

DIRECTOR ADVISORY

DIRECTOR ONBOARDING

Improving the First-Year Experience for New Directors

By Melba Hughes and Keith Meyer

It is no secret that in the past many corporate boards did a less-than-sufficient job of onboarding directors. In the days when new board members were often known to one or more of the existing directors, the lack of a well-designed onboarding process did not significantly impact the overall contribution of that individual. Informal networks would often fill the gap.

But never before has a strong onboarding process been more critical to shaping a high-performing board. Even as governance responsibilities are becoming more expansive and complex, a growing number of first-time directors are entering boardrooms. During the pandemic, boards typically met more frequently but remotely, leaving little opportunity for new members to build relationships. The first-year experience also needs to be more than just a review of the company's financials and strategic objectives and should reflect the needs of a growing number of diverse directors as well.

THE IMPACT OF DIVERSITY

With a deep commitment to board diversity, 75 percent of Allegis Partners' board placements have been diverse since 2018. But building a high-functioning board can't end with the placement.

Billie Williamson, a former EY partner who led the firm's diversity and inclusion efforts, has served on the boards of nine New York Stock Exchange-listed companies over the past 10 years. "A board may include diverse directors but not harness the benefits of that diversity. It is a twofold problem," she said. "New board members need training to be able to work well with the board, and board leadership also needs training on how to derive value from diversity."

Kimberly Chainey, executive vice president, chief legal officer, and corporate secretary at AptarGroup, became a director at semiconductor laser company NeoPhotonics just before the company became the target of a technology merger and acquisition deal. While new, she was quickly engaged in guiding environmental, social, and governance (ESG) work and focusing on regulatory impacts of the deal, since completed, which required full engagement in the biggest strategic issues. Comprehensive onboarding got her up to speed fast.

A BETTER FIRST-YEAR EXPERIENCE

How can companies create a better first-year experience? Along with Williamson and Chainey, we spoke with Michael Millegan, a former senior telecom executive and a director of Axis Capital Holding, Portland General Electric, and Wireless Telecom Group.

They offered the following action items for boards:

■ **Foster relationships.** Relationship-building needs to occur before anyone can govern well. Create opportunities for engagement with board members and senior leadership. Speaking of one chair who meets monthly with new board members, Williamson said, "That shows a great level of commitment to the assimilation process from the board chair, and it truly benefits the new directors."

■ **Outline boardroom behavior.** "The boardroom has many unwritten rules," said Chainey. How frequently do people speak? What level of questioning is appropriate? This kind of guidance can establish norms for new directors.

■ **Customize support.** A cybersecurity expert might warrant different leadership introductions than a human resource professional would. "After basic orientation, help each director to learn more about their areas of interest," Williamson said.

■ **Think longer term.** "Beyond orientation, continuous director education should be available," said Millegan.

■ **Address terminology.** Is language hindering understanding? "You may have titans of industry in the boardroom," Millegan said, "but they are talking over and around each other, because frankly, we haven't aligned on terminology."

They offered the following suggestions for new directors:

■ **Be prepared.** "Not reading the board materials will get you cast off the island in a hurry," warned Millegan. Keep abreast of industry news as well.

■ **Set your ego aside.** Be satisfied with effecting change without receiving credit. "As a less-tenured director, you might experience this more than once," Williamson said.

■ **Watch how often you speak and your tone.** "Speak with thoughtfulness and authority to your areas of expertise," said Chainey. "For other areas, ask questions to highlight a point for further discussion."

■ **Respect the authority of your board colleagues.** "The boardroom is not the place to be disruptive," Chainey said. Millegan concurred: "Always give people the benefit of the doubt."

Following these suggestions will enable new directors to get the best experience they can out of their first year **D**



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