

HEIDRICK & STRUGGLES

CEO & BOARD PRACTICE



How exceptional boards accelerate the contributions of new directors

By forgoing leisurely onboarding and induction processes, boards can ensure directors get off to a fast start.

In today's hypercompetitive world, the ability of organizations to accelerate performance—to build and change momentum to get results faster than competitors do—can be the difference between thriving and merely surviving. In a recent research project encompassing many of the world's largest companies across geographies and industries, we measured the ability of enterprises to achieve performance outcomes more quickly than others do. Then, by conducting an analysis of the FT 500, we identified a small group that we call “superaccelerators.” The differentiator between superaccelerators and other companies is the ability to mobilize, execute, and transform with agility—not simply to do everything faster but to have the capacity to pivot and focus only on what is important and adds value.

With entire industries being disrupted more quickly than ever, boards too are feeling the pressure of acceleration. In practice, that pressure often translates into developing new competencies, for example, by bringing in board members with digital skills or cybersecurity expertise—rapidly evolving areas that hardly existed a decade ago. At the same time, it means maintaining and augmenting the operational expertise typically acquired in general management roles such as CEO, COO, and division head. In addition, boards need diversity of all kinds—of gender, race, ethnicity, nationality, and experience—to bring added dimensions of agility that impart distinct competitive advantage over less diverse boards. And when activist investors come calling, a board's level of industry expertise may suddenly be at a premium.

In this environment, boards increasingly forgo leisurely onboarding or induction processes for new directors, seeking instead to help them make substantive contributions right away. In our experience working with these boards, we have found that onboarding designed to accelerate the contribution of new directors encompasses three broad areas:

- The strategy and business of the company
- Board structure, processes, and role
- Nuances of board culture

Though these categories are in one sense obvious, the devil is in the details. The “onboarding leader” must think carefully about the particulars of each category and make sure the board and management embark on the specific activities that will most effectively accelerate the ability of the director to contribute immediately.

Who fills the role of onboarding leader will vary depending on the structure of the board and the country in which it is chartered. In the United States, the independent chair, chair of the nominating

committee, or lead director is typically responsible for onboarding. In the United Kingdom, it is likely to be the chairman, general counsel, or company secretary. Regardless of who leads the effort, boards that get it right can expect to get the full value of the skills, expertise, and leadership of new directors from day one of their tenures.

Business and strategy

When considering joining a board, a new director will of course have engaged in some due diligence about the company: reading press clippings and analysts' reports, talking to peers, and sounding out members of the board and management during the recruiting process. However, even the most meticulous new directors can't get up to speed about the nature of the business and the company's strategy entirely on their own. Diligent boards take concrete steps to educate new directors thoroughly and efficiently. Best practices include the following:

Comprehensively brief new board members. The aim of such briefings, whether in written form or in meetings, is to provide new board members with a thorough understanding of the company's strategic plan, the bylaws of the board and charters of board committees, the board's organization chart and committee assignments, and the company's products and services. Further, a substantive meeting with the CEO (in addition to encounters during the appointment process) will give a new director an appreciation for how the CEO views the company's most critical challenges—and how the board might help tackle them. In addition, new appointees should be encouraged to contact other board members and management, including senior staff and key business unit heads, to educate themselves about areas of interest.

Have the directors spend time at company facilities. A visit to one or more key company sites as early as possible can give new directors a concrete context

for the business, helping them better understand board discussions.

Invite the directors to an investor relations event. New directors can learn much about the company, including its management's leadership style, by listening to the company's presentations and its answers to questions about the state of the business. If a new director cannot attend an event in person, it is helpful for him or her to review recent presentations to analysts as soon as possible.

Structure, processes, and role of the board

Orientation about the board's structure, processes, and role is particularly important for first-time directors. However, the experience of new directors who have served on other boards will not necessarily translate directly to the new board. For experienced directors and first-timers alike, best practices include the following:

Have a briefing with the lead director or independent chairman. The lead director (who may also be the onboarding leader) or chairman (if the chairman and CEO roles are split) can provide the new director with insight into the board's operating philosophy, how the CEO interacts with the board, and what the director can expect at a typical meeting.

Carefully consider a new director's committee memberships. In the United States, a new director may initially be assigned to only one committee, while in other parts of the world he or she may join more than one from the outset. In either case, the assignments should enable the director to make substantial contributions to committee work from the beginning. In addition, new directors should learn as much as possible about all board committees before the first board meeting by talking with

each committee chair about each committee's responsibilities, current areas of focus, and agenda for the coming year.

