Becoming a Director
Is a Career Choice

Mary Agnes Wilderotter had a good job as vice president for sales at a small start-up technology company serving the cable industry. She had a good education and parents who encouraged her and her three sisters to be successful. “Ambition is part of femininity,” their mother taught them, and each daughter was expected to find her own path to success. Early on, Maggie Wilderotter decided she wanted to be a director.

That approach has worked well for the chairman and CEO of Frontier Communications (NASDAQ:FTR) who has served on 23 public company boards in the past 28 years.

According to Wilderotter, just as an ambitious individual develops a career plan that builds upon each successive job of increasing responsibility as a stepping stone to the ultimate goal of being a C-Suite executive or CEO, the search for a board seat should follow the same path. Some begin with a private or nonprofit board, moving to a small public company board and ultimately a larger public company board.

Today, Wilderotter chairs her own board at Frontier Communications and serves on the boards of Xerox Corp. and the Procter & Gamble Company.

It’s clear that there’s nothing casual about becoming a corporate director: It should be part of a larger career plan.

C. Kim Goodwin agrees. She joined Mellon Bank in 1987 and during her first week on the job, she was invited to attend a career strategy session for women and minorities. The Princeton graduate with an M.B.A. and a master’s of public administration from the University of Texas remembers seeing a diagram of a pyramid with “CEO/Board of Directors” at the top. She was surprised later to learn that she was the only course participant aspiring to rise to that level.

Like Wilderotter, Goodwin took charge of her career with the strategic goal of becoming a director. She sought more responsibility and harder jobs, which sometimes meant moving: from Mellon she went to Putnam Investments as senior vice president and portfolio manager, then to American Century Investments as managing director and chief investment officer, then to State Street Research as managing director and CIO. At that point, she decided to “check
in” with three CEO’s who knew her well. Was a board seat a valid objective for her? Not only did they endorse the idea, but they became active supporters of her candidacy.

Goodwin understood technology, as she had consistently picked winning companies in this industry for her clients’ investment portfolios. While presenting on a panel with the former CEO of Akamai Technologies, George Conrades, Goodwin decided to make inquiries. She told the search firm partner who had organized the event that if Akamai were ever looking for a director, she would love to serve. Because of her initiative and simultaneous conversations at Akamai, the search firm formally proposed Goodwin for candidacy, and she joined the Akamai board at age 44.

Goodwin values what she has learned as a board member. She regards Conrades and director Martin Coyne as mentors and supporters. Coyne endorses Goodwin as “a model director who is well versed in business issues, well prepared and actively participates. Her financial, international, risk management and business experience adds considerable value to our board discussions.”

When Northwestern University’s Kellogg School of Management decided that alumni clubs were a great tactic in strengthening relationships with former students, Blythe McGarvie, then in her 20s, jumped in as one of the founders of the first club. “As program director, I did everything — arranging programs, speakers, helping with membership.” Her raised profile caught the attention of the university, which sought to recruit her to the Board of Trustees in 1985, a remarkable achievement for a 29-year-old. When she asked what brought her to the board’s attention, she learned it was her passion for her graduate school and willingness to contribute.

A recruiter asked her to consider a director role at a private company that wanted to add her retail experience to its board. She declined, saying she would wait for a public board seat. But the recruiter persuaded her to talk to the CEO.

“The recruiter was right,” said McGarvie. “Dick Wood is an extraordinary leader. Wawa Inc. is private, yet they operate with all the discipline of a public company.” She joined the board in 1998 and is still on it, serving as the company has grown revenue from $1 billion to $9 billion. “Like my first marriage, it was my first board and I’m going to keep it.”

Bob Hallagan, vice chairman and managing director of board leadership services at Korn Ferry International, says his best advice for directors looking for a second board seat is, “Be an extraordinary director” on your first board.

When Hallagan talks to CEO’s and chairmen, he often asks, “Who is your best director and why?”

“Those rated as exceptional directors are bright, engaged and accessible; they challenge management, but in a respectful way,” said Hallagan.

In light of difficulty in finding top talent for boards, Hallagan noted that more and more of his clients are doing long-term board succession planning. Anticipating future gaps in the board’s competency — because of changes in business model or upcoming retirements — has paid off for clients. “As one client noted, you can always expand the board by one for a short period of time if it means not losing an exceptional candidate,” he said.

