



SpencerStuart

Becoming an  
Independent  
Director

U.S. First Edition



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## About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit [www.spencerstuart.com](http://www.spencerstuart.com)



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## Introduction

Many successful executives today view serving on a corporate board of a private or public company as a professional goal. This booklet sheds light on the roles and responsibilities of a board, the skills and qualifications in demand in the boardroom, and the steps involved in joining a U.S. corporate board.

Whether you are a sitting executive interested in expanding your experience or someone who is in (or near) retirement looking to develop a board portfolio, we hope you will find this booklet both practical and inspiring.



## Why become a corporate director?

Many successful executives view serving as a corporate director as a valued next step in the progression of their careers. Serving on a board is an opportunity to increase exposure to different leadership styles, corporate cultures and business environments, while offering a new boardroom lens to the business strategies, risks and other issues that all companies face.

Director positions also serve to extend individuals' professional and personal networks, introducing them to senior executives from other companies and industries, some of whom may serve as sounding boards or even mentors. Board service can also help as a transition into a post-retirement career, providing an outlet for experienced executives to continue to use their business experience and contribute to a company.

Money should never be the principal reason behind the decision to become a corporate director. Instead, individuals should serve as non-executive directors because they want to broaden their horizons and because they enjoy the intellectual challenge of being on a board. Good directors see their board service as an opportunity to put their expertise to use while working with interesting and stimulating people. They recognize board service as a way to give something back to corporate life.

As you consider board service, remember that the main reason for becoming a non-executive director should be because you have something of value to contribute to the board, which will in turn benefit the company and its stakeholders. Companies select directors based on how their experience, wisdom and guidance can help ensure the best business results. They expect you to be fully committed to providing prudent oversight on the long-term health of the business.

## Roles and responsibilities of corporate directors

As board composition faces intensifying scrutiny around the globe, the role of a corporate director is more visible, challenging and time intensive. Expectations are rising as businesses grapple with increasingly complex issues, such as geopolitical uncertainty, environmental, social and governance (ESG) reporting, technology advances, cyber threats, growing stakeholder demands, and talent retention and development, to name just a few. To fulfill this demanding role, directors today must be more engaged than ever.

Directors in the United States have legal fiduciary duties of care, loyalty and good faith, which require them to make informed and prudent business decisions in good faith, with the best long-term interests of the corporation in mind. They are required to always put the interests of the corporation and shareholders above their own self-interests.

The key roles and responsibilities of a corporate director include:

- » **Strategy:** to support the CEO and management in establishing the optimal strategy, including capital allocation, for the business for long-term value creation; to monitor the execution of that strategy; and to constructively challenge and support the executive team.
- » **Risk oversight:** to review the company's risk profile; to understand the financial (including internal controls and financial reporting), operational, cultural and reputational risks faced by the company and the sector in which it operates; and to oversee risk mitigation measures.

- » **CEO and key executive succession:** to appoint, oversee and remove the CEO; to maintain current succession plans for CEO turnover — whether for emergency or planned situations; and to oversee executive talent, ensuring the company has appropriate systems in place for the recruitment, retention, development and succession of top executives.
- » **Executive compensation:** to develop and oversee executive compensation strategies, including setting performance targets for the management team.
- » **Governance:** to monitor and maintain strong corporate governance practices and policies.
- » **Board succession:** to proactively ensure the board is composed of directors with the right portfolio of skills and experiences relative to the company's forward-looking risks and strategies.
- » **Expertise:** to contribute value-added external perspectives on key business trends, risks and opportunities.

Aspiring directors frequently ask about their personal liability. All businesses face risks, and not all of them survive long term. Litigation is a part of the business landscape in the United States. Directors considering a directorship should always understand the legal protections provided to directors (in particular, director and officer [D&O] insurance coverage). But they should also recognize that as long as they fulfill their legal fiduciary duties and make decisions in good faith, believing their actions are in the corporation's and shareholders' long-term best interests, then corporate directors are generally shielded from personal liability for their boardroom work.

