

Enhancing Your Board Opportunities

ICD Toronto Chapter Presentation - Andrew MacDougall
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1. Mentors are important – especially ones able and willing to connect you with key board influencers.

An example:

- A former CEO who has since sat on a number of important boards asked me to meet a woman who used to work for him with no public-company board experience but who was interested in going on one
- A “can’t say no” situation
- Someone I might have ended up meeting in any event: Finance background, and had grown to run a division
- The intro brought me to immediately set up a meeting
- Couple of months after meeting her, got an assignment from a leading energy company to quickly help recruit a female financial expert
- She ended up being appointed, and – helped by that credential – will also be joining the board of one of the large banks

2. How often do “First timers” (*i.e.* someone without public-company board experience) get on large company boards?

The good news is that our most recent research shows some positive trends.

Who’s getting on board?

- Since 2001, over 600 appointments made to boards of leading companies, which represents a turnover of about half the total director population.
- Most recent data shows more executives with finance experience, women and first time directors being appointed to the boards of Canadian companies.

More First Timers

- Individuals lacking public company experience accounted for 24% of board appointments in the past 3 years, vs only 14% in 2002-2005
- Trend indicates willingness of boards to invest in development

Women as First Timers

- Growing percentage of first timers are women
- 38% of First Timers appointed between 2006-2008 were women, compared to 23% between 2002-2005

3. How often do “unknowns” make it onto a large company board?

What happens in the room with the nominating committee when someone is discussed who isn't personally known, at least by reputation? Usually, real hesitation to move that person along in the process

Does someone not known ever make it onto a major board? Rarely, but here's an example:

- Tough spec: geologist with mining experience, ideally a woman
- We identified someone who met that spec, not known personally to us
- Discussion began to drift away from her ... until a committee member asked: “isn't she famous for a geological discovery?”
- She did indeed have a distinctive reputation, and that was enough – “credibility by association” – to move her along from target list to short list to the person who was appointed

How far along does someone not personally known usually get?

- Based on the Spec, we do fresh ID for every search (*e.g. Directors on the Move ICD Newsletter*). In the past 2 years, people not initially known to me or one of my colleagues on average made up 1 in 8 of the people on the target lists I've discussed with nominating committees...and almost 10% of the people who were appointed

Counting on being discovered for a major board might be a little more likely than being discovered on the street for a major film

Most potential directors feel their talent is a given

- Experience says that people already have to be seen by someone on the board, or at least by us, as both meeting the spec and potentially a personal fit for the board

When there's a search by a major board, it's not like Canadian Idol

- The good news is people don't get thrown off the stage in an audition
- That's because people don't get the chance to show their talent unless there is someone involved in the process who can at least bring them to life during the committee discussion

But even being suggested as a possible candidate by a board member isn't a guarantee. Client suggestions are made in most board searches:

- In the past two years, these made up an average of 1 in 12 of the people on my target lists
- But only half of those made it to the short list (i.e. less than 5% of the people whom the committee decided to meet were people initially suggested by a board member)

4. **The research I mentioned is from our 2008 Canadian SpencerStuart Board Index. Advance Extracts are attached.**
5. **Being suggested and having the right experience may not result in being selected on a given board search....but it could mean being chosen in a later search.**

While connecting with key board influencers is important, staying connected broadly is important.

An example:

- Spec: Transportation, Western Canada, Diversity ideal
- Through group network acquaintance became aware of Search and knew of female business colleague with Transportation experience who had plans to retire shortly
- Acquaintance forwarded colleagues name and resume to me
- Prospect sent me email indicating interest
- Search Process was fairly well along but I brought forward prospect's interest to client
- Background was interesting, client agreed to meet and, ultimately, she was appointed

6. **In the examples I've shared, the right combination of connections, opportunity and timing lead to a successful result.**

However, even with the positive trends, a large company board directorship still remains a difficult achievement for most. This might make them even more alluring, but it doesn't necessarily make them the most interesting directorship opportunities. There are many other boards where you would have the opportunity to make a tangible contribution to the business and gain valuable board experience, E.G. Mid Cap companies.