or private equity/venture capital owned companies. |
| Other | 2% | Hourly rate for board service. Only reimburse for travel expenses. |

Governance Findings

In addition to benchmarking compensation levels and practices, the survey covers governance issues, including board size and composition, independence, workload, term limits and diversity.

Board Size and Composition

Typical private company board size ranges from five to eight directors, with a median of seven directors. The median size is unchanged from the 2024 survey.

Board composition for 2025 continues to be half inside directors and half independent/outside directors.

Number of Board Meetings and Workload

For 2025, private company boards report holding an average of four in-person meetings and two virtual meetings, which is unchanged from 2024. The reported annual time commitment to perform the basic board duties has increased in 2025. One-third of respondents spend 51 to 100 hours on board work each year, with another 21 percent spending more than 100 hours on board work. Committee work typically adds an additional 10 to 20 hours to annual board work.

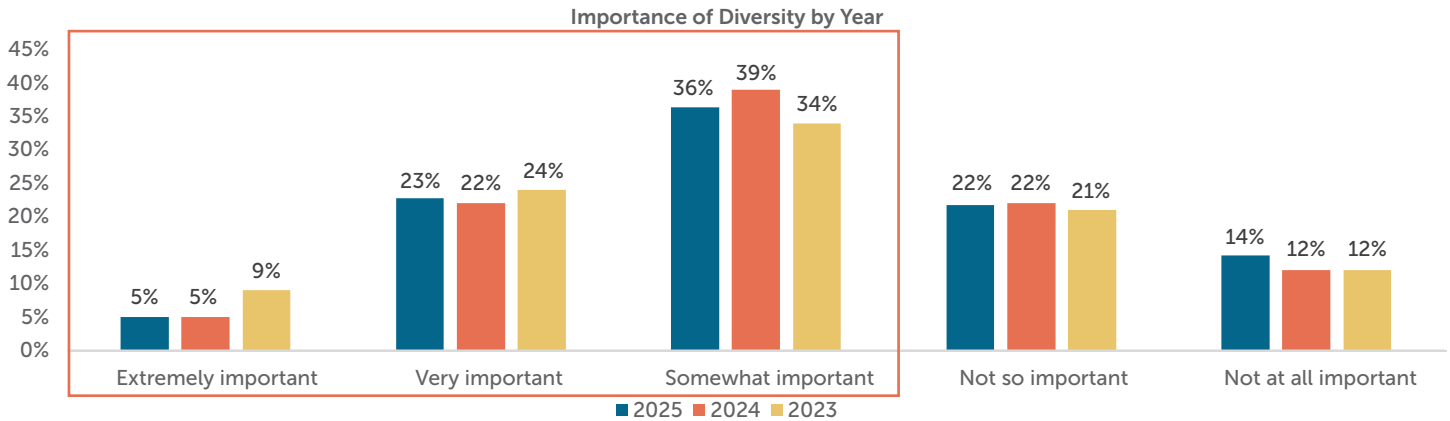
Board Chair

Many companies separate the board chair and chief executive officer (CEO) roles: Of the private company survey respondents, 31 percent have a board chair who is an outside director, and 30 percent have a lead independent director, compared with 51 percent and 37 percent, respectively, for micro-cap public companies. Corporate governance best practices call for increased use of independent board leadership.