## Board composition today

Boards are evolving rapidly, driven by a variety of forces such as the unprecedented pace of change and business disruption, the growing number and complexity of risks facing businesses today, and a changing investor climate. As a result, boards are seeking to fill open director positions with people who have new types of expertise and can offer unique perspectives on the company's forward-looking strategic priorities and risks.

While on the surface, it may seem that there would be ample opportunities for board service for experienced executives, the reality is quite different. Boardroom turnover remains consistently low; in any given year there are few openings. Furthermore, boards are increasingly looking for directors who have very specific skills and backgrounds, which serves to the number of qualified director candidates for an open seat. Board-interested candidates must be patient and understand that the search for a board seat may take time.

In the past, boards tended to pursue CEOs or those with previous board experience for open directorships. While CEO and director experience continues to be highly valued, the supply of these candidates is lower, as active CEOs and experienced directors are serving on fewer boards. That's one reason boards today are casting a wider net and increasingly appointing first-time directors and executives with operational and P&L responsibilities and/or division, subsidiary or other leadership experience.

The demand for "specialist directors" remains limited. Boards need a mix of skills, but with most corporate boards ranging between eight and 12 directors, boards generally seek "corporate athletes" who bring competency in multiple areas. Role specifications are increasingly quite specific, but generally speaking, corporate director candidates are solid, well-rounded contributors, albeit with particular expertise in certain areas.



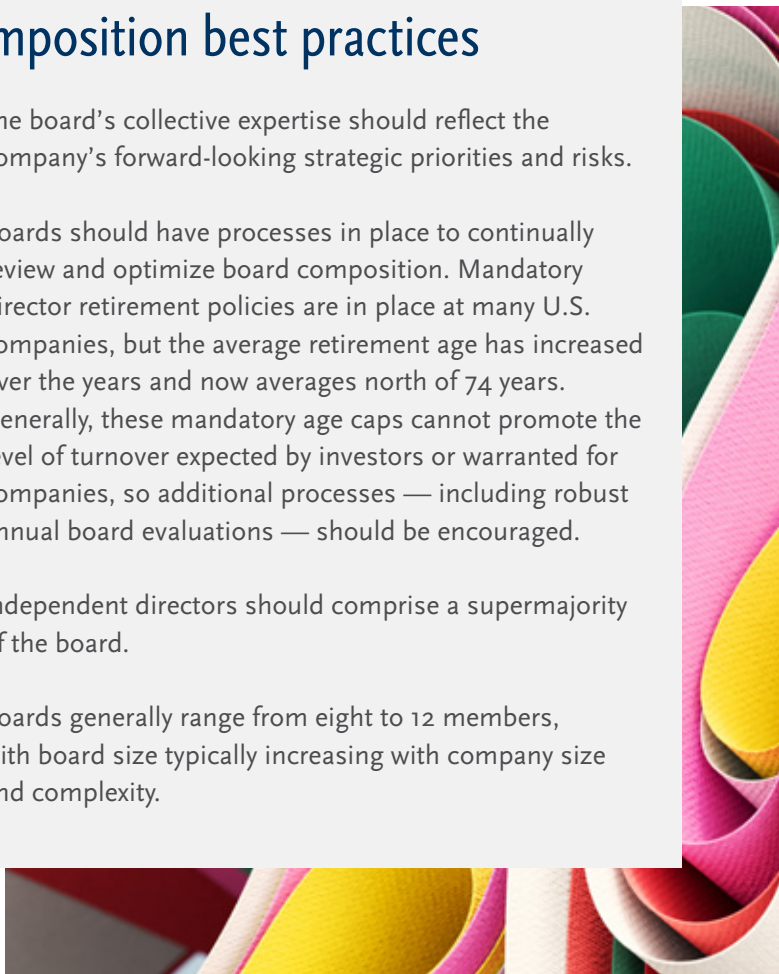
While the particular expertise needed will vary by situation, certain characteristics define an ideal corporate director, including:

- » Commercial awareness
- » Financial literacy, with a solid appreciation of risk
- » An interest in and commitment to the business
- » Experience in dealing with complexity
- » Objectivity and independent-mindedness, with an ability to both challenge and support management while still be a relationship builder and constructive team player
- » Intellectual flexibility, with an ability to contribute beyond their area of expertise
- » Familiarity with governance trends and fiduciary duties
- » Fair-mindedness, with integrity, wisdom, courage and common sense
- » Strong listening skills
- » Articulate and persuasive communications abilities
- » Self-confidence coupled with low ego

