

Applying Industry Talent Development Best Practices to Advance Your Board: Lessons Learned From Industry to Accelerate Board Performance

By Tracy Duberman, Ph.D., and Paul Erdahl

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In a 2015 study, “Improving Corporate Performance by Enhancing Team Dynamics at the Board Level,” 182 board directors rated their individual performances as “very effective.”¹ In that same study, only 30% of the respondents awarded their board team a similar “very effective” rating.

Now imagine if this discrepancy happened in our workplaces and organizations where, from the top to the bottom of the organizational chart, work teams comprise the fundamental units of our work.

Of course, in most organizations, the board of directors is not involved in day-to-day operations, and board-team performance is neither measured nor managed via organizational team-reporting structures or Human Resources.

Based on our executive and board development work with nonprofit organizations and corporations, however, two things are clear. First, many high-value board members feel that they are persistently underutilized. Second, many board directors and CEOs fail to use best-practice talent management strategies to guide decision-making in identifying and selecting directors with complementary leadership skills.

Start With Strategy: Design Your Board to Align With Your Organization’s Strategic Plan

Before the board of directors and governance committee launch and lead the process of sourcing and short-listing their next board candidates, executive and board leadership need to come together for multiple co-strategy sessions. During these sessions, leadership and teams should identify current and future business and organizational needs. Next, they should itemize the desired characteristics of prospective board members who will bring expertise to help address those organization-specific needs. This needs analysis and planning process force the board to look internally to assess the organization and externally to examine current business dynamics in which they are operating and competing.

Each organization is different, but as board and executive leadership or committee chairs collaborate in this pre-recruitment planning process, here are some best-practice questions to ask and consider:

- What contextual and industry-specific factors (e.g., market trends and regulatory and public policy changes) will impact our industry and organization in the

next five years?

- What are the recent and future demographic shifts and changes among our consumer base or nonprofit service areas?
- Based on organizational and industry dynamics, what business challenges do we need this new board member to help us address?
- What type of board is optimal for our business? Do we want to have a passive board that readily follows the guidance of the CEO or a highly engaged board that encourages candor and open discussions? Or should we aim to land somewhere along the passive-to-active continuum as outlined in a 2004 *Harvard Business Review* article, “Building Better Boards”²?
- What immediate needs, pain points, or leadership deficits can our new board appointment help us to address as an organization?

In a 2002 *Harvard Business Review* article, “What Makes Great Boards Great,” Jeffrey A. Sonnenfeld, associate dean for executive programs at the Yale School of Management and the founder of the school’s Chief Executive Leadership Institute, writes that boards need to be “strong, high-functioning work groups whose members trust and challenge one another and engage directly with senior managers on critical issues facing corporations.”³

Therefore, in addition to aligning strategic organizational needs with a talent management strategy, this systematic analysis can build trust and mutual synergies among the board chair, board members, board committees, and with the executive leadership team.

“We need to consider not only how we structure the work of a board, but also how we manage the social system a board actually is,” Sonnenfeld adds.

Diversity and Inclusion

Part of the “what type of board” question includes addressing issues of diversity and inclusion. From the C suite to the boardroom, leadership has

a documented diversity problem. In the previously cited 2015 study, only 14% of the 182 boards were led by women.¹ Ethnic minority groups are also underrepresented in executive and board leadership roles.

Diversifying organizations isn't just the noble thing to do. Based on its review of 366 public companies, a McKinsey study, "Why Diversity Matters" found that companies in the top quartile of gender and racial diversity were 15% and 35%, respectively, more likely to have financial returns above the national industry median.⁴

The bottom line: For consistency, the board should reflect the customers the organization serves. As outgoing or retiring board members are replaced, board leads and governance committees need to be more thoughtful about who they are bringing onto the board and why. Or to quote from the American Hospital Association report, "5 Steps to Achieving Diversity on Your Board," "Diversity for diversity's sake should not be the end goal. The goal is building a board that is prepared for a more complex, challenging future."⁵

At the executive levels, we work with some organizations that are deliberate and thoughtful in how they institute diversity and inclusion initiatives. Some engage external experts and consultants. Others have created new executive leadership positions such as a chief diversity and inclusion officer.

