



Center for Board Effectiveness

On the board's agenda | US

Leading practices in board interviews

Candidates for director positions can take several steps to prepare for meaningful service

In a rapidly changing business environment that brings a growing number of issues to board agendas, many corporate boards are recruiting new members to expand skills, attributes, and perspectives in the boardroom. Some companies are searching for new directors to add experiences in areas such as technology, finance, or global issues, and some of these companies are also looking for candidates who can increase diversity in the boardroom in areas such as gender, race, ethnicity, or other characteristics.

As an example, in the 2021 proxy year, 78 S&P 500 boards increased in size to add one or more female directors, and 88 boards

expanded to add racial or ethnic diversity, according to the 2021 US Spencer Stuart Board Index.¹

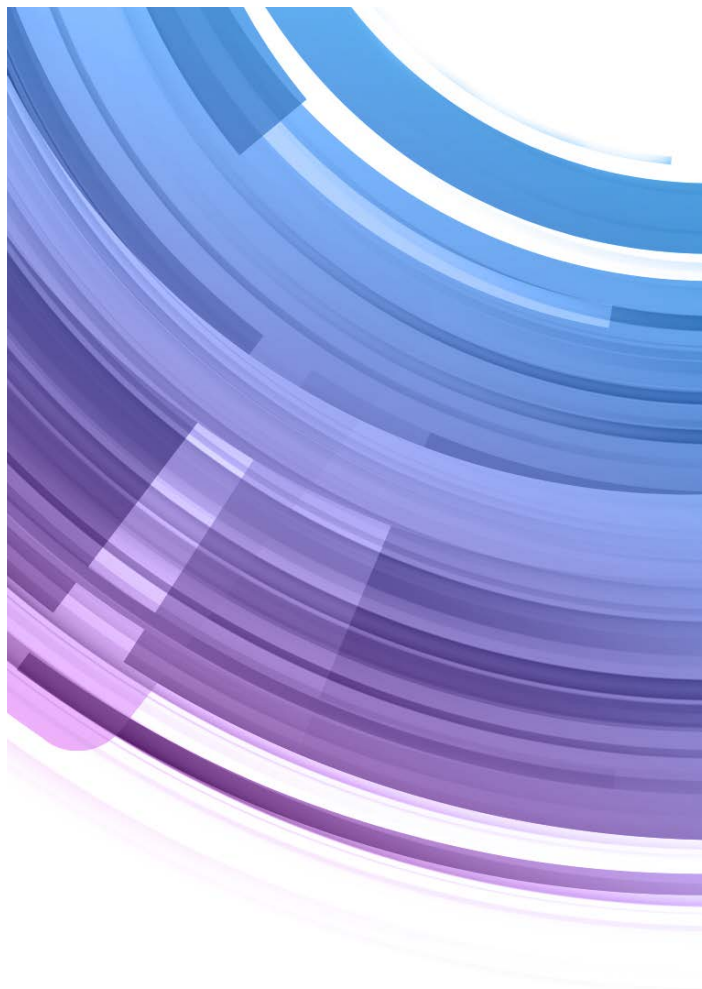
Continued shifting in board composition and structure is creating new opportunities for experienced board directors as well as executives considering an entry to board service. It's critical for director candidates to understand the intentionality with which many companies are building boards that not only bring together critical skills and experiences but also are committed to the company's mission and purpose, says Matrice Ellis-Kirk, CEO at executive search firm Ellis Kirk Group, which includes a focus on board services.

1. Spencer Stuart Board Services, ["2021 US Spencer Stuart Board Index,"](#) 2021.

"Achieving a good fit with culture really matters for many companies that are seeking board candidates," says Ellis-Kirk. "As a growing number of companies become more engaged with environmental, social, and governance issues, we see companies placing a high priority on identifying board members who can help set a tone at the top reflecting the importance of these issues."

Emily Rollins, a board member at four companies and an audit committee chair for three of them, says board service requires self-reflection, with a focus on what skills or experiences a director candidate can offer to a company and how to frame those during an interview. "Companies will be interested in learning how pivotal moments in a prospective director's career have led to impacts for the companies where they held leadership positions," she says. "What growth did this person help drive, or what positive change occurred? How are this person's experiences relevant to the company and its strategy?"

