

POINT *of* VIEW

PERSPECTIVES ON
LEADERSHIP PERFORMANCE
INDIVIDUALS | TEAMS | ORGANIZATIONS | BOARDS

2017

SpencerStuart

About Spencer Stuart

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.

    @Spencer Stuart

© 2017 Spencer Stuart. All rights reserved.

For information about copying, distributing and displaying this work, contact: permissions@spencerstuart.com.

Table of Contents

LETTER FROM OUR CEO	1		
		2	INVESTORS AND THE BOARD
BOARDS AROUND THE WORLD	10		
		12	WHY EFFECTIVE EXECUTIVE DEVELOPMENT BEGINS WITH ASSESSMENT
BLURRED LINES: THE EVOLUTION OF LEADERSHIP IN INFORMATION RISK AND CYBERSECURITY	20		
		26	CONTEXT MATTERS: THE FIVE ELEMENTS OF CONTEXT THAT MOST IMPACT SENIOR LEADER SUCCESS
THE ROLE OF CULTURE IN SEARCH AND SUCCESSION: BUSTING THREE COMMON CULTURAL MYTHS	32		
		38	THE FIVE MOST COMMON NEW DIRECTOR QUESTIONS: ADVICE FOR FIRST-TIME BOARD DIRECTORS ON GETTING A STRONG START



From our CEO

The past year has ushered in an extraordinary amount of change on the global stage, raising questions about whether a new world order is emerging and what it might mean for business. What will be the impact on global growth if traditional alliances fragment and trade wars emerge? Will international migration of students and talent slow? If it does, what are the implications for the development of new talent ecosystems and, even, innovation?

Not surprisingly, we at Spencer Stuart gravitate toward questions of leadership and the role of leaders in navigating change during times like this. What new aptitudes or capabilities are needed when the context for the business changes? What's the best way to assess leaders to understand their ability to deal with ambiguity in a more uncertain, dynamic business climate? How does organizational culture support the shift to new strategic priorities — or serve as an obstacle to change?

With this issue of *Point of View*, we look at a range of critical issues that are changing the landscape for business — among them the increasing engagement and activism of shareholders and the evolution of cyber threats — and what those issues imply for leadership and the board. We also explore the link between business context and the performance of senior leaders, teams and, ultimately, businesses themselves.

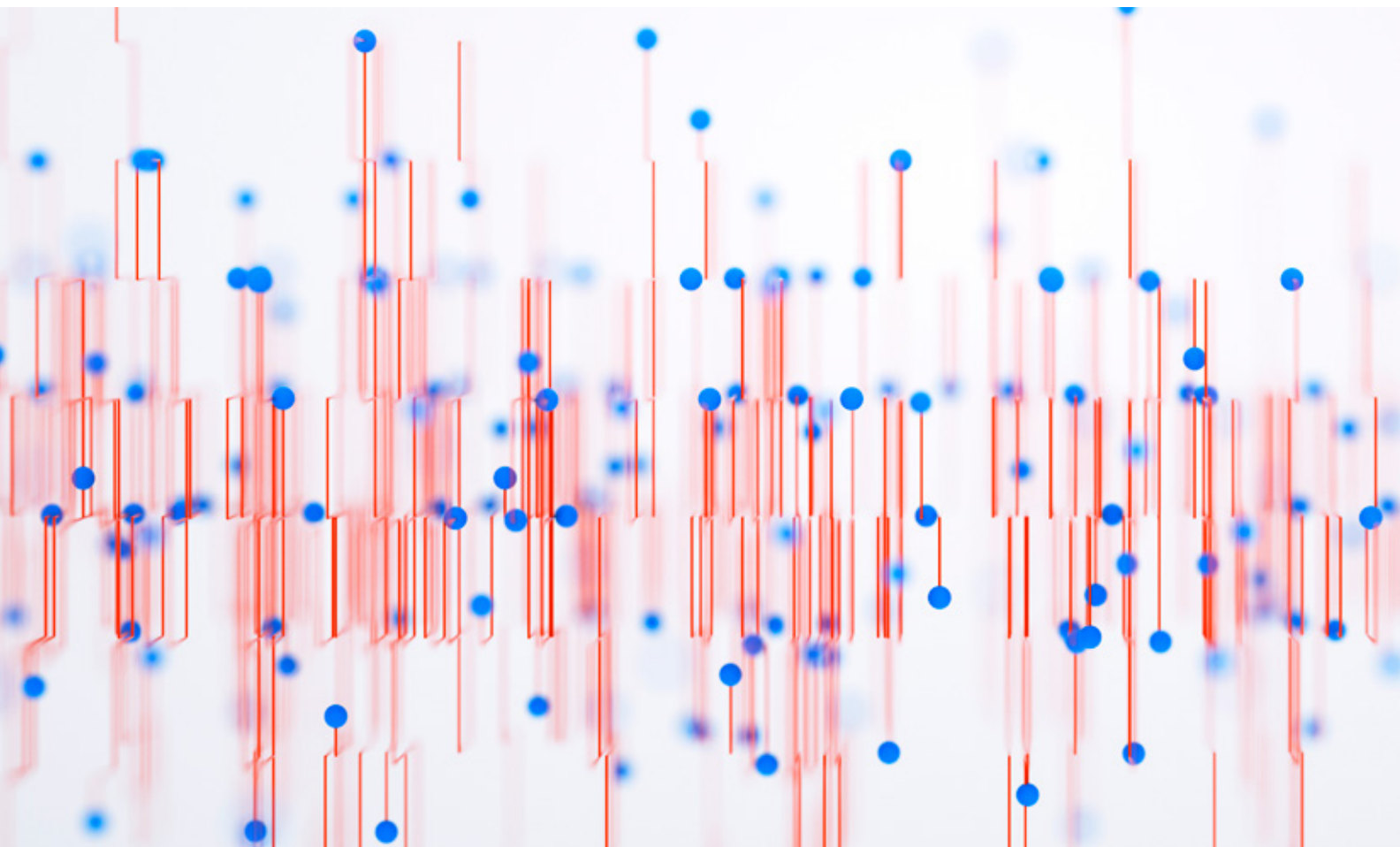
In light of the growing number of first-time directors in many markets, we share the best advice from board members who have recently made the transition. We examine the assumptions leaders make about organizational culture that can obscure the real drivers of culture fit, making leadership selection and transition planning more difficult. We also look at why executive development and training typically fail to improve leader performance and what can make these investments more likely to succeed.

