

Best Practices For Onboarding New Directors

by Alisa Cohn

Orientation for new board members has long consisted of giving them forms to fill out, a pile of material to read, and wishing them luck. Now, as boards refresh themselves to perform what is an increasingly demanding job, a more thoughtful, effective onboarding process is needed.

The nature of corporate boards has changed dramatically over the past decade. Boards have been called upon to tighten up their governance and be more engaged and active than in the past. This change comes at a time when the “gene pool” of board members is also in flux. Diversity is becoming a more important element in board composition, with boards actively seeking women, a group less likely to have served on boards in the past.

Boards also recognize the need for broader skills in emerging areas, and are seeking out expertise in digital technology, cyber security and crypto currency, to name a few. This mandate requires boards to look to less experienced people who have these skills, and in particular younger candidates. This generational difference adds to the complexity of integrating new people onto the board.

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On the other side of this trend, CEOs (a traditional population to target for board service) are less inclined to serve, or being restricted by their own boards from serving on as many boards as in the past. Boards have also realized that an entire room full of CEOs is not the best strategy for good governance. This amplifies the need for a board to broaden its approach in

recruiting new directors when the need presents itself.

A study by Spencer Stuart found that in 2014 almost 40 percent of directors on large public company boards were brand new to being on any board. This number seems to be rising.

In this climate, it is increasingly important for boards to productively and efficiently get both novice directors and directors new to that company up to speed quickly. New directors do not have time to sit back, casually learn the business, and wait to contribute. Boards, in turn, no longer have the luxury of waiting for new members to find their feet. New directors must add value immediately.

Despite this, most corporate boards lack a thoughtful and systematic approach to onboarding new directors. In their research, Russell Reynolds found that 31 percent of public companies do not have a formal onboarding process for new directors. About one-quarter of new directors they surveyed said that they were solely responsible for their own onboarding.

Boards that do think about onboarding have variable practices which range from quite perfunctory to comprehensive. Creating a structured, consistent, and coherent onboarding process is an essential tool for boards to ensure a strong start for new board members and ultimately a stronger board. Here are some principles to adopt for best practices in onboarding.

□ ***Onboarding starts with recruitment.*** The best processes to onboard a new director onto a corporate board start in the recruiting process.

Before recruiting a new director, the board first agrees that it has a gap and decides on what skills

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Welcome Wagon

A Checklist For Onboarding

Onboarding starts at recruitment

- Create a plan and template to onboard when you start recruiting.
- Ensure there is an onboarding “owner.”
- Use the recruiting conversations to explore style and fit with culture.

Initial intake

- Board chair, CEO, committee chair and others to initiate welcome conversations.
- Assign a board mentor.
- Pay particular attention to first time board members.
- Provide documents to review.

Beyond paperwork

- Reiterate expectations about participation, culture, communication.
- Set up meetings with management.
- Get out into the field to learn the business.
- Encourage new board members to speak up.

and attributes are needed to fill those gaps. The board should also consider the stylistic and behavioral elements that will enable that person to be a good board member for this board, according to Elaine Eisenman, former dean of executive education at Babson College, a founding member and an advisory board member of the Women Corporate Directors foundation, and director on multiple public and private company boards.

Eisenman says that boards should do a second layer of assessment. “Do you want someone who’s been on a board or will this be their first board experience? If so it will be developmental for that person and they will need support in learning the difference between being management versus being on the board. You need someone who has the skills. And of course you are assessing fit all along the way.”

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“It starts at the selection,” adds Stuart Levine, a governance consultant of his own firm and a director himself. “It starts well before that person joins the board and attends his or her first meeting. By then that person should have a good working knowledge of the intricacies of the business and is very prepared.”

Jim Citrin, leader of the CEO practice at Spencer Stuart, adds “Board recruitment is more a mutual exploration than an executive recruitment, which tends to be more ‘you’re a candidate and you get the job or you don’t.’ So onboarding that new director starts in the very first meeting. They are establishing shared understanding immediately so they can make sure this is the right fit, from both sides.”

Jill Griffin, author of *Earn Your Seat on a Corporate Board*, and board director of Luby’s, agrees with this from the director’s point of view. “By the time you’re onboarding you can’t look back,” She said. “At that point you’re expected to start contributing. You don’t have the luxury to take your time to learn the business. So you definitely want to get up to speed even as you vet the opportunity.”

Citrin pointed out the topics that need to be addressed during this period. “Dynamics should be thoroughly explored throughout the process. How does the board operate? Who are the thought leaders on the board? The board should get a sense of the candidate’s style. How will this person operate in the boardroom?”