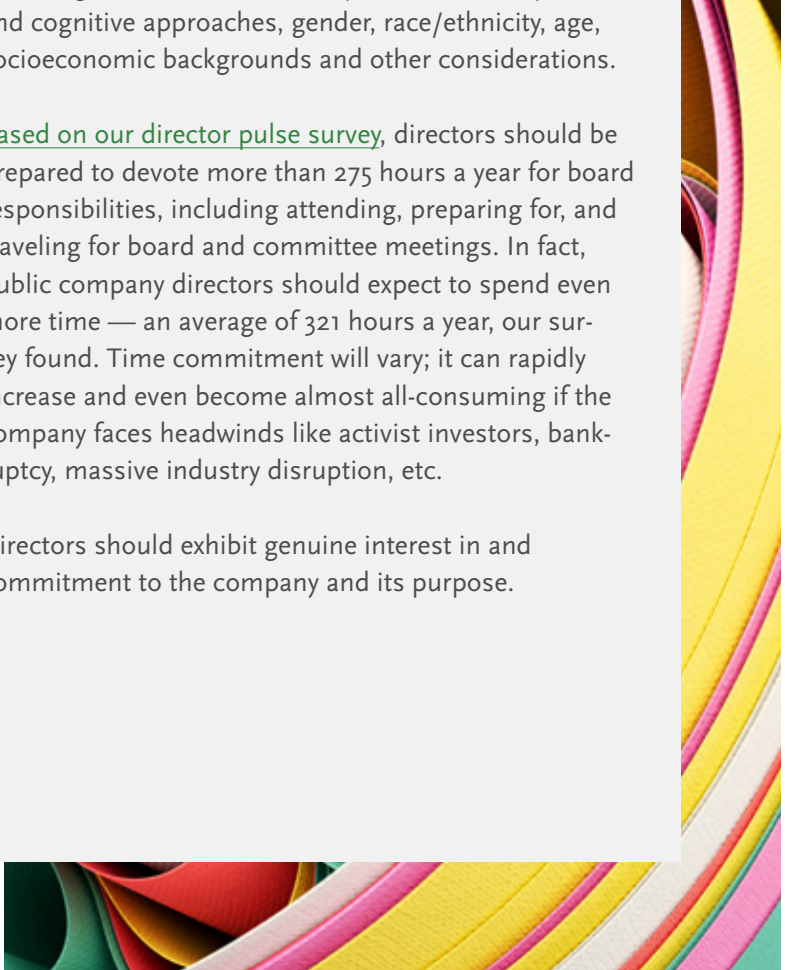
Most U.S. boards have three key committees: audit, compensation, and nominating/governance. Some boards establish additional committees to cover topics relevant to the business, most commonly executive, finance and risk committees. Generally speaking, board committees today are increasingly shouldering additional responsibilities. For example, many audit committees are now responsible for overseeing overall enterprise risk management and many compensation committees oversee broader talent issues, such as DE&I and pay equity. Boards always need directors qualified to chair and serve on their committees, so relevant expertise is valuable.

## Understanding board composition best practices

- » The board's collective expertise should reflect the company's forward-looking strategic priorities and risks.
- » Boards should have processes in place to continually review and optimize board composition. Mandatory director retirement policies are in place at many U.S. companies, but the average retirement age has increased over the years and now averages north of 74 years. Generally, these mandatory age caps cannot promote the level of turnover expected by investors or warranted for companies, so additional processes — including robust annual board evaluations — should be encouraged.
- » Independent directors should comprise a supermajority of the board.
- » Boards generally range from eight to 12 members, with board size typically increasing with company size and complexity.



- » Boards should avoid the risks of groupthink by including directors with a variety of skills and experiences and cognitive approaches, gender, race/ethnicity, age, socioeconomic backgrounds and other considerations.
- » [Based on our director pulse survey](#), directors should be prepared to devote more than 275 hours a year for board responsibilities, including attending, preparing for, and traveling for board and committee meetings. In fact, public company directors should expect to spend even more time — an average of 321 hours a year, our survey found. Time commitment will vary; it can rapidly increase and even become almost all-consuming if the company faces headwinds like activist investors, bankruptcy, massive industry disruption, etc.
- » Directors should exhibit genuine interest in and commitment to the company and its purpose.



