

TOP TAKEAWAYS

How to Recruit New Directors

1. Evaluate needed skills and attributes.

A board self-evaluation will allow your current directors to determine the skills and attributes that need to be added to your board. You should develop a skills matrix that identifies skills and experiences that current directors possess. The skills matrix will help you identify skills and attributes that your board is lacking. When creating the skills matrix, you should also consider committee requirements and identify what specific skills are missing from your committees. Similarly, you should keep in mind governance parameters that may impact your desired director profile. In addition to self-evaluation by means of a skills matrix, current directors can also have a one-on-one discussion with management where they can more candidly discuss the qualities they think are needed to improve your board.

2. Focus on attracting candidates.

It is important that potential directors are incentivized to join your board. You should create a profile for the desired director position that sets forth the goals and objectives of the board and that identifies desired qualities and skills. In addition to identifying desired qualities and skills, you should also consider shareholder make-up and demographics when completing a desired director profile. When recruiting candidates, highlight your company's strong management structure. When interviewing candidates, be transparent and emphasize the opportunity they will have to broaden their experiences and knowledge base, create a portfolio of relationships and provide meaningful guidance and advice to your company. It is important that they understand how they can add value to your company.

3. Consider how you will source candidates.

You can turn to existing directors to see whether they know any potential candidates based on their network of contacts, which is known as the rolodex method. You can also use recruiting firms to help you find potential candidates, whereby the firms can help you identify candidates based on your desired director profile. In addition to the rolodex method and recruiting firms, you can also turn to recruiter directories and databases, your trusted advisors or you can look to shareholder nominations.

4. Consider the advantages and disadvantages associated with certain sources of candidates.

The rolodex method is advantageous because directors already know the potential candidates, which may result in a better working relationship and collegiality among your board. However, because the scope of the search may be limited, this approach may result in candidates that lack diversity. One alternative is to use a recruiting firm that will utilize a broader search process, which will likely generate a more diverse group of candidates. Because of the broader search process, the use of recruiting firms makes it easier to find candidates that match the needs of your company. However, this approach will cost more and some recruiting firms have restrictions on who they can recruit. In addition, it may be more difficult to build up collegiality and trust among

board members when using a recruiting firm, as board members are not familiar with those candidates.

5. Ask the right questions of candidates.

You should ask a potential candidate why they want to join your board so that you are able to understand what they can contribute to your board. Ask them what value they will add to your board and how they will assist your company in furthering its short and long-term goals. This answer can also help your company determine whether a particular candidate will fit in with the culture of your organization.

6. Evaluate each candidate's background.

When choosing a candidate, you should evaluate the background of each candidate to see whether their personal and professional background will help them add value to your board. Consider whether they have experience in your company's industry, which will allow them to better understand the economic drivers of your business and what risks and opportunities the company faces. You should also see whether they previously served on other boards and, if so, determine how they provided value to those boards. Finally, based on their background, you should attempt to identify the candidate's business philosophy and decide whether that philosophy will fit well with your current board's business style.

7. Evaluate each candidate's intangible qualities.

While interviewing a candidate, evaluate that candidate's intangible qualities and skill sets that will help them add value to your company. Make sure they have good communication skills and determine whether they appear to have integrity and a strong ethical compass. If you are looking for a specialist, you should ask potential candidates what skill sets they possess that make them qualified to serve as a specialist. If you are not looking for a specialist, it is important to see whether a potential candidate possesses a broad-based set of skills that will improve your board.

8. Consider each candidate's cultural fit.

Recruit directors that will fit in with the culture of your board, as this will promote collegiality, transparency and trust among directors. To assist in the process, ask management what they think the culture of the company and the board is like. Ensure that your board is diverse, as a diverse board offers multiple points of view and varying skill sets. Seeing where potential candidates have previously served may provide insight as to whether that candidate will be a good cultural fit.

9. Check each candidate's references.

You should dig deep into a candidate's references. Search firms will typically request that a candidate provide three references consisting of the following: (1) someone who has reported to the candidate, (2) a peer of the candidate and (3) someone who the candidate reports to. When checking references, you should also check to see whether the candidate has faced any legal or professional problems that may affect the reputation of your board.

10. Consider impediments to serving on your board.

Make sure a candidate has enough time to effectively assist your company in promoting its short and long-term goals. Candidates may be concerned that they cannot effectively serve on your board while maintaining another job or board position. To address this concern, you should evaluate a candidate's competing activities to see whether they have significant time commitments that will serve as an impediment to their ability to add value as a director. It is important to be transparent and give candidates a realistic estimate as to the amount of time it will take for them to make meaningful contributions to your board. In addition to addressing time concerns, you should also determine whether you want directors who are from the same geographic location, as face-to-face interaction can help build trust among the board.

For more information on How to Recruit New Directors, please feel free to contact the moderator directly:

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