

Special Edition Newsletter

Board Director Focus: Board Composition



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In 2019, Angie's role expanded within CBIZ to include employee benefits, retirement plan advisory, commercial insurance and compensation consulting in addition to continuing to lead the Board of Directors Search Practice at EFL Associates. As such, Angie aligns the technical expertise across approximately 5,000 CBIZ associates to support clients in recruiting, retaining and engaging talent, managing risk, and positioning for growth. For more information or to discuss board recruitment strategies, Angie can be reached at asalmon@eflassociates.com or via [LinkedIn](#).

Beyond the Usual Suspects Reaching beyond CEO/CFOs in your Board Search

Angie Salmon

CEOs and CFOs are popular board members with their proven financial acumen and leadership experience. Looking beyond the “usual suspects” can expand the pool of impactful talent and enhance your overall board composition. A [2020 Harvard Business Review article](#) outlined suggested criteria for “boardroom capital” that encompasses five types of intelligence: financial, strategic, relational, role and cultural. Evaluating candidates on how professional skills will translate into valuable boardroom dynamics can offer your company new sources of insight and experience, complementing your board and management team. It also helps your firm build a more powerful succession planning process, avoiding narrow candidate pools that can result from reactive recruitment – listing attributes on your board matrix based on what your current board members possess versus working to identify what your company needs. Thinking critically about how your board supports the long-term success of the organization may identify new attributes for your board recruitment matrix and highlight areas where an abundance of experience already exists.

Company strategy drives board composition

Companies who see their boards as strategic assets will consider the organizational strategy as well as industry trends, market challenges/opportunities, customer traits, diversity needs, growth opportunities and long-term corporate objectives when establishing the desired mix of attributes for their board.

Expanding the candidate pool

Once critical areas of expertise are established, the search for a new director can begin. Taking a broad view of the types of candidates who can add value is important, and this often means looking beyond your established circle of contacts and digging deeper into the org charts of targeted companies. Some specific examples include:

- **New Markets/Customer Expansion:** If your company is expanding into a new market or customer segment, identifying a general manager, marketing executive or chief sales officer with experience in that market/customer base may be helpful.
- **Acquisitions/Investments:** Companies who plan to grow through acquisition may seek a director with significant experience in M&A including corporate development officers, operations, legal or HR leaders as well as current/former investment bankers, consultants, PE/VC partners and others.
- **Dynamic Change:** Leaders with experience successfully navigating through dynamic change due to regulatory requirements, significant competitive pressures/new market entrants or other external factors can provide insight for companies going through similar market challenges.

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- **High Growth:** Individuals who have played an integral role in a high-growth environment can provide a valuable perspective on the challenges companies face when reaching new revenue/employee count milestones. Include legal, HR leaders and division heads.
- **Digital Transformation:** From tech marketing and cybersecurity to data analytics and virtualization, technology is a critical topic in many board rooms. Because tech is changing so quickly, however, we recommend avoiding board candidates whose experience is specific to a particular technology that may soon be obsolete. Instead, focus on identifying a “digital director” who can support digital strategy discussions and help the board and management better understand technology’s impact on the company and its customers.
- **Innovation:** Seeking talent within organizations known for innovation and an entrepreneurial culture – particularly those in an adjacent industry – will provide relevant experience and familiarity with your market.
- **Family dynamics:** Directors who have led generational transitions as a family member, non-family executive or even a consultant can help navigate the nuance of family, company and generational priorities.

Considerations beyond candidate expertise

A deep domain expert who checks a box on your board matrix but can’t effectively contribute to areas outside of his/her primary expertise won’t be as valuable to your company over time as a board member who can engage across a wide range of critical board topics. Consider whether specialized expertise is better brought in through consultants, temporary/permanent advisory boards or adding to the management team.

Another important consideration for your board candidates is that they have the time and energy to devote to serving your company. Many companies restrict board service for their sitting executives. You’ll want to be sure your board director candidates have the time as well as the talent to serve your company effectively.

Finding “elusive” candidates

All of this sounds great in theory, but how can you actually connect with candidates? Corporate CEOs and CFOs are relatively easy to identify. They are fairly visible, often have established professional networks and may already be “known” to your current board members and management team.

Identifying leaders who are not obvious candidates takes more work, as you have to be intentional about reaching individuals outside of your circle. Based on your criteria:

- Target the companies and roles that will likely result in an appropriate candidate slate. Through research, you can find the names of these targeted leaders and proactively recruit.
- Utilize associations, social media platforms such as LinkedIn and industry groups. Executive Directors and national/chapter chairs are well networked and typically willing to help.
- Ask for referrals from relevant consultants, bankers, investors, vendors and partners – regardless of whether you currently work with these partners.

- Taking advantage of free, confidential board postings will be helpful if you are handling the search on your own, but don’t be afraid of proactive outreach to targets via phone/email/LinkedIn.
- If you elect to partner with a search firm, make sure your consultant plans to provide a slate of diverse “hidden talent.”

Diversity as an additional benefit

An added benefit of expanding your board search beyond the usual suspects is the resulting diversity of your candidate slate, including more women, people of color, various ethnicities and broader age ranges. Boards that are comprised of directors offering a diverse mix of skills, talents, and demographics will ensure robust conversations in the boardroom, help avoid “groupthink” and provide multiple perspectives for the management team. A diverse board is likely to better reflect your employee population, customers and other stakeholders, as well. In addition, the directors’ separate personal/business networks may also be an advantage to the company.

Mitigating first time director risk

One reason that CEOs and CFOs are valuable to boards is their experience working with their own company’s board. Other leaders may have limited exposure to their own company’s board, and this can be considered a risk. The most common concern is that a rookie corporate director will not truly understand his/her new role including: 1) the delineation between management and governance, 2) how to operate with “nose in/fingers out” and 3) how to avoid diving into the weeds during board meetings. Some of these concerns can be mitigated through:

- **Effective onboarding** – including a deep dive into the company, culture and operations
- **Set expectations** – regarding board roles, effective communication inside and outside the board room and what you hope his/her contributions will be in the first year
- **Relationship building** – with other board members, the management team and other important stakeholders
- **Feedback/mentoring** – the Chair or other member can be designated to provide additional support and immediate feedback to the new member before, during and between meetings. Many inexperienced board members would benefit greatly from a board mentor.
- **Offer resources** – for the new director to proactively educate him/herself on the industry as well as effective board service. Examples include a membership to industry specific groups and board-focused associations.

These actions will help any new board member to quickly begin contributing at a high level, giving experienced board members an understanding of the unique considerations of your particular company.

The best corporate boards function beyond strict fiduciary and governance roles to serve as a strategic asset to the company. Board members with diverse, complementary skills help provide more meaningful, strategic decisions and are better able to address the complex issues companies must navigate for success.

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