On behalf of all of us at Spencer Stuart, I hope you find articles in this issue of *Point of View* that spark an idea or highlight a useful learning. As always, we welcome your comments.

Kevin M. Connelly
Chief Executive Officer
Spencer Stuart

Investors and the Board

Shareholder activism is gathering pace around the world — and it is here to stay. Behind the scenes, traditional long-term institutions are joining forces with activists in an attempt to drive stronger investment returns. Every board has to understand where its business is vulnerable to attack, whether it has a strong and convincing story to tell, and whether its engagement strategy is robust enough to meet the expectations of today's shareholders.



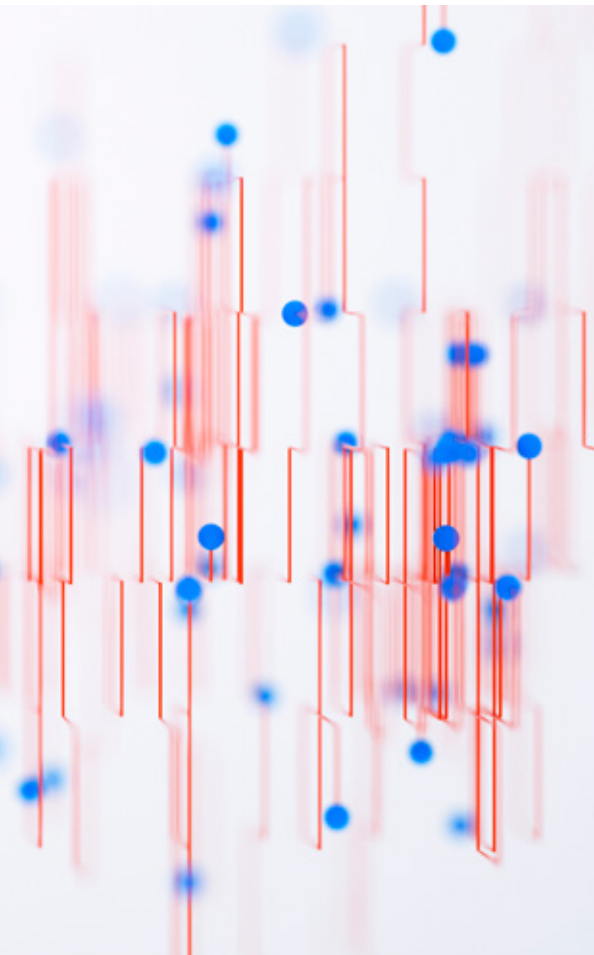
“In our experience, the most effective boards are those that have a robust strategy, can communicate the investment case clearly, seek a constructive dialogue with all the relevant parties, and are willing to listen to and understand their concerns.”

Since the financial crisis, shareholders of listed companies around the world have become increasingly active, seeking deeper engagement with the companies they invest in, using their influence to drive improvements in governance and holding boards to account on a wide range of issues, from strategy and performance to composition and CEO pay.

Proxy advisory firms have become more powerful, and institutional investors, often with a long-term holding strategy, have strengthened their governance teams to shine a light on perceived weaknesses in investee companies. Many boards are finding themselves at the receiving end of shareholder activism as interest rates remain low and alpha becomes more elusive. Indeed, activism has itself become an asset class, outperforming index funds and attracting capital looking for higher returns. According to a review of U.S. shareholder activism in 2016 by Lazard, 25 percent of the 149 campaigns were launched by first-time activists.

There is growing political pressure from public funds on diversity and societal impact, including carbon emissions and the environment. For example, among the desired director attributes listed by CalPERS, which runs the largest public pension fund in the U.S., are “expertise and experience in climate change risk management strategies.”

All these developments are unnerving many boards. They hear conflicting messages from different investors and cannot possibly satisfy them all. They are suspicious of the short-term agenda of opportunistic activist investors when it is their duty as directors to safeguard the long-term interests of the company.



When faced with myriad pressures, boards may be tempted to retreat from all the noise and adopt a defensive attitude, keeping their contact with shareholders to a minimum. This is a mistake and one that can cost companies dearly. Activists build relationships with other investors in order to enlist them in applying pressure, so boards must ensure that they have ongoing relationships with shareholders of all kinds and listen to what they have to say. As Sacha Sadan, director of corporate governance at LGIM, remarks: “If you’ve got to the point where you have an activist investor on your heels, you’ve probably got some unhappy longer-term investors.”

Frustrations between shareholders and companies run in both directions, but much can be done by boards to turn them into opportunities. In our experience, the most effective boards are those that have a robust strategy, can communicate the investment case clearly, seek a constructive dialogue with all the relevant parties, and are willing to listen to and understand their concerns. “The board needs to have the right CEO, CFO and investor relations director in place,” says Sir John Parker, chairman of Anglo American. “The chairman should be known to shareholders and always available to talk to them about governance, board composition and any issue they prefer not to raise with senior management.”

We have identified five steps that boards can take to improve their relationships with shareholders:

1 Understand the triggers that prompt shareholder intervention

There are multiple reasons why shareholders might want to talk to a board. At the top of the list is weak business performance. “When the company is not performing, like it or not management and the board are exposed. It’s naïve to think otherwise,” says Ray Milchovich, a member of the board of The Dow Chemical Company, former lead director of Nucor and former chairman and CEO of Foster Wheeler. “As a CEO, I always assumed that if we were not performing relative to our peers or creating value for our shareholders, our position was unsustainable in the long term. Why should people want to invest in this company for people to sit here and not perform?”

