

Executive Briefing: The Path to the Boardroom

Part III: Getting Off to a Good Start

The Path to the Boardroom is a three-part series of Executive Briefings designed to help first-time aspirants for a board seat negotiate the difficult route to success. Part I addresses the thorough preparation required to begin the process. Part II provides successful strategies for meeting the unique challenges of interviewing for a directorship. Part III offers guidance on getting off to a good start as a new director.

You have successfully positioned yourself for board service, made it through a rigorous vetting process, and won appointment to a highly desirable board. Even if you have extensive experience with the board of your current company, you should approach taking your place among this set of new and distinguished colleagues with care. Each board has its distinctive culture, cadence, and way of conducting business. For a new director, absorbing all of those nuances is partly a matter of time. However, there are a number of things you can do – before your first meeting, during meetings, and in the first six months of your tenure – to

ensure that you get off on the best foot possible.

To speed your assimilation take these simple steps before you attend your first meeting:

- **Familiarize yourself with the rules and regulations governing board operations.** Almost everything that transpires in board meetings and board committee meetings is subject to a web of federal and state laws and regulations as well as the bylaws of the corporation, which lay out the rights and powers of shareholders, directors, and officers. As a director, who is presumed to be liable for the company's actions, you should be

familiar with these regulations and corporate bylaws. Remember, too, that discussions and actions of the board and its committees are recorded in the minutes. While discussions are confidential, minutes can sometimes come under the scrutiny of interested shareholders or surface in court proceedings, and directors exercise great discretion in their deliberations. Prior to your first board meeting, seek orientation from the General Counsel in the legalities and nuances that govern those deliberations.

- **Allot sufficient time for thorough preparation.** Even for a veteran director, thorough preparation can require many hours of sifting through financial reports and other materials that directors are sent in advance. These will include minutes, agenda items, and material related to those agenda items, the content of which will depend on where the board is in its annual cycle, what new issues might have arisen, and what regularly scheduled presentations are due. As a new director with little experience of the company, you will likely need even more time to prepare. In some cases, you may already know what committee you will serve on, which requires additional preparation. Nevertheless, there should be no excuses – few things put a new director under a darker cloud than showing up for a board meeting unprepared.
- **Begin to get to know the board leaders well.** During the interview process you may have spent no more than 90 minutes or so with the

Chairman. Because you have no day-to-day working relationship with him or her, you should begin to forge a bond, getting together for dinner or the like within the first month of your appointment, if possible, and with the CEO, too, if the roles are split. If you know what committee you will serve on, you should also get together with its chair, not only to initiate a personal relationship but also to get a feel for your responsibilities. Remember, these relationships could last a decade or more, so you have every reason to establish them on a firm foundation.

- **Request a mentor, if one hasn't been provided.** Many boards have created comprehensive on-boarding processes for new board members, including mentors to help fledgling directors get their bearings. Surprisingly, however, many boards have not. If that's the case with your new board, ask the Chairman to arrange a mentor for you. Mentors can be invaluable guides to the culture, composition, and comportment of the board.

To win the respect of your new colleagues, keep in mind these principles of conduct during meetings:

- **Know your role as a director versus the role of management.** The role of directors is to govern, not to micro-manage the company or its executives. Governance includes a broad set of oversight activities: monitoring performance, ensuring compliance, maintaining ethical

standards, acting as a sounding board on strategy, selecting the CEO, and making key compensation decisions. But it does not include second-guessing every management decision or meddling in day-today operations.

- **Maintain the appropriate demeanor.** A board meeting is not a staff meeting where you are in charge, soliciting reports, and making unilateral decisions. Rather, it is a collaborative enterprise, requiring modesty, a willingness to listen to multiple points of view, and considered judgment.
- **Represent the shareholders.** Collegiality, however, does not mean capitulation. You have a fiduciary duty to use your best business judgment to represent the interests of the shareholders and to oversee the creation of long-term shareholder value. Conscientiously exercising that responsibility does not require confrontation, but it does sometimes require courage.
- **Know when and how to contribute to the discussion.** You may have been appointed to the board for your specialized knowledge or specific experience and can reasonably be expected to contribute when a relevant issue arises. Avoid lecturing or assuming a tone of superiority in such discussions. When topics arise about which you have doubts or want to know more, you should pose questions that invite fact-based answers.

- **Begin to orient yourself in the dynamics of the group.** All boards have their particular dynamics, which can range from exemplary cohesiveness to faction-riven dysfunction. Because these dynamics are often rooted in long histories, they may not be immediately apparent. But by observing closely the way members interact, being alert to undercurrents in the room, and trying to discern the past in the present, you can begin to determine how you might best contribute to a balanced and productive discussion over the long term.

To enhance the quality of your contribution, begin to take these steps no later than six months into your tenure:

- **Seek feedback on your performance.** Many board evaluations are pro forma, check-the-box exercises that have little impact on the performance of individual directors. In addition, the formal evaluation of your board may not be due for another six months or longer. Don't wait for it. After you have participated in two or more board meetings ask for feedback from the colleague you feel most comfortable with. It might be your mentor or it might be another director you've come to admire in the course of the board's work. Make it clear that you are looking for candor, not reassurance. When the formal board evaluation does occur, resist its mechanical aspects and take advantage of the opportunity for additional feedback.

- **Continue to build relationships outside the confines of the meeting room.** In addition to nurturing your relationships with the CEO and/or Chairman and your committee chair, try to get to know the other directors as well, through dinners and on other occasions that allow informal, one-on-one engagement. Seek similar engagement with management. Boards usually do find ways for directors to meet periodically with management; but if you find that it is infrequent or superficial, ask the Chairman for additional opportunities.
- **Keep your game sharp.** Continuing education programs for directors offer you the opportunity to maintain and improve the skills necessary for the performance of your responsibilities. These programs can also help keep you

current on best practices in governance and on emerging issues for boards. Some boards make these programs available to directors, often as part of the onboarding process for new directors. But if your new board does not do so, consider seeking a program on your own.

Taking these steps and adhering to these principles as you embark on board service will not only help you make a good first impression but, more importantly, enable you to do the best possible job you can do from the outset. Board service makes unrelenting demands, but it also offers the immense satisfaction of knowing that you are fully discharging the highest responsibility in our corporate system.

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