

Building Board Resilience in the Consumer Industry

Insights from our Inaugural Consumer Board Retreat

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“What kind of leader is best able to deal with this new world?”

“I’m looking forward to the opportunity to take a step back to really think about, and talk about, issues without the pressure of a decision around the boardroom table.”

These statements from board leaders offer a stark reminder of the reality faced by boards today: In a world where their role has never been more vital, it is essential not only to enter the boardroom with purpose but also to carve out time for reflection and deep thinking outside of it. Despite significant pressure to make critical decisions in this environment, directors bring their full commitment into the room—and acknowledge that inner work is equally important.

Recognizing the importance of creating space for reflection and for fostering connection with peers, Egon Zehnder recently hosted its inaugural **Consumer Board Retreat** in partnership with Bain & Company. Over the course of two days, board members and thought leaders in the consumer ecosystem engaged in deep, insightful discussions to address their most pressing issues, including CEO succession planning, board composition, and board culture.

CEO Succession: At the Forefront of the Board's Agenda

Planning for CEO succession is a board's foremost priority. During the session, panelists and participants discussed several layers of this process. It was highlighted that in this continuous journey, it is imperative that CEO and board alignment is present. When these two bodies work hand-in-hand to develop a workable succession plan that aligns with the company's long-term goals and vision, the foundation for a successful leadership transition is established.

The panel, facilitated by Egon Zehnder consultants, also explored how transitions from founders differ from those involving non-founders, emphasizing the importance of vision alignment and cultural continuity. Delving into the management of internal candidates, panelists and participants discussed whether grooming talent aims to retain individuals or prepare for potential attrition, offering perspectives on fostering internal talent pools and career advancement pathways.

Another point touched on identifying talent with the capability to navigate not only today's challenges but also those of tomorrow, ensuring that companies are equipped to navigate an uncertain future with resilience and adaptability.

Aligning the board with the desired attributes and expectations for the next CEO also emerged as an important consideration. Participants emphasized the need for clarity, communication, and a shared vision for the role. On the flip side, the discussion also touched on evolving CEO roles and candidate perceptions. "Are candidates thinking differently about CEO roles," a participant asked, underscoring the importance of awareness, identity, and motivation for top CEO candidates. Bridging the gap between CEO candidates and the role itself was highlighted, with insights shared on educational initiatives and experiential learning opportunities.

Finally, the panel also weighed in on the pros and cons of combining the roles of Chair and CEO, considering implications for governance structure and leadership consolidation.

Overall, the CEO succession panel provided valuable insights for participants, all of whom converged on the sentiment that this is their most critical duty.

Board Culture and Composition: Building a Cohesive Team

At the heart of effective board dynamics lies the transition from a group of individuals to a collective. “We put 12 highly successful people together, call them a board, put them in a room together 4 times a year and expect them to know how to be a board,” a participant stated, underscoring the need to view boards not just as collections of individuals but as cohesive teams.

Central to this evolution is the board chair’s role in creating an inclusive board culture. For example, another panel during the retreat highlighted the varied feedback received by board members and the escalating expectations placed upon directors in engaging with conflict, dialogue, decision-making, and crisis management. During this discussion, the concept of open dissent was encouraged: direct communication and raising dissent before board meetings, directly with the chair, are essential for cultivating a culture of openness and constructive debate. This fosters an environment where boards embrace their authenticity while truly operating as a team, leading to trust. “Boardrooms need authenticity. Difficult to build trust without authenticity,” one participant said.

Participants also discussed the management team’s role and which conversations they should participate in during a board meeting. The value of their contributions and the exposure to board members is critical. However, as several participants noted, the board also needs dedicated time together without management in the room. A few strategies for optimizing the benefits of having the management team present in the boardroom were raised: One effective practice was for board members to submit three to five questions to the management team prior to the meeting, for example. This approach allows for thoughtful reflection on the questions and answers, enabling open dialogue and putting important topics on the table without defensiveness—leading to a culture of transparency and collaboration which is essential for effective governance.

The retreat also underscored the importance of diversity within boards. Particularly for the Consumer Industry where understanding consumer behavior is critical for success. Participants stressed the need for boards to possess a diverse range of life experiences to accurately grasp and respond to consumer dynamics.

As boards confront a variety of challenges, the Consumer Board Retreat provided a vital space for deep reflection, offering participants additional tools to navigate the complexities ahead. In the face of uncertainty, the necessity for boards to evolve, adapt, and lead with purpose has never been more apparent.

We were honored to convene this distinguished group of board leaders. The appetite of board directors for this dedicated time with peers, free from the pressures of immediate decision-making, underscored their commitment to excellence in their boardroom work. Each participant emphasized the gravity they assign to preparing for every board meeting and eagerness for meaningful conversations. We hope to keep nurturing these meaningful conversations and advancing governance in the Consumer Industry. Are you interested in learning more about our work? Please get in touch.

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We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide executive search, leadership solutions, CEO search and succession, board advisory, and diversity, equity & inclusion.

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