While CEO’s remain the most-recruited group, the talent supply is limited, according to Hallagan. His team is now going to highly successful companies, working with the heads of human resources and identifying high potentials. “They will be exposed to best practices, have histories of making good decisions, and through NACD [National Association of Corporate Directors] and other educational programs, we can help educate them on good governance.”

Human resources executives represent another new talent pool, said Hallagan. “Ensuring a company has the right CEO leadership and an environment that attracts top talent is a key driver of shareholder value,” he said. “This topic increasingly has to be a top priority agenda for boards, and HR executives can certainly add value.”

To the uninitiated, getting on a board may appear daunting, but Wilderotter is fond of saying, “You’ve got to fish where the fish are.” By that she means, those seeking director positions need to get to know the current board members of the company. She also says it’s crucial to know what you offer. “It’s not an elevator speech, but it requires that you know where you are going and how you add value. It requires research and thinking of the matrix of skills that the current board possesses.”

Once again, Wilderotter made the Fortune Magazine list of the “50 Most Powerful Women.” The magazine points out that nearly everyone on the list is “striving to reinvent her business,” but this group of executives is not sitting still.

The magazine noted that Wilderotter, at No. 40, “remains a respected corporate voice.”

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By Karen Kane

T A L E N T + L E A D E R S H I P

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The corporate battlefields are littered with the burnt-out, rusting hulks of auspicious strategies that failed in spectacular fashion and companies that—despite having novel and promising ideas—constantly trail their peers in profits and shareholder returns. A while back the drug company Boehringer Ingelheim suspected its underperformance sprang from a lackluster sales force. New Wave Entertainment blamed conflicting egos in the executive suite, and Clairol believed inconsistent marketing efforts led to the company’s poor numbers.

However, none of these assumptions turned out to be the whole truth. By digging below the surface, each company uncovered another obstacle that was holding them back. It wasn’t simply that they couldn’t execute, market or sell. The bigger problem was a lack of Conversational Intelligence™.

Conversational Intelligence is an organization’s ability to communicate in ways that create a shared concept of reality.

Having worked with these companies and many more of the world’s largest businesses over the past 30 years, I’ve learned that Conversational Intelligence can be cultivated in individuals, teams and organizations.

Conversational Intelligence is the hardwired ability in all humans to connect, engage and navigate with others. It is the most important intelligence that gets better when “we” do it together. While the other types of intelligence are more “I-centric” in nature, Conversational Intelligence is a collaborative effort.

We can raise the Conversational Intelligence level in personal relationships as well as the teams and organizations we are a part of.

Conversations are not always what we think they are. We’ve grown up believing in a narrow view of conversations, thinking they are about expressing thoughts, observations and opinions. Many see conversations as “persuasion” or “getting others to think the way I think.”

In our early research, we watched conversations under different circumstances, everything from first meetings to major negotiations. It wasn’t difficult to see the patterns emerge. We found that as many of 95 percent of verbal exchanges were “telling” statements. “Asking” statements were rare, as was quality listening.

Conversational Intelligence is about closing the gaps between your reality and mine. As such, it can yield improved business results and create a framework for enhancing relationships and partnerships, releasing new energy for growth and transformation.

For many, it may be a new concept to think that what we hold in our head—as our reality—is not nec-
Fixation on "Being Right"

Neuroscientists are discovering that humans have a passion for being “right” — more than a passion — a compulsion. People “get high” on being right — and are rewarded individually for having “correct” answers. But, the more a speaker pushes his or her “reality,” the more the listeners will seek to protect their positions or points of view, which reduces their connection with others and raises the risk of conflict.

Ignoring Other Perspectives

Many people err by spending most of their time describing their views of reality rather than learning how others assess a situation. But the more we focus on the “realities” that others perceive, the more we connect with them.

Tell-Sell-Yell

It’s a mistake to think that more talk always translates into better communication, understanding, and influence. The truth is, the more we try to align others around “our” point of view, the more we create groupthink, resistance or grudging obedience driven by fear. To employees, this comes across as “my way or the highway.”

Allowing Emotions to Affect Listening

Every conversation has emotional content. Fearful listeners may misinterpret friendly advice or warnings as threats.

Disengaged Listeners

Those who nod their heads while others talk aren’t always paying attention. Leaders need to learn to practice engagement strategies with others to ensure they are truly connecting, sharing and learning.

essarily what others see. Each of us maps the world through our experiences. We create the meaning, and then we share it with others. Conversations provide the tools for talking about what we think and feel, and if the conversations are healthy and robust, we will come to see how others view the world and learn to work successfully with them.