The quality, composition and tenure of the board are also important factors that shareholders watch closely. According to Sir John Parker, “The best bulwark against destruction of shareholder value is to have broad-based experience in the boardroom as well as domain knowledge.” Investors know how important it is that the board has the mix of competencies and knowledge that will

SHAREHOLDER ACTIVISM IN ASIA AND EUROPE

U.S.-style shareholder activism has had to adapt to different cultures and governance regimes. Since many businesses in Asia are majority-controlled, shareholder activism has been less of an issue to date, although there is no room for complacency. Indeed, companies ambitious for global expansion may need secondary financing and will therefore attract the attention of overseas investors. As a result, boards are having to take notice of investors’ views on governance issues and are still learning how best to relate to them. Across Europe, there has been a rise in the number of challenges by activists but these have met with varying success. However, boards cannot afford to ignore the fact that activists’ campaigns are often based on excellent research and that institutional investors are increasingly willing to collaborate with them to get results.

enable directors to judge whether the strategy is the right one and whether management has an effective execution model to deliver on that strategy. “I also want to know how agile the company is,” says Sadan, who insists that boards must keep their fingers on the pulse of a rapidly changing business environment. “Instead of trying to find a director with all the requisite skills, maybe you need to find people who can sit just outside the board, perhaps on an advisory board or external technical committee; they can come and talk to you a few times a year, and you can swap them out for different experts if needed.”

Shareholders are also becoming vocal on the subject of diversity, engaging with boards around the world to ensure that they appoint more women directors. Other measures of diversity matter too, including international outlook, ethnicity, age and background.

Investors are scrutinizing governance structures, particularly the separation of roles at the top. In France and the U.S., where it is quite common for the chairman and CEO roles to be combined, boards are under increasing pressure to ensure that independent voices are being properly heard and that board leadership roles are clearly delineated, with the presence of a strong lead or senior independent director with whom shareholders can have a candid conversation if they have concerns about management.

The chairman and/or lead independent director must also be able to demonstrate that the board has a carefully considered process for CEO and board succession. Shareholders continue to express their frustration over the number of boards that talk about succession but then fail to deliver a smooth transition of power.

Shareholders are also concerned about the dynamic among directors and the quality of debate in the boardroom. Milchovich believes that a high-performing board must operate well as a team yet also get involved in what he calls “constructive conflict.” “Directors inevitably develop relationships with each other over time and this is an important part of what makes a board work. However, when the social aspect of the board interferes with the responsibility of directors to delve into the issues, ask difficult questions and challenge groupthink, there is almost certainly trouble ahead.” One of the ways

“Active investors are always trying to find out whether the firm has the right strategy and if they have the right person in place to drive that strategy.”

that shareholders gain reassurance about the quality of boardroom debate is by knowing that a board will be assessed by a respected external adviser whose job it is to explore how well the board deals with difficult issues and to make recommendations for improvement.

CEO compensation continues to vex shareholders, especially when there is a clear disconnect between reward and performance. A key consideration in the appointment of any compensation committee chairman should be how effective he or she will be in articulating compensation policy, explaining decisions to shareholders and addressing their concerns.

Among the other issues that trigger investor pressure are a perceived lack of strategic direction, the allocation of capital, voting rights and the return of surplus cash to shareholders. Boards must think carefully about which of these concerns are uppermost in the minds of investors and be able to show that they are taking remedial action where necessary.

Decide who will engage, and how often

Boards must agree who will take the lead in shareholder communication, so that everyone understands their role and keeps each other informed. In some jurisdictions, directors’ communication with shareholders is strictly regulated. In Germany, for example, the supervisory board chairman is only entitled to speak to shareholders on matters relating to the board, while it is the CEO’s responsibility to discuss operational issues. Bruno Lafont, former chairman of Lafarge and lead director of ArcelorMittal, agrees with this principle: “The chairman should be the point of communication for governance issues and shareholder relations; the CEO should be the one to discuss all other subjects. It is important to limit the number of people involved.”

Elsewhere, the general consensus is that the chairman takes the lead except when the roles are combined, in which case this duty falls to the lead director. Whatever the circumstances, effective communication with shareholders requires a highly functional relationship between the board chairman/lead director and the CEO. “In the normal course of business, I don’t think the board interfacing with shareholders in a way that is separate from management is productive,” says Milchovich. “Exceptionally, a shareholder might ask to meet with the board without management present. It would be a mistake not to listen to such a request, but when that happens, it is usually a signal that something is wrong.”

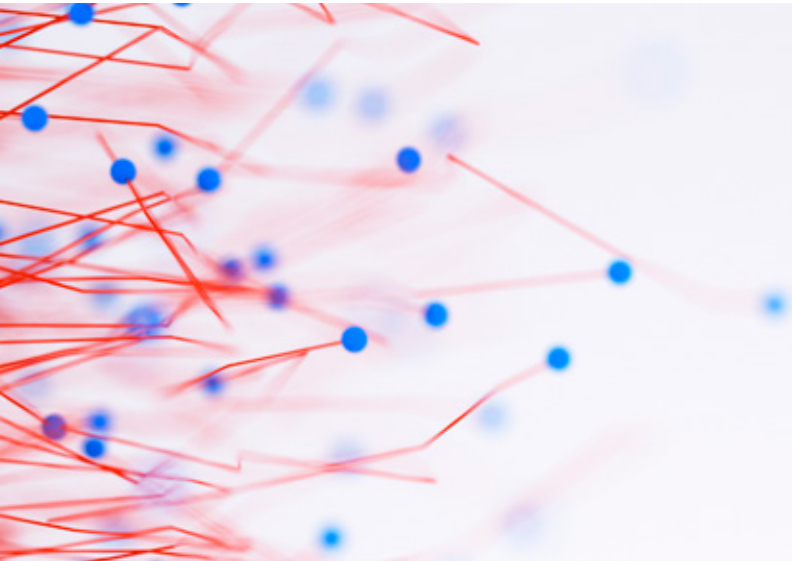
Stephen L. Brown, senior adviser for KPMG’s Board Leadership Center, thinks that the board should get an update from the CEO at least once a year on how the company’s governance staff engages with stakeholders. “Do they have a robust shareholder engagement program? Have they formed meaningful relationships not only with portfolio managers and analysts, but also with proxy voters at the investment firms? How does the staff stay apprised of the latest trends and initiatives within the investment community? How would the team discuss the board’s role on investor hot topics such as oversight of strategy and ESG (environmental, social and governance) issues? If they were hired many years ago, do they have the right training or skill sets to do an outstanding job in today’s environment? These are important questions for the board to be asking.”

Sadan believes that the most underutilized person is the corporate secretary. He or she can play an important role behind the scenes, not only in keeping a formal record of conversations with investors but also in having the autonomy to find out what the issues are and ensure they get properly aired in board meetings. “One company secretary brought their remuneration committee chair to come and meet us, sensing they might have a problem even though the committee thought things were okay. We took another meeting even though we were busy, and I think that helped resolve what could have become a major issue.”


