



## Recruiting Takes a Lot of Time, With or Without Help

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By Whitney Curry Wimbish

Some boards use headhunters to find new candidates; others go it alone. But either way, directors say they plan to be at it for at least a year, even with mandatory retirement ages or term limits, which can help with the planning process.

They say scheduling time with every candidate can be particularly difficult in today's frenetic world, especially when the board's custom is for candidates to meet with every board member one-on-one.

In some cases, the process can begin several years in advance, one respondent to *BoardIQ's* recent survey on retirement and recruitment wrote.

"We are five years away from one of our directors' retirement. We are already building a pipeline of qualified candidates," the director wrote in the survey's comment section.

That's an extreme case, independent directors and recruiters say. But they say searches can still take a long time.

"I would say they take longer than you would think," says Lee Hanson, vice chairman of recruiter **Heidrick & Struggles**.

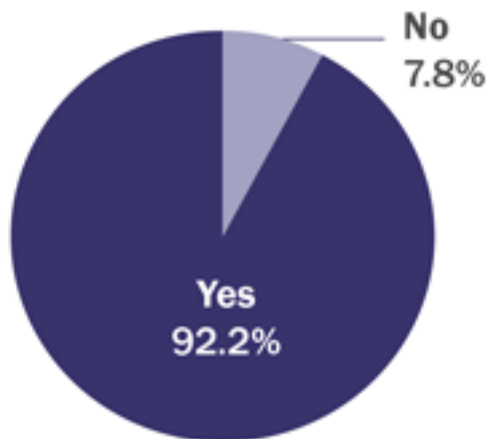
The vast majority of respondents to *BoardIQ's* survey believe their board has adequately prepared for upcoming director retirements, with more than 90% saying so. More than half said identifying possible new members is "easy, we're overwhelmed with qualified candidates."

In practical terms, though, that translates to much work done in the early stages, independent directors say in interviews.

"We have found that we really start working on this at least two years in advance," says Candace Smith, an independent director on the **Praxis Mutual Funds** board.

"We start thinking about what are the board spots that will be coming up for retirement and what are the skill sets that we're looking to augment the board with," she says. "In the last three positions we've recruited for, we've found that it is extremely helpful, because we're a relatively small board, to have overlap for new board members coming on and the board member retiring."

## Do you feel your board has adequately prepared for upcoming director retirements?



Source: BoardIQ reader survey.  
Based on 102 responses.

The board aims for new members to have at least six months of overlap with departing ones, which allows them to attend two quarterly meetings, she says.

Skimping on that early stage, or proceeding in a disorderly way, can add unnecessary months to the process later on, directors and recruitment experts say.

A common derailment is when board members don't agree on what they want in a new director, says Hanson.

"There may be some members that value one skill set more than another. Occasionally there's someone who really wants to get their buddy on the board. We don't see that much anymore, but it does happen. Or the nominating and governance committee comes out completely different about their priorities" relative to the rest of the group, she says.

Holding unreasonable expectations will also add time, such as requiring the new member be a sitting CEO of a major technology company available to

start within a short period.

And, directors and recruiters say, scheduling considerations can always extend a timeline, too.

"The more dispersed they are, the more difficult their calendars are; [scheduling] can easily add anywhere from two weeks to eight weeks to the search process. It can add months to the search process," says George Wilbanks, founder of search firm **Wilbanks Partners**.