## Director search process

Boards are taking a more proactive approach to their composition and director succession planning. They increasingly recognize the value of a forward-looking strategy that explores the range of skills needed around the table to ensure that the board can best fulfill its responsibilities to advise, oversee and challenge management.

The best boards undergo structured analyses to determine future boardroom needs, evaluating the company's strategies and risks over the next several years, assessing the skills and qualifications of sitting directors, and analyzing boardroom talent shortfalls and overcapacity. They also consider upcoming director retirements and assess how current directors' skills may be outdated or less valuable in the future. When done well, these analyses help boards define their specifications for open directorships and narrow the universe of potential candidates.

The board's nominating/governance committee generally leads boardroom succession planning — doing it quietly, behind closed doors. Boards generally do not announce when they are looking for directors, do not publicly solicit nominations, and do not disclose which candidates they are considering. As a result, you could be a candidate without being aware you are under discussion.

After the nominating/governance committee determines the board's need(s), it commences its discreet candidate search. Some committees enlist executive search firms or other third parties to assist, while others manage the process internally, with directors and executives tapping their personal networks to identify candidates.

After winnowing down the list of potential candidates, the nominating/governance committee oversees an interview process that generally includes that committee's chair, its members, the CEO and the independent board leader (either the chair or lead director). They will generally interview only two or three people for each opening. On some boards, the entire nominating/governance committee interviews candidates, while in other cases the entire board gets involved in meeting the final candidate.

The timeline for identifying and appointing a new director can last several months. If you're seeking a corporate board appointment, patience is of the utmost importance.



## Board resume

We advise all professionals to have at the ready a current, well-written resume highlighting accomplishments, experiences and specialized skills. Preparing and maintaining a resume is a helpful discipline that forces to identify which aspects of your career are most worth highlighting.

While a well-crafted resume can generally be versatile and used in multiple professional contexts, it may be beneficial to tailor an existing resume for boardroom opportunities. Board interested executives should apply the lens of a nominating/governance committee and think about which skills and experiences on their resume will offer the greatest value to a board. This ultimately will increase their chances of being considered.

Many prospective board candidates also write a board bio. A board bio should be supplemental to the resume — not a replacement — written in prose and offering an easy-to-read director value proposition. It should outline the executive's skills and experiences that would add value to a board and address what kinds of opportunities would be of most interest. However, in our experience as recruiters, the traditional resume with a board value proposition layered in is preferred over the board bio — these are easier to read, better organized and more specific.

Executives should compose and format their resume as they see fit to best represent their skills and qualifications. While one size does not fit all when it comes to resumes, and a board focused resume is no different, we believe the following elements can help craft the best board-focused resume:

- » **Board value proposition.** Highlight your board-ready skills with a headlining section that briefly spells out the experiences and unique skills that you can offer a board, such as your involvement in or exposure to governance activities; your leadership experience (including the size and type of businesses you have run); your committee-specific experiences and expertise; your experience or exposure to special situations such as bankruptcy, spin-off or IPO; and any international experience you might have. This section, presented in bullet-point or written format, should spotlight what you would bring to the table as a director. This is the space for disclosing if you are interested in certain company characteristics (size, industry, private/public) or corporate situations (bankruptcy, IPO, etc.).
  
- » **Operational successes.** Highlight how you turned a company around, grew a business or overcame any notable challenges during your career and spotlight credentials that can add value to a particular company. Note any specialized expertise of value in the boardroom. For example, many companies are wrestling with the impact of digital and are looking to bring that knowledge into the boardroom. Others are seeking candidates with on-the-ground experience in overseas markets.
  
- » **Board-relevant experiences.** Differentiate yourself by highlighting unique experiences with board-relevant issues. These include business growth, new products, channels to market, digital strategies, business or technology transformation, M&A (including JVs and divestitures), capital raising, refinancing and allocation, corporate restructurings and turnarounds, crisis management, talent management, cybersecurity, artificial intelligence, sustainability, and DE&I.