Board Diversity

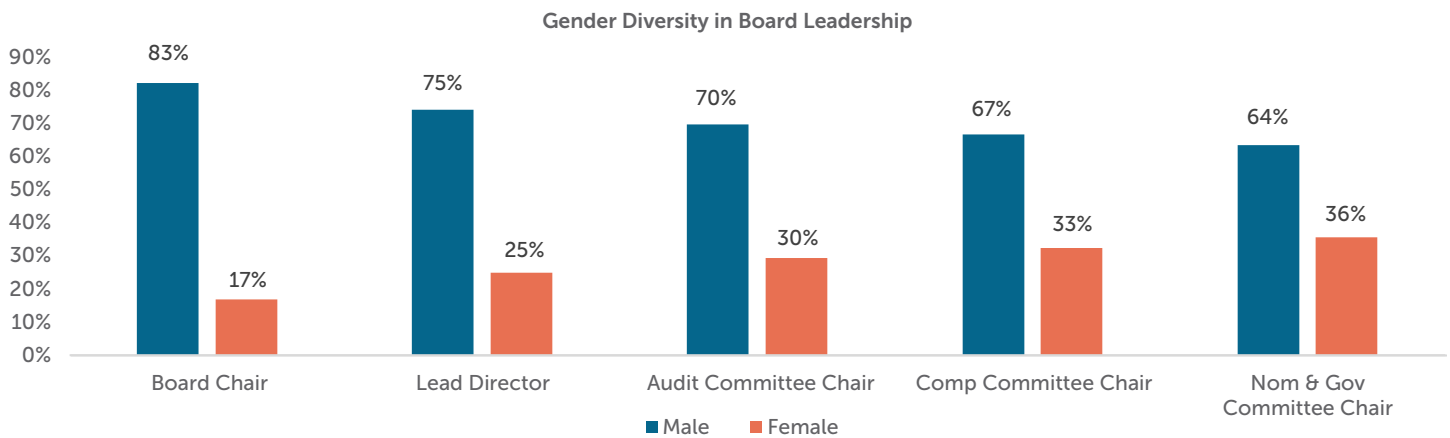
Two-thirds of the survey respondents indicate that diversity is somewhat to extremely important for their board composition. Exhibit 5 shows the reported importance of board diversity compared to previous iterations of this survey. Private companies often recruit board members for particular knowledge or experience, or to fulfill specific company needs. As a result, gender and ethnic diversity have not had the same level of focus for board recruitment as at publicly traded counterparts.

EXHIBIT 5



Privately held companies increased representation by women and minority directors in the past year. The 2025 survey found that 76 percent of private company boards have female directors, and 32 percent have Black, Asian, Latino or multiracial directors. As shown in Exhibit 6, women remain underrepresented in board leadership roles. However, women in leadership roles have increased since 2024.

EXHIBIT 6



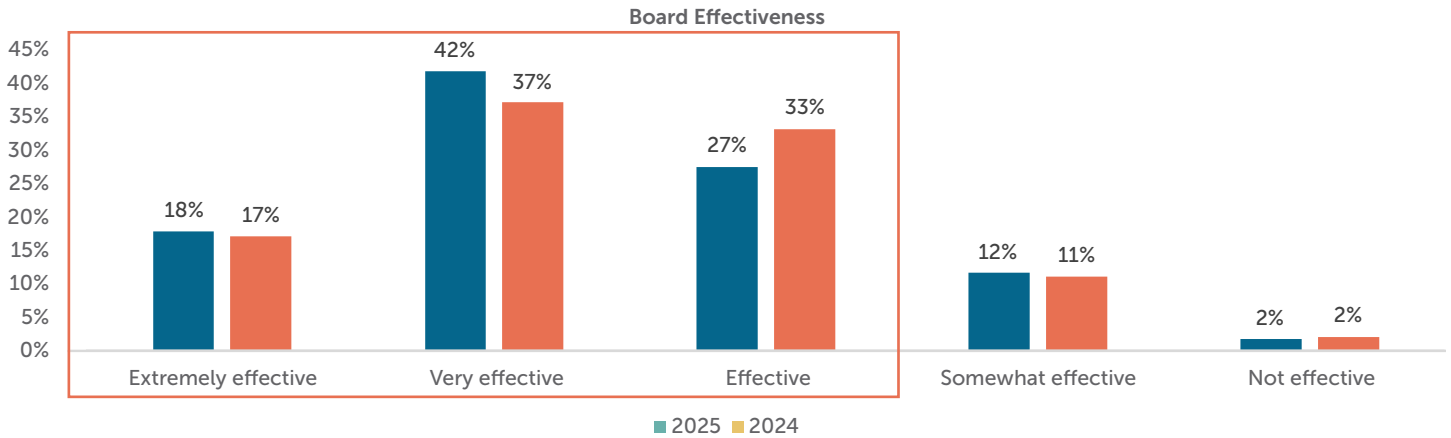
Other governance findings are limited to survey participants.

