

Successfully On-board A New Director

When a new director has agreed to join your board, the first step is to successfully on-board them. The quality of your on-boarding process will directly correlate with that director's effectiveness.

To successfully on-board your new director, they must first clearly understand how they can add value to the board and support the management team. They also must understand how your board approaches its oversight and governance role.

On-boarding Objectives

There are four objectives in the on-boarding process for your new director. Make sure they:

1. Understand your board and board committee processes.
2. Understand how to effectively work with your board.
3. Understand your board culture and how to effectively interact with other board members.
4. Understand your strategy, business model operational performance and risk profile.

To achieve these objectives, a thoughtful process needs to be implemented that provides the relevant information and perspective for the new director. This will require time investment from you, other directors and the management team. Board members will focus primarily on objectives #1, 2 and 3 while the CEO and management team will focus on objective #4.

Chairman's Role

It's important that you as board chair and the lead director spend quality time with the new director reviewing the business and board governance expectations and process. Make sure that the proper meetings are arranged, the most important topics covered and that you monitor progress frequently.

Meet With Current Directors

In the interview and selection process, your new director met and began to establish relationships with several if not all of the existing directors. It's now time to expand these conversations, begin to build relationships and add any remaining directors to the process.

Directors can provide their perspective on the board and how it functions. They can also explain the focus of the board and each of its committees and important issues they are concerned about and those that the board is working on. Current directors can be very helpful in helping the new director understand the board processes, expected behaviors and how to work most effectively with their new colleagues.

1:1s With Leadership Team

These meetings provide a complete overview of the business model, strategy, operational performance and risks to the business. Importantly, how does the business make money? The CEO review should be substantive but at a higher level that will be explored in much greater detail in 1:1s with the leadership team.

It's also very valuable to include an assessment of the individuals on the leadership team from the last succession planning review: their strengths and weaknesses, their growth potential and any other perspectives that might provide insights into future conversations with them.

The new director should also spend time with each of senior leadership team member including the CFO, VPs of Sales, Marketing, HR, R&D, Customer Service and any other executives who can provide information and context for your business. These 1:1 meetings should provide additional detail to the higher-level perspectives provided by the CEO.

These meetings provide valuable information for your new director and also begin to establish the personal relationship with each of your executives with the director. A meeting with the Director of Internal Audit provides important additional perspective, particularly around risk.

Outside Resources

Every new director should spend time with the External Audit partner to get their perspective on the business including the business risk profile and key risks, the quality of financial controls and concerns that the external auditor might have that has been shared previously with the board. If there is outside legal counsel engaged and interacts with the board, it is useful to meet that attorney and gain their perspective of any outstanding legal issues and their independent view of board governance processes.

Other resources

Other existing resources include a copy of the last board book and also the current succession plan and leadership development book that was reviewed with the board. The latest 10K or 10Q and proxy statements along with sell side analyst reports are also very important resources to share with your new director.

Don't Assume

It's easy to assume that, during the selection process, the new director earned enough about the company so nothing additional is needed. Consider that during an interview process, the focus is on assessing fit and skills while they perform some level of due diligence. Becoming an active director changes the need to obtaining detailed knowledge and understanding.

Many times, primarily due to time constraints, we don't spend sufficient time planning and implementing an effective on-boarding process for our new hires and directors. Companies that onboard well increase the productivity of all new hires and board members are no exceptions.