The quest for impact

First-time tech board members share insights on earning a seat at the table—and making a real contribution once you do.
Busy executives might want to join the board of a technology company for many reasons. They may want to help shape a fast-growing organization, enjoy the prestige of participating on a board, take the opportunity to learn a new market, or expand their professional network significantly.

Smart candidates for board seats step back to consider thoughtfully what they are really seeking from a board spot. While the prestige is nice, successful candidates need to find a deeper purpose for joining a corporate board.

Many executives seek out board seats to help them learn how to be more effective in their current roles. That’s what Shellye Archambeau, chief executive of MetricStream, sought when she joined the board of Arbitron in 2007, Verizon in 2014, and Nordstrom in 2015. “As CEO of a company, sitting on another board gives you an opportunity to expand your knowledge and experience,” she says. “It allows you to look and see other business models and the challenges they face. Stepping out and focusing on another industry brings a perspective that you can take back to your own company.”

For others, joining a board is a way to learn more about emerging industries and to increase their knowledge about how successful companies are governed. That’s what Len Lauer, the chairman and CEO of Memjet who sits on the board of Western Digital, looked for in his first directorship. “I sought out a board position to expand my aperture and prepare for C-Level experience at a Fortune 100 company,” he explains. “I wanted to be able to rise above my operational role and obtain a new perspective and view of a company. Additionally, I wanted a better understanding of the board’s role in a company and how I should better interact and leverage with them as an operational leader.”

Interesting challenges can await directors who lack tech experience but get to join a tech board, says Mary Cranston, who was formerly the CEO of the law firm Pillsbury Winthrop Shaw Pittman LLP, and who serves on the boards of Visa, Juniper Networks, and AAA Insurance. “The ability to fundamentally grasp the subtleties of product lines is much harder if the director does not have an engineering background and the engineering orientation makes them somewhat dismissive of a non-technical type,” Cranston says. She adds that the specific experiences and knowledge that non-tech directors bring adds value far beyond any inconvenience due to their learning curve.
Pathways to tech board seats.

Korn Ferry recently interviewed numerous new and experienced members of technology company boards to gain their insights on how they obtained their first board seats, their experiences on getting up to speed on their boards, and how novice board members can accelerate their impact.

These conversations show there is not one clear-cut path for candidates to position themselves for board selection. While many believe that serving first as a CEO is the quickest path to board election, Korn Ferry found that 75% of first-time board members were not CEOs when they obtained their first board seat.

Most of the board members said they sought a seat to help expand their professional network and to help them find new opportunities and ladders for career advancement.

Those were some of the key motivators in seeking board positions for Janice Chaffin, who sits on the boards of PTC, Synopsys, and Ancestry.com. “I had this idea that, if I saw the problems faced by another business, it would give me some interesting and different ways to think about my own business,” says Chaffin, who worked at Hewlett Packard when she joined her first board in 2001. “I had been at HP for a long time and wanted to expand my network in a different way. I wasn’t necessarily looking to leave HP, but networking through being on boards was good for my personal opportunities and good for finding opportunities for HP’s server business.”

Whatever the reason, successful board candidates have at least one thing in common: They are curious and want to learn, and, eventually, they want to have a meaningful impact on boards they seek to join. It’s important for candidates to figure out their potential impact and value-add before considering a board seat. It’s a must for them to assess exactly what they can add to a board before searching for a seat. What competencies do you bring to a board? What value would your membership add? Is it something not easily replicated by other board members?

Candidates can take other concrete steps too. Those who work in public companies, for example, can begin to learn about corporate governance by engaging with other board members. They can attend board meetings at their current company and interview board members formally or informally. They can help the CEO or other executives prepare presentations and materials for board meetings.

Many aspirants seek board seats without knowing in detail what corporate boards do. Investing time into understanding how a board operates, what roles are available, and which are often unfilled can help a candidate shape a better strategy to find a seat at the table.
Open board seats aren’t easy to find, especially in the largest organizations. Korn Ferry publishes an annual report on the boards of the Top 100 companies by market cap, and the last KFMC100 found low turnover for directors in 2013: 105 total new appointments, down from 113 in the year previous. With 1,208 seats available, that represents a turnover rate of just 8.7%. Among the directors added, 87% were experienced versus 13% who were not; in the previous year, those figures were 73% and 27%. For those with technology-specific interests, 22% of 2013’s new directors in the KFMC100 had technology experience, versus 13% the year before (KFMC 2014).

