

AGENDA

OPINION

Three Things Boards Should Do to Orient New Members

By Amy Bottoms October 25, 2021

Today, the demand for new board members is immense. Start-up companies, including those in the biopharma industry, are aggressively pursuing listings, which requires them to add independent and diverse members. Once a company is public, investors need to cycle off and be replaced with industry and functional leaders. Everyone is thrilled when a new board member is recruited in this competitive market.

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But after the press release is issued, there is still work to be done to integrate the new director quickly. Onboarding a new director is often an overlooked part of the process but is critical to a new director's ability to be an effective advisor to the company.

For years, boards mostly recruited leaders with previous board experience, which meant they didn't need much orientation. Boards are now recruiting a more diverse set of executives, some of whom are brand-new to boards. That makes it more essential to have a thoughtful onboarding process around educating them about governance and helping them bond with fellow directors and management teams.

Against the backdrop of the Covid crisis, it is even more important that boards and CEOs be deliberate and proactive in their onboarding process. The traditional board dinners and in-person meetings with management teams have been replaced by cursory multi-participant Zoom calls, which hinders a new director's ability to build relationships quickly.

Recruiting a new board member is a long-term commitment: New board members typically serve at least five years. From my experience recruiting over 40 public company board members, the best boards and CEOs give new members the gift of time. They schedule formal introductory meetings with other board members and leadership teams

and introduce the new director to every part of the business. This requires the CEO's time and commitment from board members, but it pays off.

Below are three things every board can do in the first six months to onboard a new director seamlessly.

Assign a Board Mentor

Boards should designate a board mentor or guide for the first two board meetings to help the new member learn the culture, business and dynamics, even things as simple as company acronyms. It is most effective if that person can check in with the new board member before and after the first few meetings to review the pre-read materials, share observations about the dynamics with other board members, and offer insights into critical issues from prior board meetings. Having someone that the new board member can ask any question to or text during board meetings helps immensely in learning the unwritten rules of board culture.

Provide a 360-Degree View

Board members need to understand the business to ask the right questions. To get that critical context, they need exposure to the full management team and board members. This means identifying the key drivers: understanding the stories behind the slides and the data and spending time with the entire management team to learn about their business and the issues facing them.

Before Covid, the best practice would have been to have new board members on-site for a multi-day orientation where they would meet the majority of team members face-to-face and have dinners with leadership and board members. Today, this can still be done through online video meetings that include one-on-one sessions with key members of management to review their business issues and prepare the new members for their next board meeting. The benefit goes both ways: The management team gets to build relationships with the new board member, and the new director becomes savvier about the critical areas of the business.

CEO Engagement

The CEO is critical to a new board member's success. Regular interactions with the CEO — even if it is just a half-hour video call every two weeks — help to build personal relationships. It is also a good chance to check in with the new board member to gain their insights and perspectives on the company. The rest of the board also has to be committed to the success of the new director. Effective board chairs ask new members to speak and respond to things they have heard and draw them into the conversation. This encourages future dialogue and gives them a sense of belonging.

With the search for new board members becoming increasingly competitive, boards need to make sure they're providing enough direction and support to ensure that their new colleagues become valued members of the team. That includes giving them plenty of one-on-one time with other board members and the management team in order to help them gain a deep understanding of the business.

Putting in this time up front to get the relationship off to a good start will pay dividends both for the new board member and for the board.