

Recruiting the Industry Specific Corporate Board Member

By John Meeker

The Executive's Challenge

The quality of the corporate board performance and the relationship between the company's executive and board members is crucial to the long-term success of the company. Further, the long-term success and professional as well as personal satisfaction of the executive is also very much influenced by the quality of the board. While board members may perform different roles in a publicly traded company or private companies, the quality of board members is essential.

In light of questions about business practices among some very large and highly visible corporations, the role and credibility of board members may have never been more important in recent history of American business. This article highlights some of the generic qualifications of board members and also the role to be played by board members who are leaders selected from a company's own market.

Essential Criteria for Corporate Board Members

When it is appropriate to seek a new board member, the company's chief executive should consider three dimensions in defining the criteria to guide the search and selection. First, the executive ought to decide how a new member will compliment the talents and resources of existing board members.

Second, the executive should envision and forecast what skills and talents the new board member should possess that may well be required to address new challenges that the executive expects to encounter in the upcoming years. It is essential that the long-term strategic needs of companies, shape dramatically the criteria for the search rather than filling the shoes of prior members who may well have served the company well in a different time.

The third dimension to assess both in defining the criteria and particularly in conducting the search is the fit of a new member into the team dynamics of the board. Depending on the assessment of immediate and long term requirements, new members may be sought who can provide re-new stability to a floundering ship. Alternatively, a board member may need to possess the talents and constitution to energize and provide leadership that will infact create waves and energy to move a ship forward after being stalled.

Foundational Criteria for All Board Members

Note to Linda: These bullets need to be organized into paragraphs. I ran out of gas here.

-Integrity of the highest level, again especially in the negative light that is being focused on corporate trustworthiness and business values. "Quote from Jack Welch about integrity"

-Credibility recognized among multiple constituencies including:

- Corporate employees
- Other industry leaders
- Leaders in the same market
- Auditors
- Media representatives
- Investors

-Capacity for hard work and availability to respond to both scheduled and planned demands that will be placed on the board

-Individuals for whom the assignment will kindle their passion and commitment

-Regardless of the primary role of a new board member, whether it is financial expertise, or marketing insight, a board member should have a distinguished track record accomplishment in their area of expertise

-Executives are wise to seek individuals who represent the broad wealth of diversity including:

- Experiences gained in multiple companies and organizations

- Multiple professional skill sets

- Various life experiences whether gained in the arena of the military, political life, public service, international travel, and a wealth of professional experience

- Ethnic, racial backgrounds, and gender diversity that reflect the richness of our country as well as multi-national markets. In particular, a further corporate benefit is to include board members who reflect the diversity of the company's customer base, understand immediate and long term market needs, and who can lend their credibility to the company's legitimacy in serving the needs of a market.

Unvarnished Communications

While the particular characteristics that may be appropriate at any given time will vary, it is absolutely essential that the company executive have confidence that they will be able to establish a thoroughly candid and honest forum for communication with new board members. Frequently a senior executive will have in-depth and extended discussions ranging over highly sensitive and complex issues. Because of the nature of these discussions, the executive may not be able to discuss the issues with any other source. Therefore, it is essential that an executive have explicit faith in, not only board members judgment, but also, in their trustworthiness in maintaining confidentialities about business strategies.

Further, company leaders need to know that board members will be completely candid in their communications and assessment of the executive's own performance. There may be times that this is the only source that will raise a red flag about an idea that should be reviewed or even discarded. Other times it may be the only source that will provide a

much-needed “atta-boy” or “atta-girl.” And senior executives are direly in need of unvarnished assessments of business plans as well as the occasional pat on the back.

Industry Specific Board Members

One of the most challenging types of board member to recruit is the board member from the company's own industry and market. When recruiting other established or appropriate business leaders, frequently an executive is able to turn to their own board which can make referrals to other business or organizational leaders with whom they've had prior experience. It is often stated by senior executives that selecting a board member from one's own industry can be one of the more difficult assignments.

Especially in light of the high level and very negative perceptions about the credibility and values of American business, the role of the board member selected from the company's industry is particularly important. The integrity of the industry specific board member can lend substantial credibility to the company's statements about their products as well as their financial viability. This value of the industry specific board member will be clearly perceived among leading customers, major prospects, the investment and financial communities, and media representatives.

In addition to the usually excellent business criteria, it is highly desirable that an industry specific board member be willing to serve as a public spokesperson at industry conferences, investment forums, and in other high-visibility media environments. There may also be a very important role for industry specific board members to meet with public policy leaders. The role may be dual to both shape public policy but also to reflect how a company's services can achieve the purposes of new policy, legislation, and funding allocations.

Recruiting Industry Specific Board Members

In seeking to identify appropriate industry specific board members, there is no magic bullet, but several approaches may be productive.

- Ask your leading customers whom they view as industry leaders
- Seek counsel from senior corporate executives from inside the company
- Ask for referrals from current board members
- Contact national professional associations and ask for their advice
- Survey industry leaders who are speakers at national conferences, who are quoted in the national media or who otherwise publish their points of view
- Seek advice from friendly competitors who may themselves know appropriate industry specific leaders
- Request input from investment bankers, law firms, and industry consultants who have visibility to the specific industry

- Ask for help from vendors who have a critical self interest in a company's success

- Hire an executive search firm that has very well established relationships within the industry and who can conduct a highly professional search process designed to meet all the criteria that the company has established.

365 Days a Year Talent Search

The successful search for an industry specific board member will best be achieved by senior executives and other board members being constantly on the lookout for appropriate board level talent. Developing trusting relationships with potential board members takes time under the best of circumstances and as with other key strategic achievements. But the long-term impact of identifying and successfully recruiting an excellent board member cannot be underestimated.