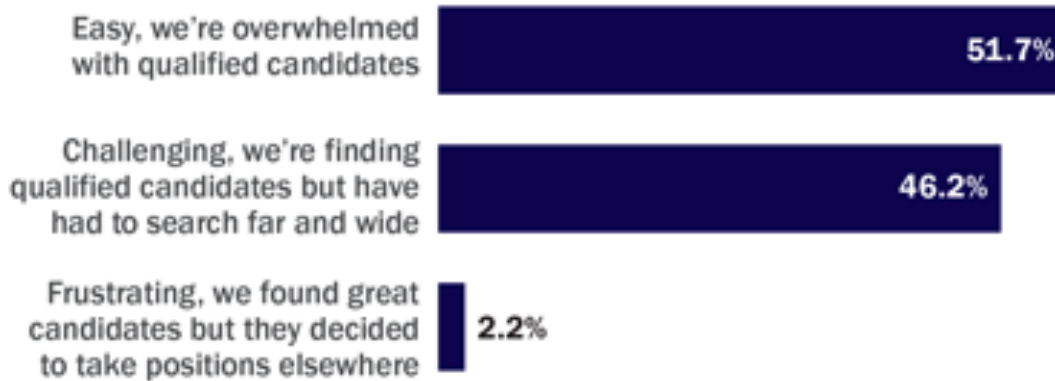
Each seat to be filled can represent two or three preliminary meetings and another two or three meetings with the entire board, depending on the number of candidates in question, he says.

"I don't think that's excessive," Wilbanks says, adding that multiple meetings can be useful to determine if the candidate has good chemistry with the rest of the board and understands what he or she is getting into.

Directors and recruiters identified certain backgrounds as particularly difficult to find, which can add time. *BoardIQ's* survey found that technology-related skills are highly desirable in new members – almost half of respondents said that was the expertise their board needed the most, followed closely by distribution skills.

Independent directors have various viewpoints on whether to use a recruiter. More than 70% of the survey respondents said they don't use one. The Praxis funds never do.

## How would you characterize the process for recruiting new directors?



Source: BoardIQ reader survey. Based on 91 responses.

"We've been able to identify qualified candidates, so we haven't felt the need to go to an outside recruiter," Smith says.

"We're looking for people with broad experience, an investment background, financial acumen, that are more generalists. We rely on the adviser and our other professionals to fill in the really technical aspects," she adds. If the board needs an expert in an area, it would hire one to advise it.

Charles Hurty, former director of the **iShares** board, says he also prefers that method of recruitment.

"I'd rather go with someone I know from past experience rather than take someone sight unseen and go through the vetting process. It's quicker, it's easier, you end up with better results," he says. "If I know someone who would be an outstanding candidate, I'd rather go with my prior knowledge, than with someone I don't know."

Others, such as the **Neuberger Berman** fund board, always seek help.

"I would not do it without a headhunting firm," says Martha Goss, chair of that board's governance and nominating committee. "We have enough contacts...but having a professional headhunting firm is really important, particularly if there's any concern that you're picking your cronies. And I think it's really important to show you've cast a wide net, because I think it's still hard to find good women and minority candidates and I think headhunters have finally gotten it straight that that's what people are looking for."

Tom Perna, independent chair of the **Pioneer** funds, says his board does some of both, hiring recruiters to help with specialized searches and using contacts from within the group to find generalists.

“Not long ago we were looking for someone on the board who has experience with big data. Frankly, that was a skill a lot of people are looking for these days, so in a situation like that, we used a search firm,” Perna says. In a current search, though, the board determined it wasn’t missing any particular skill set and so decided not to use a search firm.

Like Wilbanks, Perna says scheduling can extend the process. The current search has taken about six months, he says, while the search for the person with big data expertise took about a year.

“It’s not so much that that’s the time [recruiting] takes, but the fact that boards tend to meet once a quarter,” Perna says. “If someone said, ‘We just need a director. We gotta get them ASAP. Cut out the formalities,’ you could get it done in a shorter period of time. But most are going to try to get it done while the board is normally meeting.”

In one sense, he says, taking time to recruit can benefit the board in the long run.

“The time also gives you the chance to think about it more. From the time you get a slew of résumés to the time it takes to get through them, it’s really the kind of thing that in most cases you don’t have to make quick decisions,” Perna says. “Letting these things percolate and think about them, think about the résumés you’ve gotten and the people you’ve talked to – it almost works in the board’s favor to take a long time.”

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