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## Take Five: Board Recruitment

with Julie Daum, North American Board and CEO Succession Practice Leader, Spencer Stuart

CBM: *Corporate Board Member*

JD: Julie Daum

**CBM: Why is a good board member so difficult to find and is it particularly difficult these days?**

JD: Recruiting board directors is more difficult than it used to be, but there are still qualified people who are interested in serving on boards—they're just much more selective than in years past. We recently recruited directors for companies such as AIG, Freddie and Fannie, Citi and Delta when emerging from bankruptcy. We found excellent candidates for all these boards, even though prospective directors understood the challenges facing the organizations. Experienced leaders still believe that board roles are intellectually interesting and professionally satisfying. In short, we haven't scared off directors, but as it's become a more time-consuming job, they have become more cautious about which boards they join and the number of boards they join.

**CBM: What areas of expertise are boards looking for these days?**

JD: This past year, we saw an uptick in interest in seeing candidates with a risk orientation and individuals with international experience—people who have either lived overseas or worked with an international company, particularly in Asia. There is still some interest in candidates with marketing and technology experience, but the larger push today is for directors with global business experience. Expertise in risk management obviously has been most in demand among financial services firms to date, but boards of other companies are beginning to express interest in having more risk knowledge on the board.

**CBM: How will new legislation impact director recruitment?**

JD: Until we know what provisions of the legislation are adopted it's difficult to know; however, certain trends are clear:

- Shareholders will seek more information about—and, in some cases, more influence over—governance practices and what is going on in the boardroom.
- Shareholders want more say on the process of selecting new directors and influence on who is in the boardroom.

*Excerpted from: [www.boardmember.com](http://www.boardmember.com)*

As it is stated now, director recruiting will be much harder, but ultimately, we just don't know the full impact.

**CBM: What about diversity? Is that still an important factor when it comes to director searches?**

JD: Boards are still interested in diversity, but boards today think about diversity in a broader context. For example, beyond gender and race, "diversity" could include having a director with global experience, a non-American or an individual who simply brings a completely different perspective. Diversity is very much a part of the conversation, but it is just one piece of the conversation. We used to do a lot more assignments where the primary mandate was to recruit a director who met traditional definitions of diversity. Now every board expects us to present a diverse slate of candidates regardless of the required functional or industry background.

**CBM: If someone is interested in joining a board, what homework should he or she do?**

JD: They should read everything that's out there about the company, obviously, including analyst reports, as well as all the available public information. They need to conduct their own due diligence by talking to people who might do business with the company. As they progress through the interview process, they should talk to the general counsel and the CFO, and it's also a good practice to speak to the outside auditors and the outside counsel. They need to get a good sense from the board chairman and other board members about how the board operates, what kind of issues come to the board, what kind of conversations the board has, how the board deals with conflict and makes decisions, and how the CEO and management team relate to the board. Until you really talk to the people who are sitting in that boardroom, it's difficult to get a sense of the role that that board plays in the company.

**CBM: Thank you, Julie.**