
Creating Boards for the Future



By Annet Aris , INSEAD

With the world of business changing so rapidly, boards need greater agility and members from a wider diversity of backgrounds. Less, or unconventionally, experienced executives are a good option.

When appointing Board members, organisations have traditionally sought candidates with a specific skill set from a similar background; generally people with previous CEO experience who have managed an IPO or saved a company from a managerial crisis or the threat of bankruptcy. In today's rapidly transforming business environment, however, this shared experience can be a hindrance and it is companies led by a Board of diverse genders, knowledge, abilities, personalities, nationalities and career paths, which are more likely to thrive.

Updating the candidate search

Along with managerial experience, successful organisations look for directors with specialised professional backgrounds, such as IT. They seek out who know how to create an innovative mindset, such as entrepreneurs, and, increasingly, the appoint professionals who are able to understand and assist in transforming the digital capabilities of the business to meet the requirements of the new age. To find the best candidate to meet these

changing demands, companies need to review the methods and patterns they use to scope and appoint Board members, and make the effort to extend their sights beyond candidates from a general management background.

This thinking was put into practice at ProSiebenSat1, the leading TV Broadcaster in Germany, where I am a Board member. Next to a number of seasoned German managers, we now have younger people from Silicon Valley and New York who know what other members don't about video on demand, online video content production and mobile. They come from companies such as Yahoo!, Vevo and Iconic Entertainment.

Profiling a perfect fit

But with so much change happening around us, how can Boards identify the new candidates who will make the best “fit”?

When embarking on the selection process Boards would do well to take stock of their company's present position, the phase it is at, and where it aims to be in the short and medium-term future. They should then create a profile for the prospective candidate, identifying the skills and experiences needed to complement the Board's existing talent, and those required to address the foreseeable opportunities and challenges that lie ahead.

It is important that these profiles are sharp enough to identify people with a specific skillset, but not so specific they require a candidate to follow a pre-required career path. (Nor so broad that the profile fits no-one entirely, and everyone in part.)

Making diversity work needs work

Successful diversification is not just a matter of appointing more diverse individuals. The chairperson must take an increasingly important and complex role to optimise the power of diversity, both inside and outside the boardroom. As the composition of Boards becomes more diverse, reading the signals from individual Board members well becomes more complicated. Pattern recognition becomes a less effective tool thus it is up to the chair to build relationships with each individual member outside of the Board setting.

Many corporate stakeholders, from bank analysts to major investment funds, place high expectations on the profile of a Board's chair and require significant CEO experience. This experience does not always coincide with

the individual's ability to run a diverse team. It also makes it more difficult for Board members who may have the required skills and characteristics but who come from a less traditional background, to take on the role of chairperson or lead one of its committees.

Women, for example, often do not have extensive CEO experience. Thus, while society is calling for more female board representation, traditional stakeholders' insistence that the successful candidate be a woman with experience leading a company, leaves a big gap between expectation and reality.

One way around this is for high level women from specialised sectors, or female entrepreneurs, to join the Boards of smaller companies first and develop their chair competencies there. This can be a quicker route to more central roles on larger mainstream Boards.

I built up my Board experience over a period of 10 years learning from smaller, specialised companies, expanding on that experience on the Boards of mid-cap organisations before taking positions on large corporate Boards. This highlights a point both women and men with board ambitions would do well to remember: being a Board member is really a profession in itself, one which takes time to learn and which builds on the many diverse skills and experiences picked up throughout your career.

Find article at

<https://knowledge.insead.edu/leadership-organisations/creating-boards-future>

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