Many companies have routines in place to ensure they meet with all their significant shareholders. “My experience is that some institutional investors are keen to see you every three to six months; for others, once a year is enough,” says Alastair Kerr, board director of Fuller, Smith & Turner, Fenwick and J. Murphy & Sons. “And of course, the annual general meeting is another opportunity for dialogue. It is important that they have the opportunity to meet not just the chairman and CEO but the chairmen of the audit, remuneration and risk committees as well.”

Prepare well

Preparation is something that activist investors do extremely well. They rarely make a move without first having built a case on very detailed research, and so it is incumbent upon boards to anticipate where the



“We are paid to go into the boardroom and represent the shareholders. If there are difficult issues that need to be put on the table, we cannot shy away from them.”



*“Investors want to be heard ...
Listen and learn.”*

company is most vulnerable and put initiatives in place to counteract possible action. Regular written reports from the head of IR and presentations from company-appointed brokers help boards understand shareholders' views. The rise of external advisers demonstrates how seriously boards are taking the need to develop an effective investor engagement strategy.

When meeting with a shareholder for whatever reason, a board director must prepare properly. The first step is to get well briefed by management on who you will be meeting and their likely motivation for talking to you. Using an agenda to structure the conversation is important, as is taking the time to rehearse once you have all the information at your fingertips.

“If a director is part of the engagement team, then that person should be independent, and also a good communicator,” says Brown. “If they are not prepared, these meetings don't go well. As an investor, I expect the director to be able to answer my questions, do some reflective listening and take notes. One of the best conversations I ever had was with a director who walked in with our policy statement, dog-eared and underlined. That not only showed respect, but an understanding that our policies might differ from those of the proxy advisers.”

Investor meetings can be rewarding, even if they are tough. Milchovich recalls how seriously some investment houses took these meetings. He would sit with his CFO and head of investor relations in a room with 20 people for two hours, working off prepared materials for 30 minutes, followed by Q&A. “You couldn't study for that test,” he says. “You either knew what was going on in your company and could answer those questions or you couldn't — there was nowhere to hide. Those were good meetings and I always learned from them.”

Take your investors seriously — and listen

The questions raised by active and activist investors are often the same, but their methods are different. Active investors (institutional, long-term investors increasingly fall into this category) are more cooperative with the management team, willing to participate in discreet behind-the-scenes discussions, whereas activist investors want to go public quicker if their initial demands are not met.

Taking the time to understand what shareholders and proxy advisers are most concerned about requires a willingness to engage, good research and a lot of listening. Boards must take interventions by investors seriously or they may be caught off guard. “Engage in dialogue as early as possible,” says Kerr. “They are not going to go away. The problem will get bigger if you leave it.”

When activist investors end up launching a public campaign it can inflict serious damage on the company's reputation. Boards can avoid this happening by communicating their message clearly and systematically and then taking the attitude that investors who argue the case for change are effectively offering free advice. “Ultimately, shareholders are your boss,” says Lafont. “Even if you disagree with their position you should think about why they promote it and what could come out of it.” Jean-Martin Folz, senior independent director of both Saint-Gobain and AXA agrees: “In most cases when an activist intervenes, it provokes a useful debate because whatever question they are raising is usually worth being examined. Also, it tends to unify the board unless there was already a conflict among the directors.”

Disappointing company performance or poor governance will prompt investors to scrutinize the quality and suitability of directors and press for change in the boardroom. The number of board seats won by activists in the U.S. has been on the rise and increasingly boards are settling in order to avoid a public proxy fight. In European and Asia Pacific countries, where it is already common for large shareholders to be directly represented on the board, nominations by activist investors are more likely to meet resistance. For Denis Ranque, chairman of Airbus, there is a trade-off: “Having a major shareholder’s representative join the board can be an effective way to manage the relationship with this investor, but there might be an immediate effect on the atmosphere of the board and on its unity.” Sir John

Parker takes the view that shareholders appointed to the board cannot be independent and should be discouraged. “Why should one shareholder have an inside track on board information not available to all?”

Stay focused on the long term

While a board should keep an eye on short-term performance, any pressure to change course or make decisions to satisfy the short-term demands of investors must be countered with a clear articulation of the company’s long-term vision. “Be honest and open and, if it’s necessary, be conciliatory,” says Kerr. “But if you are clear that your view is right and held by a majority of shareholders, stick to your ground.”

SIX THINGS FOR BOARDS TO CONSIDER IN THE FACE OF SHAREHOLDER ACTIVISM

- **Be your own fiercest critic.** Anticipate the case that might be made against you, keep all your options constantly under review and prepare your response.
- **Think the unthinkable.** How does the board contemplate the kind of disruption that the objective, dispassionate outsider may envisage as necessary?
- **Be objective.** Disengage from your emotional investment in the status quo and the current strategy in order to match the objectivity of the analytically driven activist.
- **Take the investor-turned-activist seriously.** They will have done their homework. It is free advice.
- **Review board composition.** Increasingly, the focus of attention will be the board itself — its leadership, composition and effectiveness.
- **Be open-minded about board representation.** Each request should be considered on its merits. The board’s response should be framed by the investor’s attitude to the long-term health of the business.

“You have to assess whether the investors are considering the company’s interests or merely their own.”