There will be references formal and informal all along the way, Citrin adds. “It’s not just the formal references. The board should get a sense of people even if they haven’t been on a corporate board before. Someone might say ‘She hasn’t been on a board but I saw her in these environments. I saw her present in this company, or I saw him in his role on a certain non-profit board.’”

From the candidate’s point of view it is important to try to pinpoint the flavor and nature of the board. “Every board will say they are collaborative and transparent,” Citrin said, “and most of them believe it. But what does that mean? As a candidate you should ask questions about this. ‘Describe what happens in an executive session; what happens inside of the meetings as compared to outside of meetings?’”

Boards should structure onboarding to make sure they and the candidate get the most out of the “get to know you” process. In addition to assessing skills, they should evaluate fit for culture match and communication style. They should certainly set clear expectations immediately about time commitment and level of engagement. These vary from board to board, so having upfront conversations with candidates during the recruiting process ensures a better experience once the director joins.

□ **Initial intake.** Once the new director has signed on, it is time for the formal aspect of the onboarding process. Even with an extensive recruiting process, the new director has a massive amount of business knowledge, institutional knowledge and logistical information to digest. The best way to handle this is with a structured approach.

Jack Mollen, former EVP of HR EMC and a board director at Alexion, shares his story about onboarding. “We had several new board members starting at once. We all did it differently, and when we debriefed we realized that having a more consistent process would have been a better approach. “

“Consistent” does not mean “one size fits all.” Julie Daum, North American board practice leader at Spencer Stuart, notes “The onboarding process should be tuned to each director according to what he or she needs.” Onboarding new directors requires judgment and nuance. However, boards can create a template to guide them as well as the candidate in the process.

Make clear that the board plans to support the new director in onboarding but equally, the new director shares responsibility for getting up to speed quickly.

Boards should first decide who owns the onboarding process. Many will give input and have important roles: the CEO, the chair of the audit committee, the head of the new director’s committee, and anyone else with a stake. However, the process must have a single owner—someone who will ensure it is happening, check in, follow up. This can be the board

chair, the chair of the governance committee, or the chair of the nominating committee.

Some boards immediately load the new director up with written material. Although that material must be digested eventually, a better way to handle a new director is to deliberately think about making her welcome. That may sound a bit “soft,” but it helps a new director feel more comfortable more quickly, assimilate a massive amount of material thoroughly, and be much more prepared for her first board meeting.

Two good people for this welcome are the board chair and the CEO. Each of them can schedule their initial time with the new director separately to welcome the new director. This should be a “get-to-know-each-other” chat, relatively informal. They should give their own take on company culture, board culture, most effective ways to communicate, and expectations.

This is also a good opportunity to note that the board plans to support the new director in onboarding and, equally, that the new director shares responsibility for getting up to speed quickly.

□ **Board mentors.** In addition to a formal “welcome,” a great practice (recommended by many boards and new directors) is to assign a board mentor. The new director should meet with the board mentor immediately after the appointment is formalized to get to know each other better and begin to establish rapport and trust.

The mentor should make clear that the new director can ask anything. What is the right dress code when visiting business units in the field for the first time? What mysterious acronyms does the company use? Anything is on the table.

There should be regularly scheduled discussions between the new director and the mentor, preferably over dinner, lunch or coffee to deepen the relationship. As Mollen said: “the better the relationship the more likely the board member will ask uncomfortable questions.”

These meetings can be monthly or once or twice per quarter, depending on the level of experience of the new director and the complexity of the business situation. The mentor should also ask the director after initial board meetings “What new questions

do you have? What went too fast?”

The key to frank conversations between the new director and the board mentor is, of course, building rapport and trust on the fast track. The only way to do this is to spend time together, so schedule regular meetings over coffee or meals just to get to know each other.

Eisenman notes that the board should emphasize this particularly for first-time and women board members. “Women need more coaching when they join the board,” she says. “There is simply a different way we’ve been socialized: Women have been socialized to wait and listen before they speak.”

This is also true for younger first-time board members. These new directors bring diversity, fresh ideas, and often new ways of thinking. Boards can get the most out of them by not assuming that they are comfortable speaking up out of the gate.

Debriefing by the board mentor is a good opportunity for the board to gain feedback from a new member who is not yet fully assimilated.

“There is a learning curve in this role,” says Eisenman. Brand new board members (and often board members who have not served on boards for a while) need guidance in understanding the distinction between governance and management, and adjusting to this role. The board mentor can help guide the new director.

