

AGENDA

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What is Most Rewarding About Being a Director These Days?

By Katie Wagner

Directors say the challenges they encounter and the people they work with are among the most "rewarding" aspects of serving on boards these days.

That's according to the most prevalent responses to a question in Agenda's Directors and Officers Outlook: Q4 survey, which was conducted between Oct. 22 and Nov. 4. The question, which asked directors what they find most rewarding about board service, received 111 responses.

Directors, for the most part, aren't concerned about serving on a board during economic uncertainty. Many, in fact, embrace the challenge it brings to companies and some said they have recently been part of success stories.

Overall, the responses seem to indicate that the unprecedented public scrutiny directors face and the specter of more regulation and legislation hanging over their heads are not enough to push them away from being directors.

This could alleviate concerns that board service is becoming less attractive and should be an important consideration for boards as they strive to retain and recruit the best directors.

Corporate Strategy and the Economy

Roughly half of respondents alluded to finding the problem-solving aspect of board service to be most rewarding. Great directors are attracted to a directorship that will provide them with the challenge of getting deeply involved in overseeing a company's strategy and working at the strategic level in general, says Dora Vell, who served as a partner in the Heidrick & Struggles technology practice for seven years.

In fact, 23 directors cited "strategy" or some form of the word to explain what they find most satisfying about board service. For instance, one director wrote that "assessing and influencing

long-term strategy in a very uncertain economic and political environment" is the most rewarding aspect of serving as a director. Another director cited "knowing you can contribute to a company's growth and strategic decisions." Seventeen respondents cited the specific challenge of today's economy as one of the most rewarding reasons for serving on a board.

People

Many directors also point to the people they work with - either fellow board members or management, or both - as one of the most satisfying aspects of serving on a board.

"Having very competent fellow board members with the right chemistry including both independence and respect for each other [is most rewarding]," wrote one director.

"When a director candidate is evaluating a potential board, he or she looks at the quality of the people and the culture of the company, which are a little bit subject to interpretation," says Vell, who is currently CEO with the boutique firm Vell Executive Search.

The chemistry between board candidates and individual members of the board they are considering joining is also extremely important, Vell adds.

"If you've got a great board in place and you've got great management, it's not difficult to recruit great directors," says Dennis Carey, a board recruiter and vice chairman of Korn/Ferry International.

Downside

Even the best boards can run into problems with attracting great directors if the time commitment is too great, says Carey, noting that not all challenges are attractive to great directors.

The time commitment can have the greatest impact on boards' attempts to attract and retain sitting CEOs and chairmen of public companies who don't typically have time to serve on more than one outside board.

"To the extent that we keep increasing the demand on directors on issues that don't materially affect the performance of the company, we see demand on directors on issues that don't materially affect the performance of the company, we see decreasing interest among the most active chairman and CEOs," Carey says.

SEC and Congressional action targeting boards could increase demands on directors' time. The SEC's new disclosure rules and its ban on broker voting, along with recently proposed corporate governance changes such as mandatory say on pay and proxy access, would continue to increase directors' time commitment, he adds.

"I would argue that most of the intrusion by the government and the SEC are not the kinds of challenges that great directors are looking for," Carey says.

Indeed, two survey respondents said the most rewarding part of serving on a board was doing so in a private company, or, as one of the respondents said, "not being in a public company."

Dora Vell is the CEO of Vell Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in recruiting technology executives including: CEOs, COOs, CTOs, CMOs, CROs, board members and others. She works with VC-backed, PE-backed private companies and public companies. She can be reached at dora@vell.com.