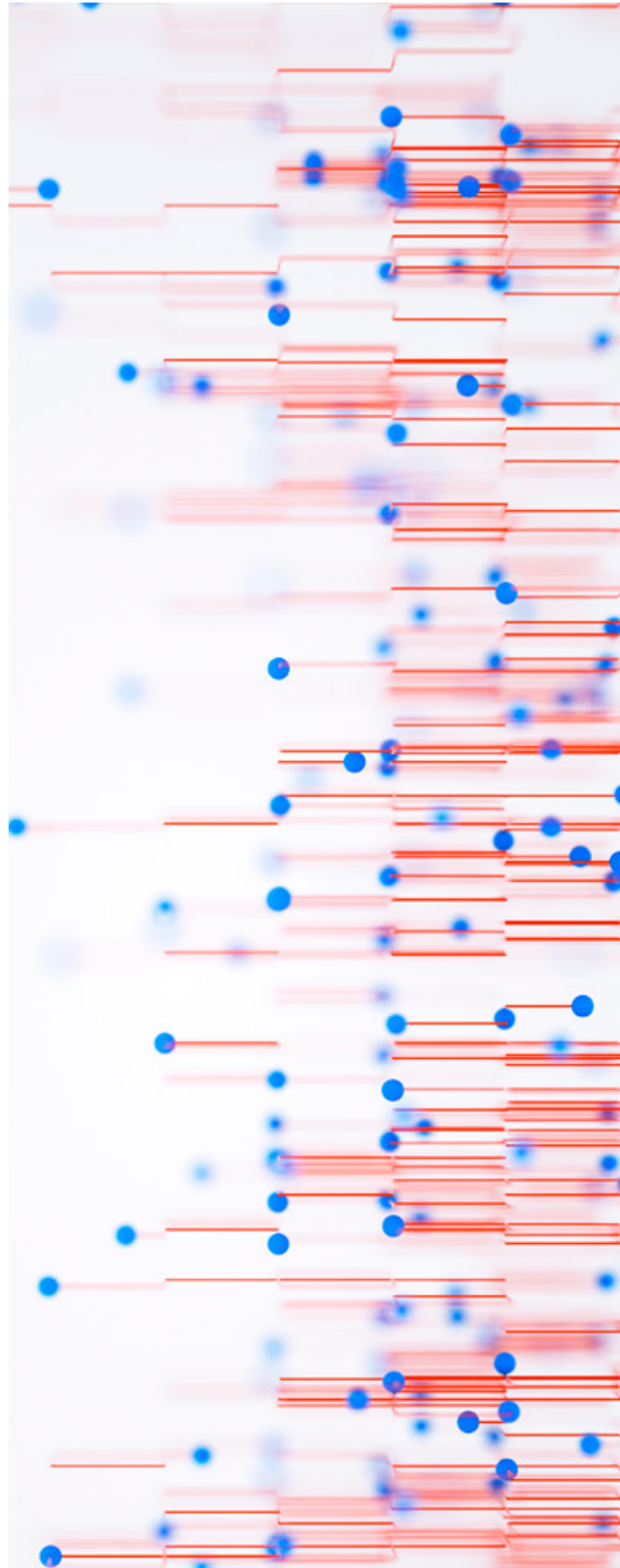
The board’s responsibility is ultimately to promote the long-term, sustainable health of the business. Directors should ensure that all board activities and interactions with management and investors are underpinned by a clear understanding and articulation of the organization’s long-term vision and values. Resisting short-termism can require discipline and nerve; chairmen in particular must have plenty of conviction, influence and resilience to stand firm under pressure. Fortunately, they have strong allies among long-only investors who prioritize alignment on long-term governance issues.

Conclusion

With many shareholders looking to increase the quality of their engagement with investee companies, boards must choose the right people to communicate a consistent and positive story to fund managers and their governance teams in a way that resonates with them and addresses their concerns. This is made easier by an honest appraisal of any weaknesses in performance and governance, good preparation and a willingness to listen. Boards that remain self-aware, communicate a compelling vision for the business and listen with an open mind to the concerns of shareholders can build constructive relationships with them and reduce the likelihood of being forced onto the defensive.

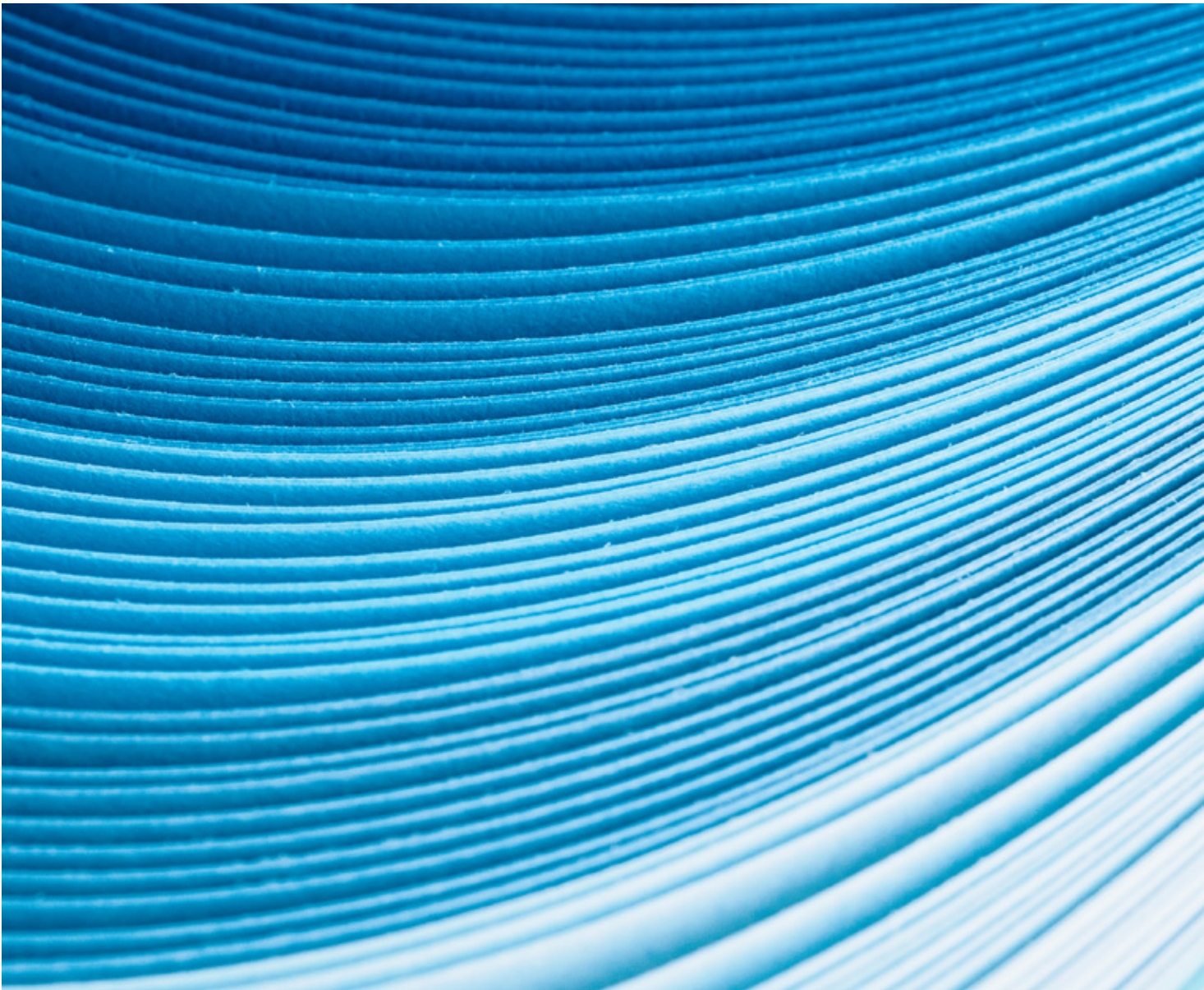
Authors

Alice Au (Hong Kong), Lloyd Campbell (New York), Will Dawkins (London) and Bertrand Richard (Paris)



Boards Around the World

How do boards around the world compare?