The board mentor should also take the time to get observations and input from the new directors. What is the new director seeing? This is a good opportunity for the board to gain feedback from someone who is not yet fully assimilated. The board mentor can ask “what do you notice about board interactions that you think we should know about? What suggestions do you have to make our meetings more effective or get the most out of people?” What additions or changes would you suggest we make to our onboarding process?”

Soft topics discussion. The board and the new director may think they had thorough discussions of

culture through the recruiting process. The truth is that things are different now that the candidate has become a board member. It is important for someone from the board (often the chair of the board or the chair of the governance committee) to get deeper into context, and history, culture. As much as possible, this discussion should provide history from the past, key inflection points in the company history or board history, and insight on board dynamics.

This is also a good moment to talk explicitly about communication style and expectations. If the board has done its job, it has selected someone who will bring skills and new ideas and also “fit in” (not agreeing with everyone), but whose style will allow them to be heard.

The board chair should orient the new director on how the work gets done, according to Eisenman. “What is the venue for identifying concerns? Is it done pre-meeting or is it encouraged in a board meeting? Both work, but they work differently and people who understand the rhythm of how debate gets accepted will get a lot more done more quickly. Have an open conversation about the way work gets done, how people raise issues, how people deal with conflict and disagreement,” she said.

Reading. The new director is going to have plenty of reading to do, especially for the first six to twelve months. As a starting point, this reading should include:

- Strategic plan and mission.
- Organization chart and corporate data sheet.
- By-laws.
- Corporate governance guidelines.
- Committee reports and charters, in particular compensation and audit committees.
- Internal and external audit reports.
- Financial information, annual report and financial statements.
- Minutes of meetings going back one or two years.
- Prior year press releases.
- Analysts reports.
- Proxy statements.
- Prior board evaluations.

Meetings with key executives and in the field.

New directors should plan to meet key executives as soon as possible. These meetings should be customized to each new director. All new directors should meet the CFO. A new member who is joining, for example, the R&D committee should quickly meet the head of R&D. A new director joining the compensation committee should meet with the head of HR. New directors should also meet the external auditors, lawyers, and other key advisors to the company.

A new director should get into the field to observe the company. Depending on the nature of the business the new director should visit factories, warehouses, restaurants, franchises, division headquarters, and offices around the globe.

Griffin describes her experience: “When I joined the Luby’s board I toured the kitchen. I learned how the operations ran, I saw how the meat is cut. I had dinner with management. We still do all that regularly as a board.”

□ **Committees.** The real work of the board gets done in committee, and the new director was likely selected for expertise in contributing to a specific committee. That committee’s chair should contribute to the overall onboarding plan for the new director and have an onboarding plan. That will include orientation from the committee chair about the way work gets done, how decisions are made, expectations of time commitments, and other topics. The new committee member should read past minutes of the committee. The committee might want to consider naming its own committee mentor.

New directors should set themselves up to add value immediately. “I don’t believe in long period of times for people to come on boards and not participate,” Levine says. New directors come on board to meet a particular need, sometimes at an urgent moment in the company. Get up to speed quickly and speak up immediately. Meet people, learn the business, and go out into the field.

Jill Griffin describes her experience as a new board member of Luby’s. “I didn’t have the luxury of a slow

start. The business was in a downturn—it was a crisis. My area was customer loyalty. One of the board members was pushing the company to advertise. I didn’t have time to dig into all aspects of the business; I had to draw on my professional experience. I knew that we had to fix the food, the restaurants, and the experience for the customers before we tried to get any more of them. “

New directors should attend all committees as much as possible, especially for the first year. If this is not suggested by the board the new director should volunteer. This is a superb way to get to know the business, the board, and the individual directors.

Boards are a social unit. Good boards spend time together.

The best boards bring a lot of collaboration, trust, and rapport. “Boards are a social unit,” says Daum. “Yes, they are a group set up for business, but at their heart they are a social unit so the way they all get along matters a lot.”

Eisenman agrees: “Good boards spend time together.” The board will have dinners and other more social events, but as a new director the best way to integrate is to meet the individual directors one on one for coffee or lunch or dinner. This will help speed up building the social glue that turns a new board director into a director.

Onboarding is ongoing. “It’s not a one-shot deal,” Eisenman notes. “It’s a process. Good boards are constantly looking at their own culture and saying are we as effective as we can be; and what can we do to make all members more effective.”

Ongoing education, being a student of the business, outside reading and staying engaged are mandates for all board directors. The new board member should have his own learning plan to help him continue to grow and contribute to the board. ■