In 2013, Korn Ferry found similar characteristics among the top 100 technology firms based on market cap, with 91 new directors joining those organizations’ boards, which had a total of 980 directors. That meant just a 10% change among directors, who had average nine-year tenure of board service (Norris, Hocking, and Coleman 2013).

So candidates seeking a board seat shouldn’t expect just to sit and wait for the phone to ring. Organizations seek board members through informal means, through personal networks, or word of mouth. Our interviews showed that fewer than 20% of first-time tech board members landed their new seat via a search firm; all the others found them through their networks.

Putting the word out in your professional network is the most productive strategy in seeking a tech board seat. To find open seats, be upfront about your desire to join a board and what makes you uniquely qualified for a position. Gerri Elliott held various positions at Juniper Networks before searching for her first board seat. “I wrote a detailed plan on how I was going to get on my first board that included asking my CEO and current board members to help me,” she says. “I made it a point to present at board meetings so I could increase my network of board contacts.”

Most important, Elliott worked the phones, she said: “I personally called over 100 of my contacts to let them know I was interested in a board seat.”
She also created Broadrooms (www.broadrooms.com) for executive women who serve or want to serve on corporate boards. “Given the fact that less than 20% of directors are secured through a search firm, it’s important to know how to raise your visibility, what resources are available to you, and what education or events can help. That’s what Broadrooms does.”

The strategy worked. Besides running two start-up companies, she now sits on the boards of Bed Bath & Beyond and Whirlpool.

Other board members suggest taking every chance possible to associate with board members inside and outside your company. Chaffin got a board position at Informatica after developing a relationship with the company’s CEO while working at HP. “We hit it off, and one day he approached me and said, ‘We need someone on our board with a global perspective and a marketing perspective. You have those things,’ ” she recalls. “I agreed, and realized I could probably learn something for my own business at the time.”

Joining the board of a nonprofit is another strategy to make inroads to corporate boards, but only if you join the right nonprofit board, those with members who are sitting CEOs or board directors of tech companies. “You have to be on a mission to get on a board. You have to seek out those opportunities and people that are going to get you there,” says Laura Kelly, director at Jack Henry & Associates. “You have to find a nonprofit board which aligns with your skills and capabilities so you can make early contributions. It’s important to prioritize your efforts for the nonprofit board and create measurable and demonstrable progress which can help identify you as a person who would be valuable to a public board.”
Savvy seekers of board seats need to keep in mind what’s on the other side of their quest—tech organizations’ needs for leadership talent and what companies large and small might be seeking.

Tech companies are different. They operate at a quicker pace. Their staffs are often young, energetic, and collaborative. They value action over contemplation, innovation over process, and collaboration. Their hierarchies are flatter, if they exist at all. Many experience major growing pains.

So tech companies are looking to stack their governing bodies with an array of members, from people with specific functional expertise to more women and people of color to join their team. “Boards today are looking for multi-faceted candidates,” says Kevin Costello, a director of Rackspace and Vantiv. “They’re not just looking for CPAs or a former CEO, but someone who is going to bring multiple new dimensions to the board.”

Organizations have found they need to recruit directors with a depth and breadth of technology knowledge, including digital, social media, e-commerce, technology infrastructure, and cybersecurity. They’re reaching beyond CEOs and veteran board members and into C-suites to find directors with new knowledge, experience, and viewpoints. Jane P. Chwick, for example, says she has brought to bear finance and risk management expertise to her director roles from her 30-year tenure at Goldman Sachs, where she was a partner and co-chief operating officer of technology. Chwick, who is a director at Voya Financial, helped set up and now chairs the board risk committee at Market Axess Holdings, an e-platform for institutional investors. With directors like Chwick, the specific expertise sought by organizations varies. But one thing is certain—a grasp of technology is now essential, and will be a baseline requirement for the next generation of board members.

Even as technology has proven transformative, organizations in the sector have confronted their need for greater diversity in their workforces and leadership, including their boards.
The business case is compelling. Tech behemoths like Google and Intel have pronounced that they value and will seek to expand their diversity of perspectives, which take into account the views of a range of stakeholders, including employees and customers.

This broadening and inclusiveness of people and their points of view enables rich discussions in the boardroom and well-thought-out decisions. Greater diversity on the board has evolved far beyond the good corporate citizenship model to one based on proven value, with multiple studies validating a performance-based rationale for recruiting women to boards, research shows (Norris, Hocking, and Coleman 2013).