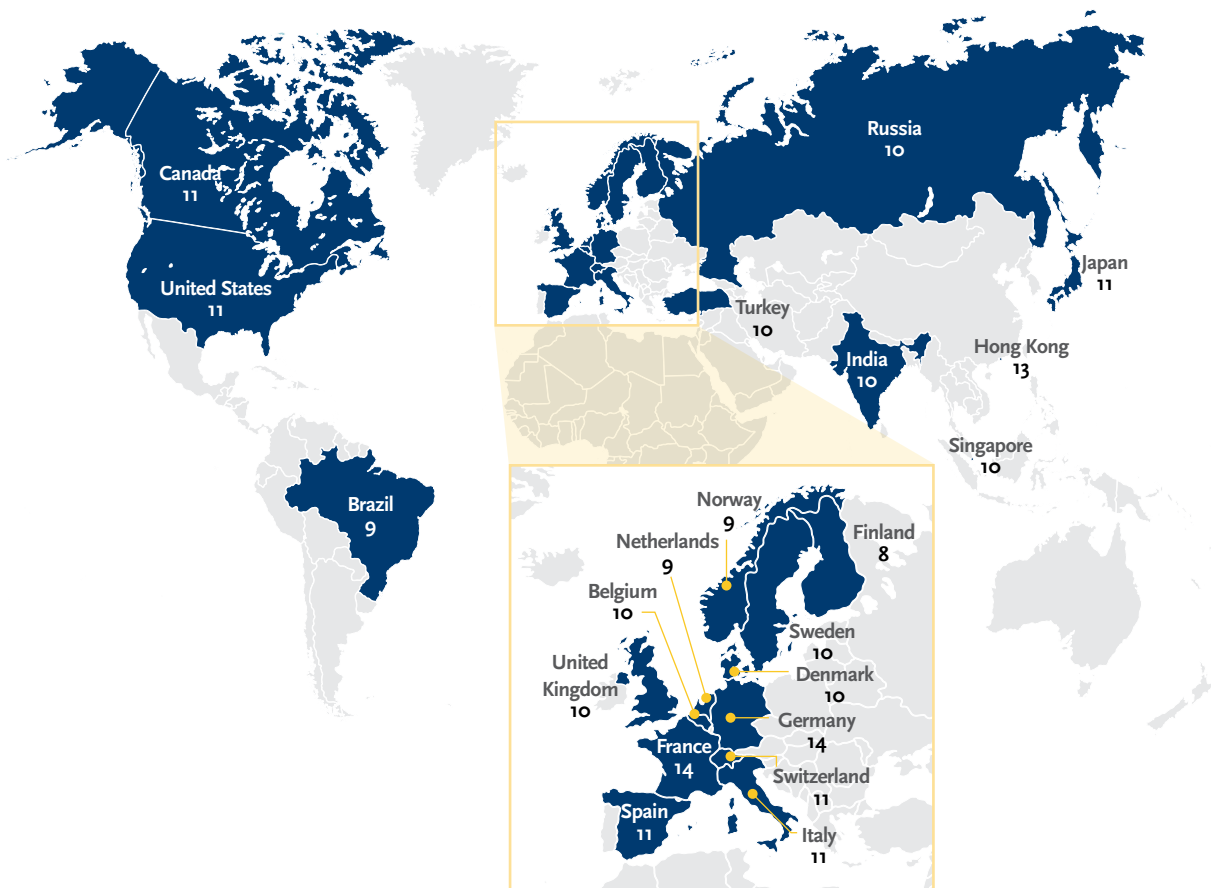


From gender diversity to the representation of foreign nationalities, the makeup of corporate boards is shifting throughout the world. Spencer Stuart tracks global trends in composition, governance practices and compensation through nearly 30 Board Indexes, which together provide a comprehensive view of governance practices among leading public corporations in various countries, localities and industries.

Explore governance data from around the world in an interactive comparative chart on the Spencer Stuart website:

<https://www.spencerstuart.com/research-and-insight/boards-around-the-world>

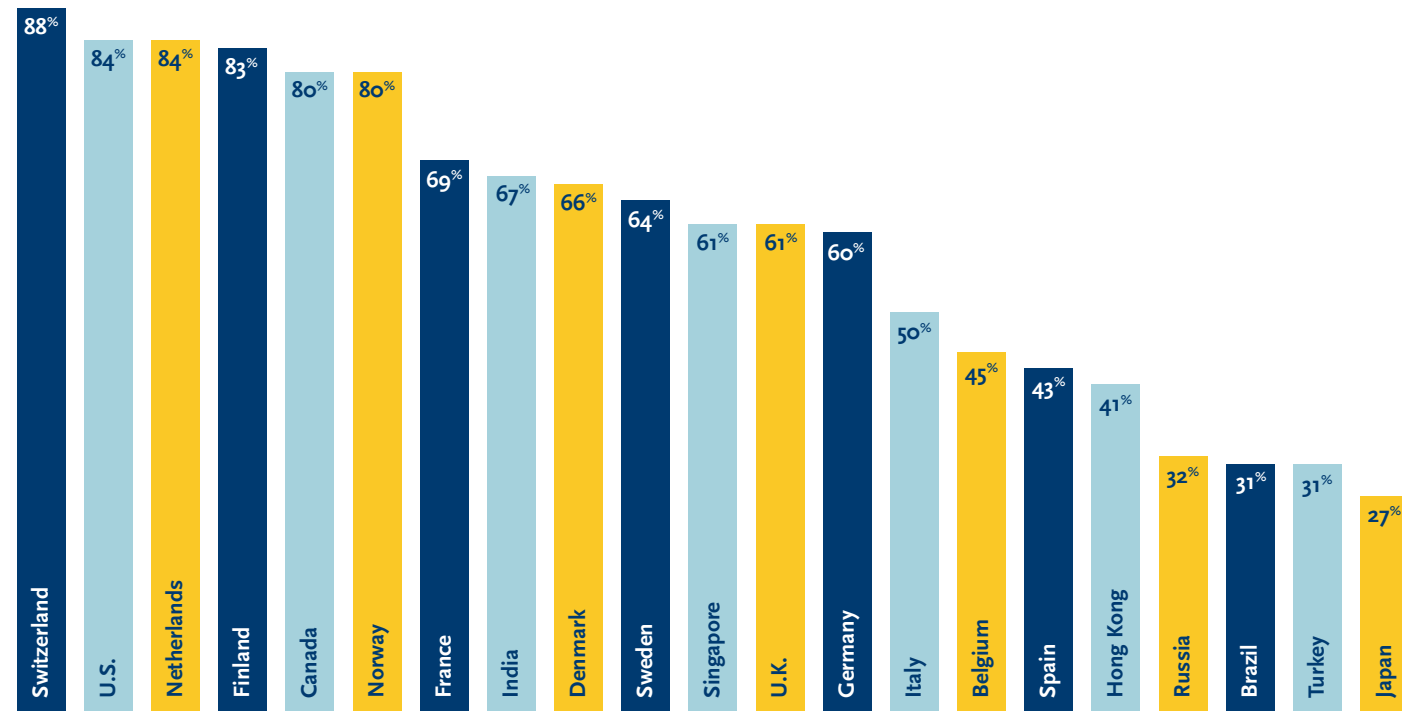
AVERAGE NUMBER OF DIRECTORS



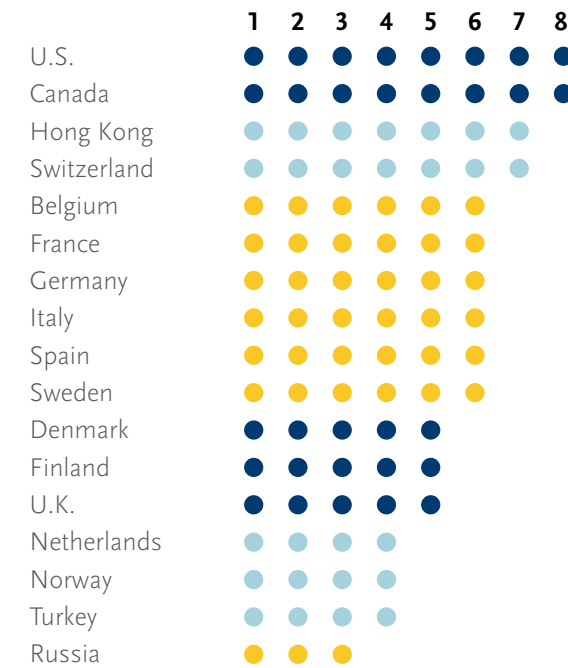
PERCENT OF FOREIGN BOARD MEMBERS



INDEPENDENT DIRECTORS



AVERAGE DIRECTOR TENURE (YEARS)



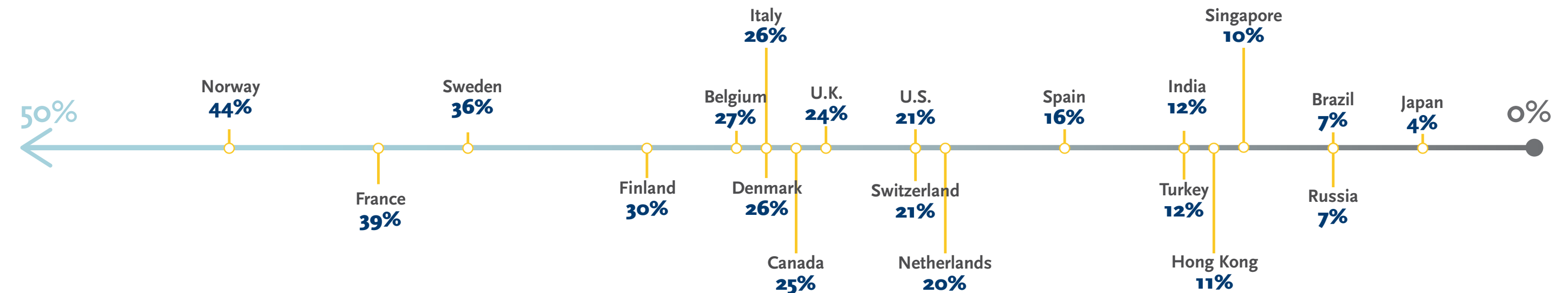
A look at board composition

Board composition is at the heart of board effectiveness. Effective boards are made up of directors who reflect the strategic priorities and challenges of the business, the relevant areas of risk, and the diversity of stakeholders. The composition of boards can vary markedly from country to country. For example, the percentage of foreign board members ranges from a low of 2.5% in Japan to a high of 60% in Switzerland, while female representation ranges from 4% of all directors to 44%.

Reflecting the various governance models around the world, including the high number of controlled companies in many markets, the percentage of independent directors varies greatly as well, from as few as 27% of directors to as many as 88%.

Source: Spencer Stuart Board Indexes

PERCENT OF FEMALE BOARD DIRECTORS



Why Effective Executive Development Begins with Assessment



Why should one think about assessing leaders for development? Indeed, why should we think about executive development at all? Aren't people at that level already good at developing themselves?

Not necessarily. Even as the focus and demands of their jobs shift, people tend to overuse skills that worked in the past. They often need help to figure out how to apply their old abilities in new ways, and to recognize and develop whole new abilities they didn't need before. And numerous studies have found that top executives — up to and including the CEO — actually crave feedback on their performance, but do not get it. Rich, specific feedback tied to the demands of current and future roles enables leaders to improve their performance and develop important new capabilities. Assessment clarifies what the differences are and, ideally, what someone needs to do differently or develop first.