How can we replicate these executive-level diversity initiatives with a comparable process in the boardroom?

First, leaders must define diversity as it applies to their organization and service area—including the strategic needs, delivery models, and the demographics of the community the organization serves. Second, although we tend to auto-associate diversity with gender, race, and ethnicity, a truly diverse organization interprets diversity broadly and authentically by recruiting and appointing leaders who have different ways of thinking and being. Finally, look and reach beyond the traditional networks and

demographic silos to find or engage the trade and professional associations that can diversify recruitment sources and whose memberships may include the board's next best-fit candidate or appointee. Examples include the African American Board Leadership Institute, the National Association of Health Services Executives, the Executive Leadership Council, the National Association of Latino Healthcare Executives, and the National Association of Women Business Owners.

Recruiting Board Members

Ask any human resources director or executive search firm: Most American employers are in a race for qualified, high-value talent. Additionally, according to the article, "Overcoming the Leadership Development Gap" published by the Training Industry, in the next five years, 84% of U.S. organizations anticipate a shortfall in leaders—which will further reduce the pool of CEOs or industry thought leaders to tap for your next potential board appointment.⁶

Yet based on a study cited in the *Harvard Business Review*, among the study's 200 participant corporations, 40% reported that their board of directors lacks an effective recruitment process.²

Let's assume that the collaborative pre-recruitment planning led by the board chair and the board's governance committee has yielded a dual list of organizational strategic needs and corresponding must-have board-member competencies.

Now, here are some best-practice talent management strategies that will help boards to source, assess, and select the best-fit board candidates:

- An external search firm will bring a level of objectivity and circumvent the temptation to only tap current board members' personal or professional networks. Also, an external executive search firm has the capacity, experience, and established networks to source a diverse list of qualified and passionate candidates.

- Whatever search strategy is used, in addition to evaluating for industry acumen, we recommend using some of the same leadership assessment practices used to select senior executives. Consulting firms such as ours use assessments to provide insights into core values, critical thinking abilities, leadership presence, and interpersonal skills. These assessments offer insights to key questions: How does a candidate engage with others and tolerate diverging viewpoints? How will they react in a crisis—during organizational good and bad times? These attributes are a key factor in board relationships, culture, and overall success, and assessments can help organizations avoid selection mistakes.
- Ensure an equitable talent-recruitment process by developing and deploying a consistent board-interview protocol.
- Develop candidate assessment dashboards and summary reports to ensure that the interview process generates consistent and comparable data on which to base your final candidate selection.

Spend as Much Time Orienting New Board Members as You Do for Your CEO

New-executive onboarding is a standard and recommended practice in talent management. Yet this is often an overlooked step in the board context. In fact, according to the American Center for Association Leadership, approximately 31% of incoming association and nonprofit board members were not oriented to their organization's strategic plan.⁷

Board onboarding is more than pre-meeting refreshments or a short welcome speech from the board chair. Instead, the board leader and governance committee chairs should co-strategize, execute, and manage

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a formal onboarding process. This includes timely information sharing and enhanced cultural alignment so that all new appointees can learn about the organization while acculturating to the board's culture and its team dynamics.

Our Best-Practice Strategies for Successful Board Onboarding

Information sharing: Board chairs and governance committees need to plan and lead the process whereby the new board appointee will get oriented to standard board processes, including using the online board portal, if available. New board members also need to learn about organizational mission, strategic plan, operational characteristics, service or product lines, performance indicators, current and target consumer groups, and other baseline information, including recent organizational struggles or pain points. Invite new appointees to tour organizational facilities where they can develop a true understanding and familiarity with the organization and its main stakeholders and consumers.

Relationship building: Some effective relationship-building strategies include requiring the C-suite executives to reach out to the new board member to set up a meet-and-greet opportunity. Also, the onboarding process presents an opportunity for all board members to deepen team relationships: with each other and with the executive leadership team. In turn, strong relationships enhance

board member engagement and accountability.