- » **Board experience.** If applicable, include a section highlighting your board experience, starting with the most recent board and dates served. Provide a brief description of each entity, including whether it is public, private or not-for-profit and its market capitalization, and outline the committees you served on and board leadership roles you held. Importantly, don't forget to include work you do or have done for your own board of directors. Nonprofit board experience may be included, but it is not necessarily considered relevant board experience. If you don't have boardroom experience, use this section to highlight specialized skills that would be valuable in the boardroom, as well as any relevant experience working with boards (such as presenting before boards).

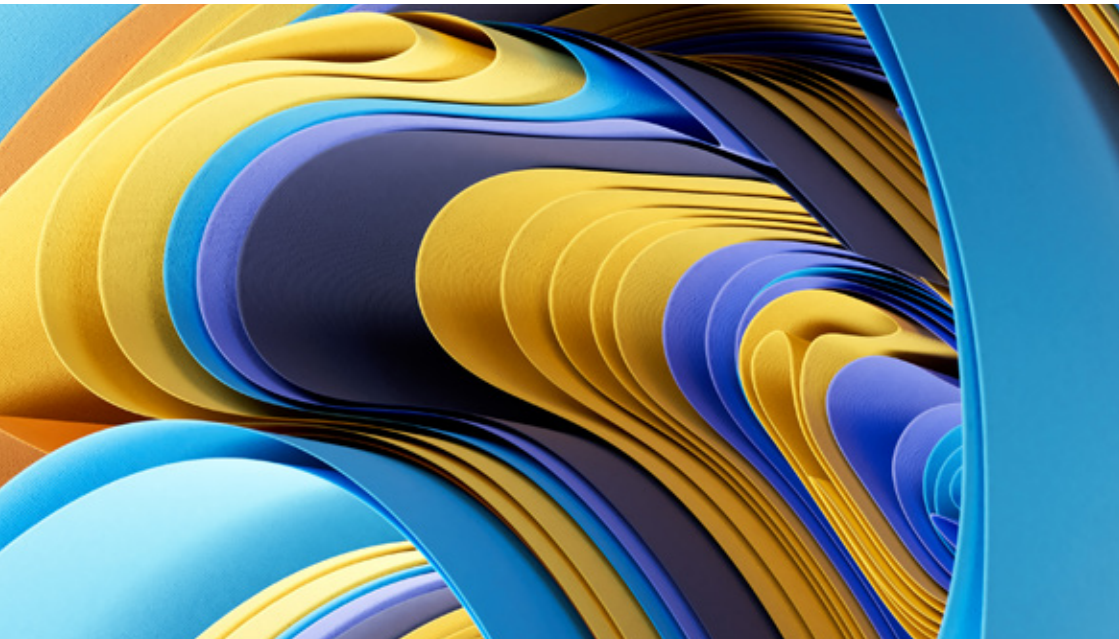
Some tips for updating your board-specific or general resume:

- » Be both concise and comprehensive; use plain language and avoid jargon. Two pages should be the maximum.
- » Provide context into your experience, so a company outsider can understand your impact.
- » Organize your CV in reverse chronological order.
- » Summarize specific challenges and achievements in each role; quantify them as much as possible to demonstrate the scale and context.
- » If you have remained in one company or sector for much of your career, demonstrate the different roles you have fulfilled and your impact in each, and how your experience would be applicable to other companies and sectors.



- » Stick to the facts; emphasize your strengths but do not lie or exaggerate. Most boards retain outside firms to complete a thorough background check before extending a formal invitation to join the board.
- » Include some personal details, but keep them brief and relevant.

If you are approached about a corporate directorship that interests you, ask to see the role specification before submitting your resume. You should quickly do your research on the board, company and specifications to tailor your resume to emphasize those aspects of your expertise and experience most relevant to that specific opportunity.





