

What Skills Are Missing From Your Board

A successful CEO needs each director to add value and provide a set of skills, experiences and insights to help his company be successful. It's valuable to periodically assess the contribution of each director and also identify any skill sets missing from your board.

It is feasible to efficiently evaluate a director's contribution using the broad categories of functional experience, general business experience and board experience. Then you can clearly see skill gaps on your board and work to fill those gaps.

Most larger companies, conduct an annual board survey of board effectiveness. Many now also include some type of assessment of individual director performance. In companies where a formal process is established, the CEO should articulate his views of current director contributions to the Nominating & Governance Committee.

3 Steps To A Great Board

In many smaller companies, startups or those without a clearly defined board assessment process, the CEO must take the lead using a 3 step process. In many cases, the CEO must complete this task on his or her own or with limited support from a current director.

1. Assess your current directors
2. Identify skill gaps
3. Prioritize the skills that need to be added.

1. Assess your current directors

The first step assessing your current directors is to reaffirm that their values and behavior are still consistent with your expectations. It's rare for a person's values to change but sometimes due to board composition and other issues, a director's behavior changes. I have seen one director's behavior deteriorate and even become counter-productive when their role or contribution felt threatened. It's very important to annually re-examine behavior and make sure that it's still positive.

Then, prepare a simple matrix with the required director skill sets and experience on the X-axis and directors names on the Y-axis. Assess each director's contribution in each skill using a simple rating: Check the box if the director adds significant value or leave the box blank if not. Use the broad categories of functional experience, general business experience and board experience with specific skills and experience defined under each.

2. Identify Skill Gaps

This simple exercise will identify areas where you are receiving little or no support from directors and others where the level of support is fine. Areas requiring support are easily identified and can provide clarity around your board's skills gaps. It's not critical in this high-level exercise to quantify the contribution of a director. It's far more important to determine if the level is acceptable or not. This simplicity results in much greater clarity and focus on identifying gaps. Remember that you should expect directors to provide value in multiple areas.

3. Prioritize the skills that need to be added

If there are any gaps identified during your analysis, list the missing skills and prioritize them by rank ordering them in importance. This list forms the basis of setting the criteria for new director recruitment.

No board is a perfect mix of skills and experience. Try to identify at least one weak or missing skill from your board to ensure that your process is accurate and objective.

Anticipate the Future

Any major change in your business or business strategy requires a thoughtful assessment of your board composition. It's best to do this annually so that it becomes part of the overall board governance process. However, if there are extenuating circumstances that require expertise on your board that is lacking, don't wait for the annual discussion. Move immediately to fill the gap and if necessary, bring on the missing skills and experience in an advisory role. You can always move that individual to a director later, especially if you need to make room on your board for an additional director.