Organizations, like people, also have life cycles, and their needs for leadership talent shift as they move from start-up to IPO to maturing enterprise to booming, established corporations; both aspiring directors and tech companies benefit from understanding roles and relationships to optimize corporate governance during these shifting phases, research shows (Schweinitz 2014). A new director with a background in big corporations needs to adjust to life with a start-up and its board; similarly, a new director with background in start-ups needs to adapt to service on an established corporate board.

For tech companies and candidates, this means that aspects such as fit, flexibility, and organizational culture significantly come into play, and talent frameworks like Korn Ferry’s Four Dimensions of Leadership and Talent—which leverages more than 2.5 million assessments and 8.5 million executive and professional candidate profiles—can be invaluable to adopt (Crandell, Hazucha, and Orr 2014). Companies in the rapidly changing tech sector may wish to pay particular attention to a prospective new director’s learning agility, what Korn Ferry calls the capacity to take past experiences and adapt them to novel circumstances, challenges, and opportunities.

Listen to tech sector leaders—CEOs, directors, and executives—and they’re emphatic: Great board members can be game-changers for companies, bringing them new and different energy, enthusiasm, commitment, knowledge, experiences, creativity, and ideas. For newcomers, there are key steps for taking on this major role.
Once a candidate secures a board seat, the work has just begun. While it’s easy on many large corporate boards to sit back and become a rubber stamp, successful board members must do their homework. That means making an effort to meet other board members and understand their roles in the group.

It also means getting up to speed on the company as quickly as possible. Formal onboarding of board members is highly valuable, but rarely offered. New board members largely need to drive their own onboarding process, says Mary Cranston. She says her experience has been that the onboarding process isn’t well organized, so she develops her own educational process. “Most of the induction process was driven by me,” she says. “Typically, there isn’t a formal process to onboard directors by the company. But certainly you want to join a board where the executive team is supportive of in-depth onboarding. It shows they want you to really have a valuable opinion, not just follow the CEO’s lead.”

She suggests spending time with the CEO and C-suite executives to know them better and to understand the board committees with which they deal. “I spent a day at the company ahead of the first meeting getting to know some of the key executives and learned about the business from their perspective,” she says. “I also met with as many of my board colleagues as possible ahead of time in informal settings. That really makes the dynamics of the first board meeting go much more smoothly.”

Laura Kelly says one of her biggest contributions to her board was developing, based on her experience, onboarding materials for future board members. Her 600-page volume includes a checklist for what board members should learn and accomplish in their first 90 days and in their first year. “You can’t do it all on day one,” she says. “Onboarding is a journey, not a sprint. Your learning starts even before you get on the board. You need to understand competitors, the industry, and the company, along with all the risks you need to consider as a board member. It’s also important to reach out to existing board members and management to understand their perspectives on the strategy for the business, the industry and competitors. Taking the time to build those relationships early is fundamental to accelerating your ability to contribute as a board member.”

**Steps to success:**
- Prepare diligently for meetings.
- Meet with board members one on one between scheduled board meetings.
- Meet with senior executives outside of board meetings.
- Remember that onboarding is not a 90-day program but ongoing.
- Dive into the financials.
- Remember to focus on asking great questions and advising, not executing.
Productive board members don’t just voice their opinions, interviewees emphasized. They keep in mind the board’s role and learn how to add their insights based on experience. Mike McGrath, who has served as a director for National Instruments, Revolution Analytics, i2 Technologies, Entrust (chairman), and SensAble Technologies, says first impressions on the board are important. “New board members need to really get up to speed on the company quickly, especially in technology companies,” he says, pointing out that a working knowledge of finance is especially important. “While the first board meeting can be a learning experience, after that, you are definitely expected to contribute. A board member who hasn’t gotten to know the company will either a) be silent and thus be viewed as not having anything to add, or b) will have comments which demonstrate their lack of knowledge. Neither of these is good.”

He also advises board members to steer clear of focusing on minutiae, saying: “A common mistake I see a board member make is trying to tell executives what to do. Your job is not to tell, rather it is to question and advise. There’s a big difference.”

Most successful board members focus on their role and look at problems from that perspective. They also invest time and energy into their position, especially in the beginning. Kelly says that during her first six months as a board member she spent several hours every weekend learning about the company and researching its business sector. Because she was new to the board, Kelly committed to spending a generous amount of time, likely more than existing directors to ensure she was well prepared for meetings. “Being on a board, even before you start, is a commitment,” she says. “You are being entrusted with an enormous responsibility. You have to take it seriously.”
References


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