## Interest level and fit

If you are interested in being considered for a board seat, make sure you have a firm grasp of both what you anticipate getting out of board service and what the work entails. Expectations of directors are high, and board work today is far more demanding than it was in the past. Test your readiness for board service by asking yourself the following questions:

- » **Does my current employer support my service on an outside corporate board?** Before pursuing a board seat, you should confirm that your current employer is supportive. Some employers indeed see board service as a way to further enhance the skills of their executives. However, others expect their executives to commit all their time to the company and, as a result, discourage or prohibit service on outside boards. Beyond that, it is important to consider and acknowledge any restrictions that would prohibit service with certain boards, such as geography or competitive situations. Nominating/governance committees will want to know that you have clearance to proceed.
  
- » **Why do I want to sit on a corporate board?** Some executives consider board service as a valuable complement to their current executive work, while others see it as an excellent transition into a post-retirement career. Whatever the case, it is important to know yourself. Be honest about your strengths and weaknesses and the level at which you work. Consider the role you could play and how you could make the best contribution. Being clear about your interests,

motivations and value proposition for a boardroom will help you refine your search for best-fit boards and will also better prepare you for interviews with nominating/governance committees. They will be keen to hear your reasons for wanting to join their board, particularly the specific business challenges or governance issues that interest you and where you can provide valuable perspective. While it is important to think about what you might get out of the opportunity and why you want to join a board, it is also important to be sure you address the value you will add to the board. The board wants to understand your motivations and how you will contribute in the room.

- » **How do I envision my role on the board?** Serving as a director is very different from being an operating executive. Much of your time will be spent overseeing and assessing strategy, risk, capital allocation, financial reporting and management performance. Can you be comfortable with a high-level, “noses in, fingers out” oversight role, and not aspire to run the company? If the answer is no, then then board service is not a strong fit for you.
- » **What types of boards interest me?** Approach this question from both sides, considering not only what types of boards you find attractive, but also why those boards would want you. Think about industries relevant to your own career, but that are not necessarily competitive. Focusing on companies for which your experiences would be useful will increase your chances of being considered. And when it comes to your own interest, factors to consider include sector, the company and industry’s growth phase, and its size and scale.
- » **Do I have capacity for board service?** Serving on a board goes well beyond meetings. A recent Spencer Stuart survey found that public company directors estimate they spent an average of 321 hours a year on their most complex board, including attending, preparing for, and traveling to/from board and committee meetings. As a corporate

director you will be expected to, among other things, serve on at least one committee, spend time preparing for meetings, stay abreast of industry and governance trends and hot issues, and be available — often in person — when unexpected issues arise. Be realistic with yourself: If developing your career within your own company takes precedence over other elements of your professional life, it might not be the right time to pursue a board seat.

- » **Does this fit into my longer-term plans?** Recognize that board service is a long-term commitment; be ready to commit to at least five to seven years.



## Increasing your chances

Once you know that you want a board directorship and have the time and energy to devote to it, what can you do to increase your chances of being considered? The following guidelines will give you a head start:

- » **Do your homework.** After thoughtfully considering where you'd want to be a director and where might be your best fits, take a look at the existing boards at those companies. You may be surprised to find that you already know some directors or have contacts who do, which can offer a natural pathway into being considered.
- » **Be realistic.** While the board for the world's five largest companies may be most interesting, you should also be realistic about how your profile aligns with what specific boards are looking for. Your network can't help you if you aren't practical about your pursuits. By setting appropriate expectations, you can home in on where your experience and knowledge will be most useful.
- » **Activate your network.** A significant number of directors are introduced to their boards by the CEO, another member of the executive management team or another director. Since you can't apply for the job of director, you need people in the boardroom who will speak on your behalf. Be sure to express your interest in serving on a board to contacts who already serve. These individuals are frequently approached about board opportunities, and they will often refer names of interested candidates to the search firm or nominating committee that contacted them. Further, connect with other contacts who are influential in the board ecosystem, such as outside counsel to boards and corporations, investment bankers, accountants and private equity firms. Make yourself known to executive search firms working with boards; having a sponsor who already knows them reach out with an introduction is also valuable. Equally, if you have been responsible for hiring people via

executive search firms, ask for an introduction to that firm's board practice. Last but not least, a word of caution: Expressing interest in a board seat is different than asking for a nomination. The former can often open doors, while the latter will almost certainly close them.