Fundraising and philanthropy: Are your nonprofit board members assumed or required to be part of the organization's fundraising or philanthropy initiatives? If so, they need to become immersed in the funding streams and current, planned capital, or other campaigns. To support fundraising, they need to develop a deep understanding of everyday service delivery and how the organization's work impacts the lives of the persons served.

Provide Learning and Development Opportunities for the Board

As we navigate the uncertainties of our current business environment, we must not overlook how board members can develop and expand their individual and collective capacities to keep pace with tomorrow's leadership needs.

To develop your board development process, start with an annual gap analysis to determine board members' real-time training or educational deficits—specifically as they align with your industry and organizational strategic plan. Next, begin to source the needed training.

New board appointees can benefit from a course on board participation and how to be a strategic board member. Current members can always use a refresher in this area as well. Possible training resources include the Center for Association Leadership, the National Association for Corporate Leadership, the National Association

of Corporate Directors, and Board Source.

These organizations offer online articles, webinars, and training courses, including online board-leadership certificate programs. Or check if your state has an association for boards of nonprofits.

Across industries, as current and evolving business technologies change, consider offering some technology upskilling opportunities that can measurably contribute to your organizational success. According to a 2020 report, "Companies with Digitally Savvy Top Management Teams Perform Better" from the Massachusetts Institute of Technology Center for Information Research, it takes three board members with digital acumen to have a statistical impact on the organization's market value.⁸

Increase the digital competency of your board by recruiting and appointing new board members with proven technical capacities. Or engage a professional training expert to provide a topical overview that is relevant for your industry and can expand the board's enterprise-level understanding of current technological opportunities and risks, such as artificial intelligence, big data, telehealth, cyber security, supply chain management, or digital fundraising.

Whatever topics and training format the board needs and deploys, it's imperative that board leaders and committee chairs carve out some way to develop the board by allocating time and resources for shared team learning.

Also, consider blending formal training curricula with team and culture-building exercises that will build culture and align all board members around a common purpose.

Make Sure You Focus on Succession and Pipeline Development

An organization's future and sustained success depends on the organization's ability to identify future talent requirements and—at both the executive and board level—to attract, select,

FOOD FOR THOUGHT

"A true leader has the confidence to stand alone, the courage to make tough decisions, and the compassion to listen to the needs of others. He does not set out to be a leader, but becomes one by the equality of his actions and the integrity of his intent."

Douglas MacArthur

and develop those leaders who can deliver results.

The pool of current industry leaders is shrinking. As increasing globalization may force many current CEOs to expand their reach and reduce their availability, the pipeline for our future board members will keep shrinking too—all while the need for high-performing leadership keeps growing.

Therefore, best-in-class organizations are focusing on growing tomorrow's talent today by instituting a proactive and systematic pipeline development and leadership succession plan that allows them to assess future-centric talent needs and to plan for a seamless transition between leaders.

The key word here? "Proactive."

As we know, succession planning is a slow-boil process in which we deliberately nurture and build productive relationships with industry (or adjacent-industry) executives and thought leaders who, over time, have shown sustained interest in the organization's work and mission. External executive recruiters may also help in this pipeline development and succession-planning process.

By looking ahead and analyzing future leadership needs, a robust leadership succession plan can avoid or offset business and leadership interruptions.

In assessing and planning for future leadership needs, here are some questions to ask:

- Based on board terms and leadership tenures, what do the next five years look like for us? What changes can we expect?
- Based on that five-year projection, how can we source high-promise leaders to be ready to succeed outgoing board or C-suite leaders?
- Who are potential leaders within our sphere of influence?

Use Lessons Learned During the Pandemic to Create a More Robust Board

In 2020, as we rushed to decentralize, virtualize, or realign our work

teams, many of us had to make leadership decisions on the fly. Also, the pandemic year forced many of us to look in the mirror to examine our own leadership styles and to address our deficits to find new and innovative approaches to leading better.

