



Welcome to the Boardroom: Your Second Career

Executive managers who join corporate boards as directors are often unprepared for the transition and fall out of favour quickly. To make the shift successfully a strategic vision is needed.

As a non-executive director on a number of top level boards including Rio Tinto, BG Group, and Vallourec, where she holds the position of chairman of the Supervisory Committee, Vivienne Cox (INSEAD MBA '89D) is a fine example of an accomplished senior executive who has made the successful transition to director status.

In a recent interview with Herminia Ibarra, INSEAD Professor of Organisational Behaviour, Cox admitted the transition was not without its surprises. "I don't think I fully understood that I was actually stepping into a second career," she notes.

"I thought I was leaving my BP career and that these (new roles) would be interesting things to keep me active in the business world."

The shift, she told Ibarra, required a different set of skills and a change in modus operandi.

"What I loved about my [earlier] executive role was having teams of people around me (and) businesses to run and lead and manage in the sense of giving real direction and focus to the activities.

"What I've learned now, is that I really love asking the questions that help other people frame that."

Making the transition

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Typically in organisations CEOs exhibit biases, but challenging the status quo does not always come easily. "Everything enforces what we already know," says Cox noting that sometimes checking where the downside risks might be in future strategic moves can be eschewed all too readily by senior management.

As a non-executive director however, she has the opportunity to encourage top managers to face these difficult questions. "To sit on the board and say 'but have you thought about what could go wrong, have you thought about what the risks are?' Just having a different perspective and asking the right questions [is beneficial]."

So how do you successfully make the transition from senior management to sitting on the board?

Cox' advice is, "Firstly, don't take it lightly." Serious and thoughtful preparation is vital as is taking advice from experienced board members. "Think about taking on a role in a not-for-profit, for example, or spending as much time as you can interacting with your own board and observing their dynamics and processes," advocates Cox. The important thing is to take small steps as you prepare for your new role.

Sustainability a board responsibility

It also takes vision. Cox comes from a long and illustrious career in oil and gas. During her 26 years with BP she spearheaded the company's US\$6.7 billion investment into renewable energy at a time when shareholders didn't value renewables in the same way they did oil and gas.

For Cox, there is no distinction between long-term sustainable endeavours and short-term profitable business. When quizzed on the role boards should take on matters of sustainability, Cox insists the issue should be looked upon as a strategic responsibility at an organisational level, not just a CSR department's responsibility. "If you are running your business in the right way (not only for the company but also for the country you're operating in, and for the planet that you're part of) this is all adding value and one of the real benefits is the motivational effect it often has on the people. It is also a key factor in retaining good talent."

As board members face an ever-growing list of regulations and increasing pressure from activist shareholders, it is helpful for them to understand the expertise they are bringing to the table and to make sure their voice is heard. Diversity on boards is healthy and adds hugely to a company's strategic decision-making process, insists Cox. "Good dialogue, honesty, openness and transparency" are all critical elements. She isn't alone in this opinion. Recent research by **Solange Charas** also espouses the belief that the quality of board members' interactions are crucial to a board's success.

Female diversity is an important dimension of that board diversity, Cox says, noting that in her experience women are "less directive, they are better at listening and better at bringing in others. They therefore complement the discussion powerfully ☒ provided that they're in an environment where they're confident to do so and have the space to do so." For her the magic number of women on a board is three. This bears out **earlier research** on the critical mass on corporate boards which found any less than three females resulted in the women still being marginalised and regarded as distinctly "female" directors. Once three join the board, their individual contributions are viewed at face value without pre-conceptions.

The more diverse a board is, the better able it will be to reconcile difficult choices and align these choices with the company's business objectives. Boards will also be more nimble in the face of growing stakeholder power. The way to contribute to this process as a potential board member is to know the value you add from your years of management and life experience.

With this in mind, is the time ripe to get your second career underway?

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