- » **Raise your profile.** Expand beyond your network by enhancing your profile through professional organizations, industry events and speaking opportunities.
- » **Get some board experience.** Serving on the board of a smaller company may be a logical first step toward joining the board of a major public company. Boards for smaller or private companies are more willing to recruit knowledgeable executives who are new to board service. The experience gained through these assignments can improve your odds of being nominated for boards of bigger companies down the line.
- » **Nonprofit directorships, such as those within educational, healthcare or social services organizations, can build your board resume.** While they do not provide public governance experience, they do offer access to networks of leaders who may steer you toward the right corporate board opportunity. Strong work in these settings, adding value and working collaboratively with others, will put you top-of-mind when a co-director hears of an opening on a public board.
- » **Educate yourself.** Board training classes offer the opportunity to become more familiar with the governance issues shaping the boardroom today and to meet well-connected individuals, but they do not automatically qualify you for board service. What's equally, if not more, important is getting yourself up to speed with markets, corporate governance and the regulatory environment of the sectors that interest you.



## The bottom line

Board service can be professionally and personally rewarding, and boards need executives who will add value based on the company's strategies and risks. As the pool of traditional board candidates shrinks, there are growing opportunities for talented individuals to position themselves for board service. Understanding how you can bring value to a board, how to activate your networks, and how to match your skills and experiences with boards' gaps will increase your chances of gaining a seat in the boardroom.



## About Spencer Stuart's Board Practice

Spencer Stuart has been helping companies around the world to strengthen their boards and improve their effectiveness by sharing governance best practices for over 50 years.

Our global Board Practice has a strong presence in local markets, a deep knowledge of governance issues and an international network of experienced consultants.

We work together seamlessly to identify high-quality independent chairs and directors who add value to the strategic direction of our clients' companies.

We contribute to the understanding of effective governance through our many board-related publications, including our annual Board Index series.

Our global team of board specialists has unrivalled knowledge of the director candidate pool and the judgment and experience to help clients make wise decisions about board composition and succession. We have conducted more than 1,300 board director searches worldwide in the past year alone.

We are committed to all aspects of diversity in the boardroom. Over 3,700 of our global corporate board director placements have been women and more than 1,300 of our board director placements have been from underrepresented racial and ethnic groups.



Our board services include:

## **Board advisory**

We advise board and committee chairs on governance best practices and counsel them on succession planning, director orientation and ongoing education.

## **Board assessment**

Using a methodology refined over many years, we conduct board assessments for clients around the world that result in high performing, more effective boards.

## **Director recruitment**

With our unparalleled access to and knowledge of the candidate pool, we place outstanding non-executive chairs and directors who add value to the boards they join.

## **CEO Search, Succession Planning, and Post-Placement Support**

We help clients navigate all aspects of CEO succession planning and search, from building a forward-looking CEO profile and a diverse candidate pool to designing a fair and inclusive selection process. Our Performance Acceleration program helps support new CEOs as they align their teams and organizations.

Visit [www.spencerstuart.com](http://www.spencerstuart.com) for details on how to contact your nearest Board Practice consultant.

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# Research and Insights

Spencer Stuart regularly explores the key concerns of boards and senior management, as well as innovative solutions to the challenges they face.



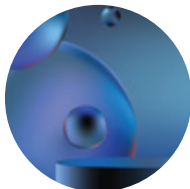
Leadership for a Complex World: Planning for the CEO of the Future



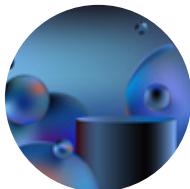
The Leadership Odyssey



Sustainability in the Spotlight: Has ESG Lost Momentum in the Boardroom?