An important early step in pursuing a new board opportunity—whether new to board service or a seasoned director—is preparing for the interview process. In the current environment, what can candidates expect, and how can they prepare?



Preparing for the interview

Experienced board members or those who are pursuing their first director position can approach a new appointment opportunity with some similar preparatory measures. Due diligence is critical, says Deb DeHaas, who is a board member for two public companies and CEO of the Corporate Leadership Center.

It's important for a board candidate to have a thorough understanding of the company and the industry in which it operates. This likely requires extensive proactive research and interaction with the company's current board members and C-suite leaders.

The objective for both the candidate and the company is to get to know one another and evaluate the fit. The current board needs to be comfortable with the candidate, but the candidate needs to also be comfortable with the board. Fit is often defined by more than a candidate's relevant experiences and attributes. Culture and collegiality in the boardroom can be important for a corporate board to function effectively, so these are important dimensions for candidates and the current board alike to consider in the interview process.

During a candidate's interactions with the board and C-suite leaders, candidates should be prepared to demonstrate that they are knowledgeable about the company's business, current board members and C-suite leaders, industry dynamics, and key risks. "It takes more than a cursory scan of the company's latest 10-K or press releases to gain an in-depth understanding of a company, so candidates should prepare for an interview as they might prepare for a board meeting, with a thorough review of the pre-read materials," says DeHaas.

Preparation might include a review of at least the last few annual reports, proxy statements, and earnings and press releases, as well as profiles or biographies of C-suite leaders and current board members. In addition, the search should not be limited to material issued by the company. Reports or statements by proxy advisory firms and rating agencies as well as news articles that are about or that mention the company may provide a sense for how the company is viewed by external parties, some of whom may also be critical stakeholders, says DeHaas.

Board candidates can also listen to CEO conversations with analysts and investors, DeHaas adds. "A candidate can read the transcripts, but it's more interesting to listen to the conversations and get a sense of how the CEO and other members of management interact with stakeholders," she says.

Another important preparatory step for board candidates is to explore whether there may be any potential conflicts of interest that would preclude a candidate from accepting a specific board position and whether the candidate is able and willing to take actions to mitigate such conflicts. "There's a significant investment of time and energy in this process both for the company and the candidate, so it's in everyone's best interest to identify and evaluate conflicts early on," says DeHaas.



Why this company? Why me?

In interviews with people such as the chair of the nominating and governance committee, the chair of the board, the CEO, or others the company may include, candidates are being evaluated for their ability to serve as an effective board member. The focus is not on how the company or a seat on its board can serve an individual board member, so candidates should be mindful of this when they are asked questions such as: “Why do you want to be on this board?” Responses that may resonate with corporate leaders are those that focus on how the candidate can contribute to the company's success, not on how a board appointment would benefit the candidate.

At the same time, candidates should be prepared to challenge the company with a similar question: “Why do you want me to be on this board?” If the response is focused on one specific skill or attribute, the candidate can ask more probing questions to understand how their skills and experiences could benefit the company more broadly, which may be important to evaluating whether the opportunity is a good fit.

Interview discussions often focus on the roles and responsibilities of directors in protecting shareholder value as well as the company's brand and reputation, managing CEO succession, setting executive compensation, and overseeing enterprise risk management. Board interviews are not typically focused on a candidate's fitness to manage a company, but on the candidate's fit with the role of a board member at that company and how the candidates can help oversee the company.

As such, board candidates should be prepared to discuss their relevant skills and experiences that make them well suited for the board role with a focus on the value a candidate can offer to the company. As part of this discussion, candidates can inquire about the board's committee structure, how responsibilities are delegated and managed among committees, and what committees the candidate might serve.

To better understand the culture of the company and the board, candidates can also ask questions about how the board deals with

contentious issues and resolves conflicts—whether among board members, between the board and management, or more broadly in the organization. Asking for some examples of specific issues and how they were resolved may reveal indicators about whether the board follows a formal or informal process and whether people can disagree and resolve differences respectfully.

In interactions with the company's board and senior leaders while exploring an opportunity, director candidates should expect to discuss and be willing to ask questions about the following areas:

Strategy. What is the company's strategy and mission, and how does the company set and revisit strategy? To what extent does the company's strategy consider rapidly shifting external forces, such as economic conditions, digitization, and the geopolitical landscape? How often is strategy discussed in the board room?

