



GOODBYE, OLD BOYS' CLUB

The key to filling board seats with the right people is to look beyond the usual suspects, says **JUSTUS O'BRIEN** of search firm Russell Reynolds

IN THE EARLY DAYS of our Board & CEO Practice, companies typically filled board vacancies by making a list of available, retired or active CEOs from the upper echelons of the business world. This “old boys’ club” approach, focusing on a small pool of talent, doesn’t really exist anymore and hasn’t for a while.

In addition to three or four CEOs, you now see boards where directors have expertise in accounting, cybersecurity or communications, as needed. And in today’s global market, international experience is particularly valuable. To find these specialized skills, you need a much more rigorous approach than simply dusting off a Rolodex or thumbing through a stack of résumés with familiar names.

Our process begins with a close analysis of a board’s strategy, dynamics and culture. This gives us a clear picture of what skills and personalities the board requires, and allows us to create a thoughtful succession road map. We find that clients themselves don’t always know exactly what they need until we have done that analysis together.

For example, one might have a large presence in a certain country and say that they want a director with experience from there. But our analysis could reveal that instead, they need someone with the skills to navigate the regulatory challenges facing their industry.

Clarity is essential throughout the entire process. Two clients may use the same word yet mean very different things. Everyone wants a “digital” person on the board, for instance: but what does that



mean, exactly? Consumer interaction, back-end systems and data security are all digital, but they are different skill sets.

Similarly, the topic of diversity has become more nuanced. Most companies expect us to produce a diverse pool of candidates, but each one has to be able to make an important contribution to the board. That comes first. The few companies who still have a “check the box” mentality on diversity continue to miss the point – and the opportunity.

Well ahead of a potential vacancy, the best boards are busy “soft recruiting” – identifying potential candidates and introducing them to other directors, often at social gatherings. By constantly expanding their network of personal relationships, these boards are able to plan ahead and choose from a robust list, rather than scramble to fill an empty seat.

Making contact is important; staying in contact might be even more so. It is a very competitive market. A CIO, a Google executive, a Fed vice-chairman – they

might not be available now, but they could be in a year or two. The only way to know for certain is by maintaining a dialogue.

As demand increases, we’re always on the lookout for new places to find candidates. For example, universities, large foundations and nonprofits are big, global institutions with hefty budgets and lots of employees. The people who run them are often very impressive, with great experience, from public policy to communications. All this translates well to the needs of a corporate board.

And how do we make the case for a new face? You’ve heard of six degrees of separation. We find that even for an obscure candidate, someone on the board will know someone who knows them. It’s just a case of reducing the perceived risk.

Building this familiarity helps boards be more confident in their decisions. That’s one of the reasons the old boys’ club lasted as long as it did: people gravitate to those they know and feel comfortable with. It’s human nature.

JUSTUS O'BRIEN

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Founded in 1969, Russell Reynolds works with organizations around the globe in succession planning and recruitment of board directors, CEOs and other executive positions.

Justus O'Brien spoke with **NICOLE REBOE**, a Partner in Brunswick's New York office who leads international senior-level recruitment.