2023 U.S. Spencer Stuart Board Index



2023 S&P 500 New Director and Diversity Snapshot

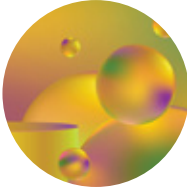


Spencer Stuart Director Pulse Survey: CEO Succession

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Nominating/Governance  
Chair Survey 2023



Boards Around  
the World



CEOs: How to Lead  
with AI Instead of  
Letting AI Lead You



When an Executive Chair  
Helps or Hinders  
Company Performance:  
Four ground rules for  
using the role effectively

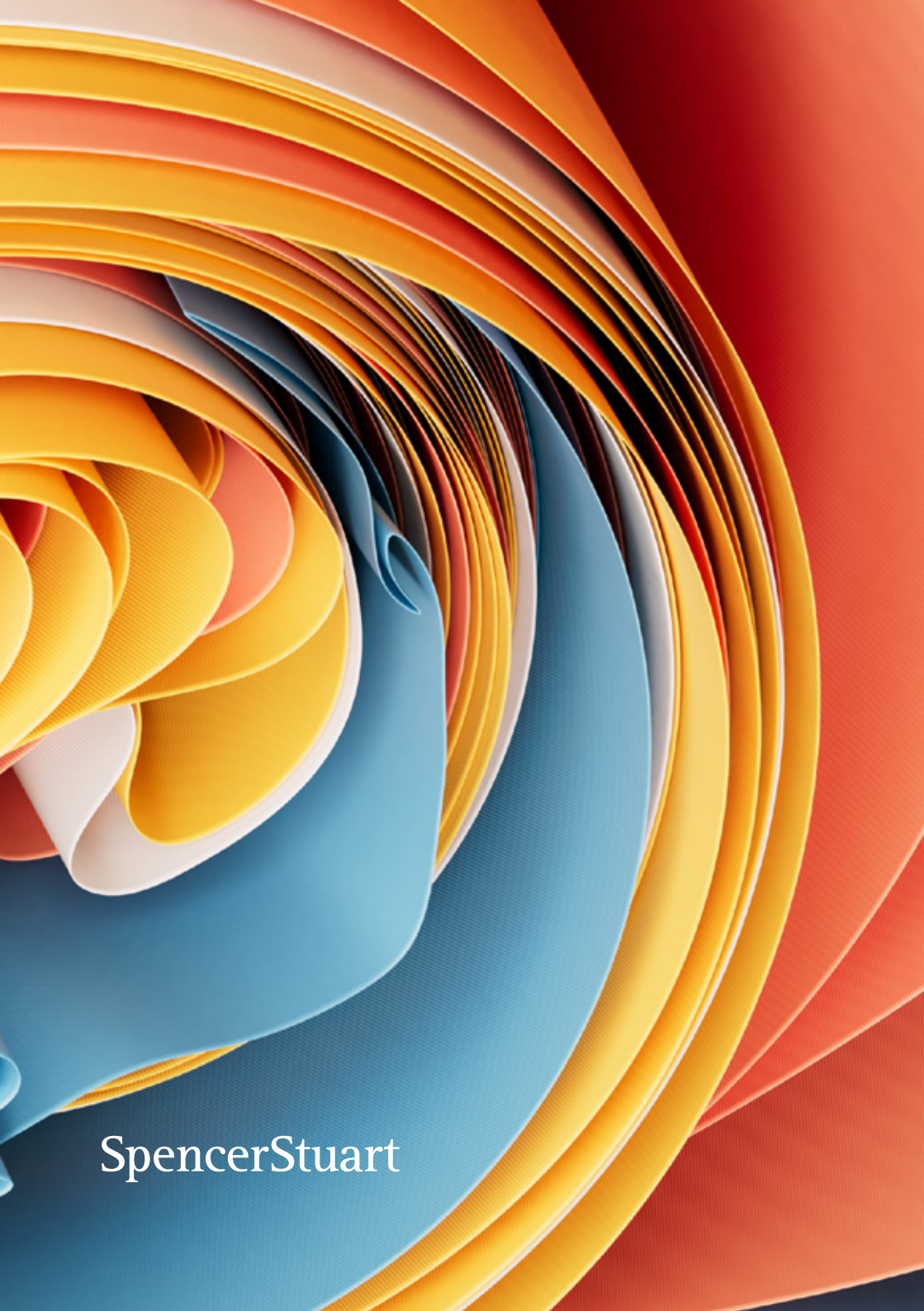


The Independent Board  
Chair: Selection,  
Responsibilities and the  
Skills of Effective Chairs



2023 Spencer Stuart  
S&P MidCap 400  
Board Index

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