Board Effectiveness

Privately held companies create boards to provide a structure of accountability and sound governance, and because boards provide benefits and competitive advantages. Directors bring specialized skills and expertise to the company, serve as sounding boards and advisors to owners and management, provide unique perspectives and ideas, and leverage their professional networks on behalf of the company. At times, directors also assist with transactions and special situations.

The survey asked respondents about the effectiveness of their boards. As shown in Exhibit 7, respondents overwhelmingly reported that their boards are effective, with 87 percent rating them as effective to extremely effective.

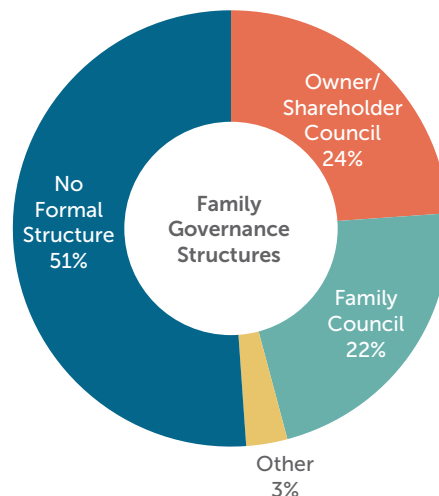
EXHIBIT 7



The survey asked respondents about ways to improve board effectiveness and the board’s biggest impact on the company. The top two ways to enhance board effectiveness are to add board members with specific expertise (e.g., industry, operations, finance, etc.) and to increase interactions between management and the board. The biggest impacts of private company boards are serving as a sounding board for management, especially on developing business strategy, and providing enhanced corporate governance for the company.

Family and Owners Councils

The 2025 survey gathered data for family and owners councils for the first time, to better capture the scope of governance forums at family companies. Family (or owners) councils are the primary forum for communication and education of the family for the purpose of sustaining engagement in the business.



Among family business respondents to the survey, 46 percent reported having a formal structure for family governance. Of companies with a family council, 23 percent pay the leader and 20 percent pay members. Thirty-six percent of family councils have an established budget. We expect family governance responses to be more robust in future survey iterations.

Looking Ahead

Private companies have really “upped their game” in director compensation and corporate governance practices this year. As the evolution of private company governance continues, CAP expects further change given the ongoing tight talent market where both public and private companies are competing for the same group of qualified director candidates. The overlap in the market for talent is causing pressure on private companies to increase pay levels and to be more creative in their pay structures to support their recruitment efforts. Once privately held and family-owned companies attract directors who have the right skills and cultural fit required by the company, they want to reward and retain them with properly structured director compensation packages.

CAP expects to see an increased emphasis on performance-based pay in the form of annual bonuses or long-term incentives (either real stock or cash-based) to align board compensation with shareholder interests and company performance over a director’s tenure. We also expect continued increases in overall compensation, including annual retainers and average pay per director, given the greater time commitment and expectations placed on board members. Like public companies, private companies are expected to shift to the annual retainer model and diminish the use of meeting fees, which create an administrative burden. Bundling pay for all board activities in the form of an annual cash retainer is a simpler way to compensate overall time and effort and is easier to administer. Further, not all board work is done in formal meetings, so retainers better reflect the ongoing interactions between the board and company management.

Survey Contacts

The full survey results are free but limited to participants. Please contact either CAP or the survey director if you are interested in participating in the 2026 survey, and contact CAP if you are interested in a compensation assessment based on the survey data.

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