



Recruiting Board Members in Today's Marketplace

A Case Study
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The client, a \$300 million publicly held company in a medium-sized city in the mid-west, needed to add two board members due to retirements and in order to meet the new requirements imposed by the Sarbanes-Oxley Act of 2002 (which mandates that a "financial expert" head the Audit Committee).

In the past the directors used their own networks to add to their number, but this time such a strategy would probably not have been sufficient. There was the need to avoid directors where there might be "interlocking directorates." Keeping a board with the highest ethics and avoiding even an appearance of a conflict of interest is important. The client wanted people who fit the style and personalities of the existing board, who would be "engaged" directors bringing strength in the area of capital markets and who had sterling careers.

To understand the needs of the role and the history and personality of the current board, we initially met with the nominating committee, then with the other members of the board.

We prepared an executive summary describing the company, its history and what was being sought in new directors. Using our network of contacts, industrial research and some names offered by our client's board members and the firm's bankers, a dozen prospects were identified. Each was interviewed in person by our firm, thereby allowing us to understand individual experiences, education, values and personalities. The nominating committee, having written synopsis from the search firm on each candidate, convened by conference call to discuss the candidates and reduce the list from 12 to five. Care was taken to honor each person considered and to speak sensitively with those who did not go further in the process.

For the five candidates, the search firm conducted background checks, verified degrees and interviewed references. All went through this scrutiny and were interviewed individually by the nominating committee. When the long day of interviews was over, the committee had gone through the exquisite agony of deciding between what they considered four excellent choices to finally selecting what seemed to be the more ideal two.

One selected candidate, a current CEO living an hour and a half away, had degrees in business and law and had earlier been the treasurer of a multi-billion dollar company. The other, who grew up in the city where the client was located, had an economics degree from Wharton and a law degree from Stanford, was presently a company president and a former partner of KPMG.

Without doubt the market place is changing. And, while it's harder to find just the right person to add to a board, it is possible. More boards are turning to professional search firms to find new members. May we be of service?

There's more to the story. The client described came back to us two years later and we assisted them in finding two more board members. Ah, nothing is as sweet as repeat clients!