Equally, in the board context, travel restrictions and disease-control protocols have forced us to pivot from interstate boardroom meetings or planning retreats to virtual sessions and in some cases, the recalibration of
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NEWS

Boards improve on collaboration, effectiveness during pandemic

At the start of the COVID-19 pandemic, as organizations across the country had to shift their operations to the digital realm due to social distancing restrictions, a common fear among nonprofits was that the lack of in-person, face-to-face contact would hamper their organization's management. Nonprofits have been slow to adopt the kinds of digital technologies that they were now having to rely on out of necessity — especially virtual meeting platforms, online file-sharing, and related tech solutions that made it possible for staff, leadership and boards to inter-face, share ideas and strategize on how to keep their operations going.

However, those fears were misplaced, according to new survey data from OnBoard, a board management software provider serving the non-profit community. In fact, the shift to virtual meetings, online fundraising channels and other digital tech led to increased effectiveness and collaboration, the company said. Per the survey, 79% of respondents said their boards have improved effectiveness in the past 12 months, with 59% citing the shift to remote work as the primary cause; 66% have seen improvements in board collaboration; and 47% have spent more time discussing strategic issues.

According to Rob Kunzler, OnBoard's Chief Marketing Officer, there are several factors that explain the reported improvements in board effectiveness.

"First, many of our customers

and survey respondents work in sectors that were acutely impacted by the pandemic, including health care and higher education. The boards that lead these organizations faced uniquely new challenges caused by the pandemic itself — which led them to spend more time on genuinely strategic decision-making that directly impacted the health, safety, and survival of the business or organization, as well as its staff and clients. But everyday businesses and organizations faced similar challenging decisions," he said.

"However, the factor that survey respondents cited most for increased effectiveness and collaboration was the shift to remote work and virtual meetings itself," Kunzler said.

"Suppose you think about the boardroom and the personal interactions that occur there. In that case, conversations and chit-chat before, during, and after meetings — you can see how some view a virtual meeting as a more effective meeting method, as it runs a bit more quickly and indeed more deliberately."

Another factor, he said, is that when everyone moves onto a single shared platform, effectiveness increases.

"When everyone occupies the same amount of digital space, there's also a democratizing effect. Meeting participants who may have been less vocal in an in-person setting feel more obliged to participate or say their piece, increasing collaboration. Many boards also noted increased attendance, as traveling to or from the meeting was no longer necessary," he said.

For more information or to access the survey in full, visit <https://www.onboardmeetings.com>. ■

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the meetings' timelines and schedules accordingly.

On the positive side, the coronavirus pandemic forced many of us to upskill or amend our leadership approach to meet our organization's emergent or evolving needs.

Now, many of our fix-it strategies have turned out to be future-facing and best-practice solutions, and rather than reducing team functioning, virtual interactions have enhanced team engagement and work productivity.

CEOs, executive teams, and board directors need to be intentional and mindful in building a virtual culture of shared purpose. They also need to foster a psychologically safe, open-space culture in which each leader feels included and is encouraged to offer ideas and dissenting opinions. If needed, engage an external facilitator or coach who will detect some less-than-productive cultural norms that can be addressed by skilled facilitation practices.

As directors, committee chairs, board members, and executive leadership work and strategize at a distance, CEOs need to commit to consistent, timely, and easily accessed executive-to-board information sharing. Let's face it, no board member or committee chair can adequately study or prepare to discuss new KPI dashboards or quarterly business reports when there is limited or inadequate time in which to do so.

Finally, in tandem with our recommendations for consistent board development and training, provide training opportunities that will enhance and enliven board attendance, facilitate virtual or hybrid engagement, and advance the board's individual and collective contribution to organizational success. □

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Calendar of Events

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The conference will feature keynote Robert M. Wachter, professor and chair of the Department of Medicine at the University of California, San Francisco. He will discuss COVID-19 and the transformation of health care, with a focus on:

- three major areas in which COVID-19 led to acceleration in the transformation of health care,
- reasons for the rapid adoption of telemedicine during COVID-19, and
- three changes brought about by COVID-19 that are likely to endure after the pandemic is resolved.

For more information, visit <https://bit.ly/3zPwUcX>. □

BOARD LEADERSHIP

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