Schedule time with the chief legal officer or company secretary. The purpose of this meeting is to thoroughly brief the new director about the board from a legal and procedural perspective. Further, a long-serving chief legal officer will be a rich source of knowledge about the board's history, technical workings, committee structure, and governance policies.

The culture of the board

Understanding the culture of a board—its delicate balance of candor and collegiality, its implicit and explicit customs and norms, and its group dynamics—is in some ways the most important knowledge a new director needs to get off to a fast start. Best practices for helping impart such “cultural literacy” include the following:

Use information from the referencing process to accelerate new directors' cultural integration. From reviewing references for a prospective board member during the search process, the onboarding leader can gain a view of the new director's strengths, style, and areas for development. This information can then be used to elicit early contributions from the new director, to help avoid areas of weakness, and to ease initial interactions with colleagues.

Pair new directors with experienced directors. Because most directors, no matter how new to the board, come with considerable stature already, a formal mentoring program may not be appropriate. Further, mentoring succeeds only to the degree that both parties invest in it. What the onboarding leader can do, however, is to think carefully about which individual on the board might connect best

with a new director. Simple measures such as seating them together at board meetings and having the experienced member debrief the new member after meetings (for example, to make clear the nuances of what transpired) can often accomplish as much as a formal mentoring program. The purpose is not to manufacture artificial relationships but to provide opportunities for new directors to get answers to questions that they may feel uncomfortable asking in a large forum.

Avoid the pigeonholing of new directors.

Unwarranted assumptions or easy categorizations can get in the way of effective integration of newcomers. For example, treating two or more new arrivals as if they were an incoming freshman class hived off from the larger board can slow the pace of their contributions. Similarly, a new female board member will not necessarily want to work only with other women on the board, nor will they necessarily share common views on issues; this is also true of other members with the same demographic background. Further, although a new board member may have been initially sought to fill a hole in the board's expertise—in a market, a geography, a discipline, and so on—the new member will hopefully be able to contribute in many areas instead of narrowly functioning as a representative of a constituency or interest.

Tailor onboarding to the particular needs and interests of new directors. A productive, dynamic board culture is a function of the collective fit of all of its individual members. Certainly, those individuals are likely to be more diverse than ever—in background, age, national origin, gender, ethnicity, experience, and area of expertise. But every director, including those who appear cast from a traditional mold, is unique. It is therefore critical to be sensitive to the differing needs of each new director during onboarding. For example, an academic coming onto a board that consists entirely of businesspeople

will need significantly more education on certain issues. Similarly, a new board member who feels less experienced than the other directors may need to be encouraged to speak up in their presence during early meetings.



When new directors are unable to contribute to the board's work right away, it is rarely because they lack the credentials or some essential ingredient of character. More often, the cause is an onboarding process grounded in the belief that integration must necessarily proceed slowly. By contrast, high-performing boards, like the companies they oversee, increasingly want to accelerate performance, to make sure they are not blindsided by events and can pivot as conditions change. To do so, they will continue to hone their collective competencies, bring them to bear on new challenges, pay close attention to evolving board dynamics—and they will adopt onboarding practices that enable new appointees to fully participate as soon as possible. ■

About the authors

Jan Hall (jan@jcagroup.net) is chairman of Heidrick & Struggles/JCA Group and is co-head of the firm's CEO & Board Practice in Europe; she is based in the London office.

John S. Wood (jwood@heidrick.com) is a vice chairman in the New York office and a member of the CEO & Board Practice.

A version of this article originally appeared in *Directors & Boards* magazine.

CEO & Board Practice

Heidrick & Struggles' CEO & Board Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise, combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital enables us to provide sound global coverage for our clients.

Leaders of Heidrick & Struggles' CEO & Board Practice

Global

Bonnie Gwin

New York

bgwin@heidrick.com

Jeff Sanders

New York

jsanders@heidrick.com

Asia Pacific

Fergus Kiel

Sydney

fkiel@heidrick.com

Graham Poston

Singapore

gposton@heidrick.com

Europe and Africa

Sylvain Dhenin

Brussels

sdhenin@heidrick.com

Jan Hall

London

jan@jcagroup.net

WE HELP OUR CLIENTS CHANGE THE WORLD,
ONE LEADERSHIP TEAM AT A TIME®

Copyright © 2017 Heidrick & Struggles International, Inc.

All rights reserved. Reproduction without permission is prohibited.

Trademarks and logos are copyrights of their respective owners.

Cover image: © German-skydiver /Getty Images