Conversational Intelligence begins with trust. Consider the challenges Angela Ahrendts, who heads Apple’s retail businesses, faced when she stepped into her previous job as CEO of Burberry in 2006. How did she transform this tradition-rich British clothing line, founded in 1856, so that it outpaced all other brands in the luxury apparel sector? Ahrendts put it this way. “Trust is truly at the heart of it all. If trust is your core value, you hire accordingly. I interview a lot of senior management people, and at this level competence and experience are a given. Trust is the difference-maker. When I look them in the eye, I’m asking myself: Do I trust them, and do I get the feeling that they trust me? Do they get the vision?”

Distrust leads to defensive listening; trust leads to intelligent listening. Creating a healthy, trusting environment is the first step to gaining Conversational Intelligence. When intentions are set on bridging our realities, being open and transparent, focusing on respect and relationships before tasks, listening to understand, discovering shared success and consistently working to narrow the reality gaps, we are exercising our conversational muscles. When we do that, we are much more likely to achieve organizational goals and perhaps our personal ones as well.
Investing in Next-Generation Talent Reaps Rewards

There are clear benefits to “homegrown” talent — including lower cost and less turnover — but perhaps the most important reason to invest in up-and-comers is a simple and logical one: The best managers, those who can make a real difference in corporate performance and are wooed by many employers, are attracted to companies that excel at development. They seize the opportunity to build their portfolio of skills and experience, whether ultimately to use in a senior position at that company or to pick up and take with them to apply elsewhere.

By Nels Olson & Megan Shattuck
Furthermore, a reliable succession process — with as few surprises as possible — is something for which companies are increasingly rewarded in the marketplace. It is being demanded by shareholders, required to be reported in the proxy, and is a metric of “good governance” for shareholder proxy services that vote companies up or down as solid investments.

**Demonstrate commitment**

Any company that wishes to be known — inside and outside — as a development-oriented culture should start at the top. The board and CEO must make it clear that growing and advancing talent is a priority, and that message should be understood in every corner of the company, particularly with high-potential executives who know their career and their future matter.

It’s easy to repeat platitudes about the importance of leadership and valued employees — as many companies do — but the real priorities quickly become apparent to insiders through the words and actions of those at the top.

Companies that do it right understand that management succession is not an occasional exercise, but muscle that must be flexed regularly and continually strengthened. Further, leadership planning should be closely linked to the organizational strategy.

**Cross-train, maintain flexibility**

Where “development” may previously have had a remedial ring to it, those who know they may be tapped for leadership roles are now more likely to view coaching as a signal that they are headed for bigger things and that the organization is investing in their future.

Global leaders today need a wide range of skills and often, because of the sheer speed of change, boards and CEO’s may not know precisely the mix of capabilities and experience required in a successor until fairly close to the transition.

So it’s important not only to ensure that any development gaps are addressed for leading contenders, but also to maintain a range of candidates. The goal is not to pit one candidate against another like jockeys in a horse race, but to ensure the right CEO for a particular stage of the company’s growth, as well as for a particular industry and global environment. Let the strategy lead the way, keep options open, and don’t choose a successor until the timing is right.

**The board at the center**

The board’s role in every phase of the succession and management development process is crucial.

On the most elemental level, while the board doesn’t manage development day-to-day, it should make sure that these topics are regularly on the agenda. The board should identify an immediate, emergency successor — which may change over time — who can step in on a moment’s notice, as well as promising next-generation leaders who will be critical to the future. Most companies that have implemented a rigorous succession process ensure that the board has ample opportunity to get to know future leaders, both in board meetings and in less formal settings.

While CEO succession and passing the baton from one star CEO to another is the sort of news that regularly makes headlines, the less glamorous process — the plain old hard work — that ensures successful transitions gets far less attention.

CEO’s and their boards are finally waking up to the fact CEO succession is not an event, or even a process that exists in isolation, but part of a larger development effort that reaches deep down into the organization. By focusing on succession planning, boards are executing their most important fiduciary duty: ensuring a steady flow of leadership for their organizations. How fortunate that doing the right thing for shareholders also helps to burnish the organization’s credentials as a leadership development culture and a magnet for management talent.