Candidates should expect to have detailed discussions about the markets in which the company is operating, the company's products and services, its key competitors, and its customer base. Questions may focus on the company's market share and growth rate, forecasts, product development processes and pipelines, supply chain risks, cyber risk, and how the company gathers and considers competitive intelligence. It's also important for candidates to understand customer viewpoints and how the company gathers and uses customer feedback.

Operations. Financial results are critical to understanding the company's value proposition. Operating cash flow has been challenging for many companies, especially during the pandemic, so candidates should understand what levers the company is pulling to manage cash, what its debt levels are like, and whether its capital allocations are sufficient or may change over time.

Operational issues such as talent strategies, technology, and supply chains are top of mind for many companies. Candidates can ask how the company is managing these important issues in a challenging environment, what information is provided to the board, and from what sources. Candidates should also inquire about any regulatory activity, litigation, or other investigations, which may provide indicators about the company's risks and culture.

Risk management. What is the company's approach to managing and mitigating enterprise risk? Is this managed at the board level or delegated to a committee? Does it extend beyond financial risks to encompass other important areas such as cybersecurity, health and safety, and compliance with regulatory requirements?

Investors and other stakeholders. Director candidates should ask for insight on how the board interacts with shareholders and other stakeholders. Does the company have a process for how board members can respond if investors or other stakeholders contact them directly? Do board members engage directly with stakeholders outside of annual meetings, and how do boards represent the views of stakeholders in the board room?

Culture. Candidates can probe and observe interactions to understand the CEO's leadership style and the interaction between management and the board. The interpersonal and professional dynamics between management and the board are important to understand to evaluate cultural fit.

Reporting. What information is provided to the board, by whom, and how often? Is it complete, accurate, and reliable? To what extent do board members interact with management and visit the company's facilities and offices?

Personal liability. Candidates should review the company's charter and by-laws to understand indemnification provisions for directors, inquire about individual indemnification agreements with directors, and evaluate whether the company's directors and officers insurance policy provides adequate protection in the event of adverse actions.

Tough topics. Board candidates should be prepared to discuss what may be sensitive topics with professionalism and diplomacy to indicate a demeanor that is important for the board to project in its oversight role. Sensitive topics could involve both the company's history and performance, or the candidate's professional experiences, so director candidates should be prepared to ask and answer difficult questions. Candidates should understand the company's risk factor disclosures, litigation or regulatory issues, and internal or external investigations related to either the company or its personnel.

Positioning for success

Whether an experienced corporate director or a seasoned executive considering an initial board service opportunity, candidates for board appointments can draw on their leadership experiences to make it clear during the interview process that they are familiar with how boards operate and are ready to do the work necessary to contribute to the company's success.

"It's important for candidates to be able to articulate their value proposition," says Ellis-Kirk. "Not every board is meant for every board candidate, so what can this candidate offer to this company? How can this candidate participate and actively help this company on its current trajectory to achieve its stated goals?"

Director candidates should remember that their role in the board room is not the same as the executive roles they have held throughout their careers. "The board's role is more focused on providing oversight than hands-on assistance, often by asking thoughtful, probing questions that prompt management," says Ellis-Kirk. The interview is an excellent opportunity for a director candidate to demonstrate that kind of demeanor by asking questions that reflect a thorough understanding of a company's strategy and history, she says.

Rollins adds that companies often search for director candidates who demonstrate their ability to be collaborative and work well with others, even amid disagreement. "Tone and body language often project these kinds of characteristics," she says, "so candidates should be aware of how they present themselves both in virtual and in-person interactions."

DeHaas also emphasizes the importance of understanding the long-term commitment that candidates are making when accepting positions. "New board members should take on new opportunities with a high degree of confidence that the position is a good fit," she says. "Board resignations soon after appointments raise uncomfortable questions for both the company and the board member."

Overlaying all of these measures to prepare for board position interviews, authenticity is paramount. Boards that are considering new candidates place a great deal of faith and trust in fellow board members to act with honesty and integrity on matters that are often pivotal to the company's success. Candidates who demonstrate their capabilities to bring these critical leadership qualities to the board room may position themselves for many years of meaningful service.



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