In fact, many organizations spend a lot of money on executive training and coaching, with mixed results. Widely accepted research on training has found that only about 25 percent of training participants make any behavioral change at all. By contrast, sales training works much better — with some forms achieving 75-80 percent behavioral change — but executive-level training tends to fare much worse. Some categories of executive training have been found to have zero impact on participants.



Why do the results vary so widely (but average so low)? We believe development can only be effective if it takes into account the specific needs of individuals in the context of the demands of their current and future roles. This is done through assessment.

Sales training is tailored directly to the behavioral needs of a successful salesperson, and these behaviors are well understood and eminently teachable. But the job of “executive” is not so specific. Compare a controller, a head of training, a head of cybersecurity and a regional CEO. Apart from the basic similarities of a strategic remit and the task of leading people, they are nowhere near as similar as any two salespeople in the same organization.

And that is why generic executive training fails: People simply develop better when efforts are tailored to their needs. With targeted development, the success rate, even for group training, can rise to 75 percent or better. Coaching can be even more effective, if done properly. The key is to know what people need, relative to their specific jobs. Assessment provides that key.

A significant body of research has shown that the most effective assessments measure the capabilities that are central to effective executive leadership, consider the relevant leadership context and evaluate future potential with a developmental lens. When assessing leaders for development, it's important to build on those principles:

- » Measure the capabilities that are central to effective executive leadership — for future as well as present leadership demands
- » Consider the relevant leadership context — including environmental changes, and remembering that current performance is not the same as future potential
- » Evaluate future potential with a developmental lens — but be sure to ask “potential for what?” And is the leader motivated to develop in that direction?
- » Embrace multiple methods and perspectives for precision

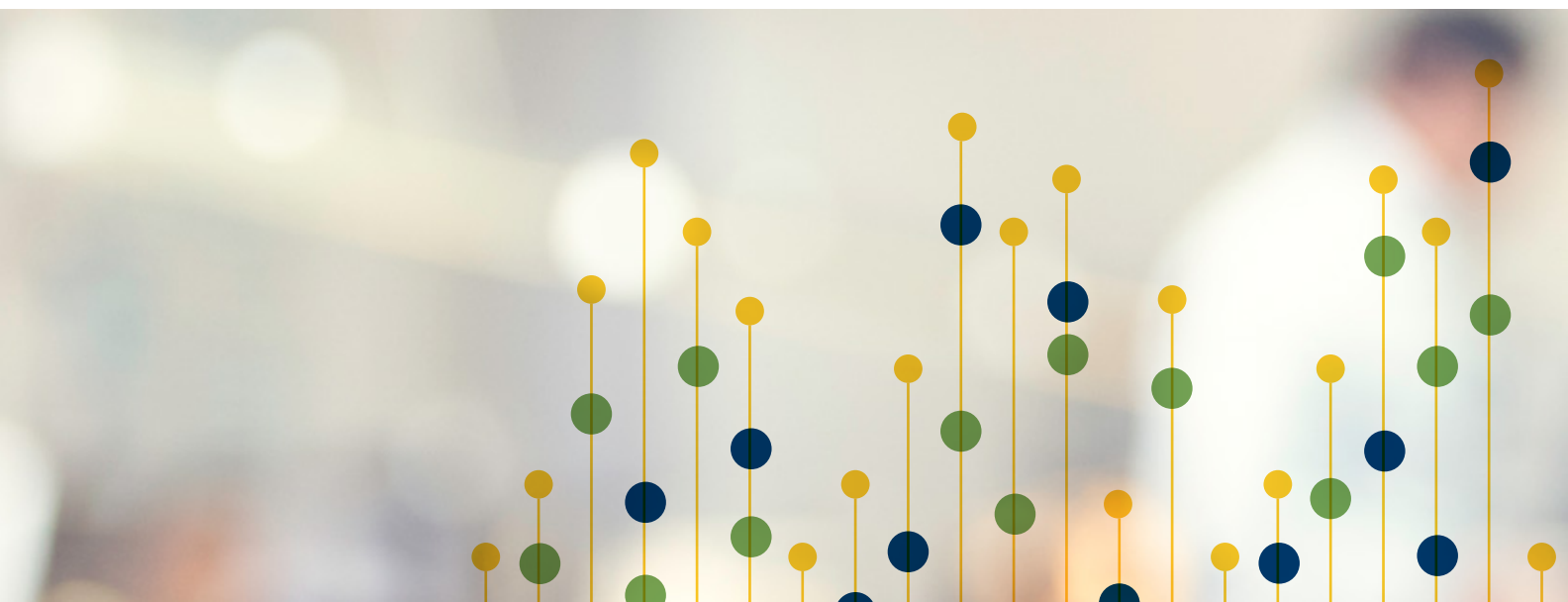
Measure future capabilities

In the desire to capture lightning in a bottle twice, organizations often try to create someone exactly like the original, successful leader when trying to develop a person for an executive role. But successors need not duplicate their predecessors — and, in fact, the strategic direction of the business may call for an entirely different profile. When assessing for development, one should leave room for growth and change, and explicitly include capabilities that might be needed in the future.

The challenge is to correctly identify the capabilities of the future, which may not be present or fully known today. One key requirement is to start from the strategic context; a second is to leverage external sources and benchmarks to avoid using the “best in the building” as your metric instead of “best in the world.”

For example, many organizations grow to significant size within their own country, but must expand internationally to continue growth. To “go global” requires a host of capabilities that may differ from those of the founder and domestic successors. One obvious one is cultural agility (also known as intercultural sensitivity). A successor unable to engage across cultures will not be as effective and will need to be developed to reach strategically required standards.

Sometimes the differences between today's and tomorrow's leaders lie not in the capabilities themselves, but the level of sophistication of the same capabilities — for example, being able to create strategy for an inherently larger and more complex organization, or adapting to new technologies with speed, or getting greater leveraged impact through one's direct reports into a larger organization. This, too, emerges logically from one's strategy: acquiring a new business with a different business model makes leadership inherently more complex, so you must have someone who can manage more than one strategy within the corporate umbrella.



Assessment approaches also should leverage external sources and benchmarks. Many leadership frameworks within a given company are necessarily based on today's leaders, and therefore lack the behaviors of the future that may well exist in embryo. An unintended consequence can be to constrain development instead of encouraging it, by reinforcing a pre-established assumption around leadership.

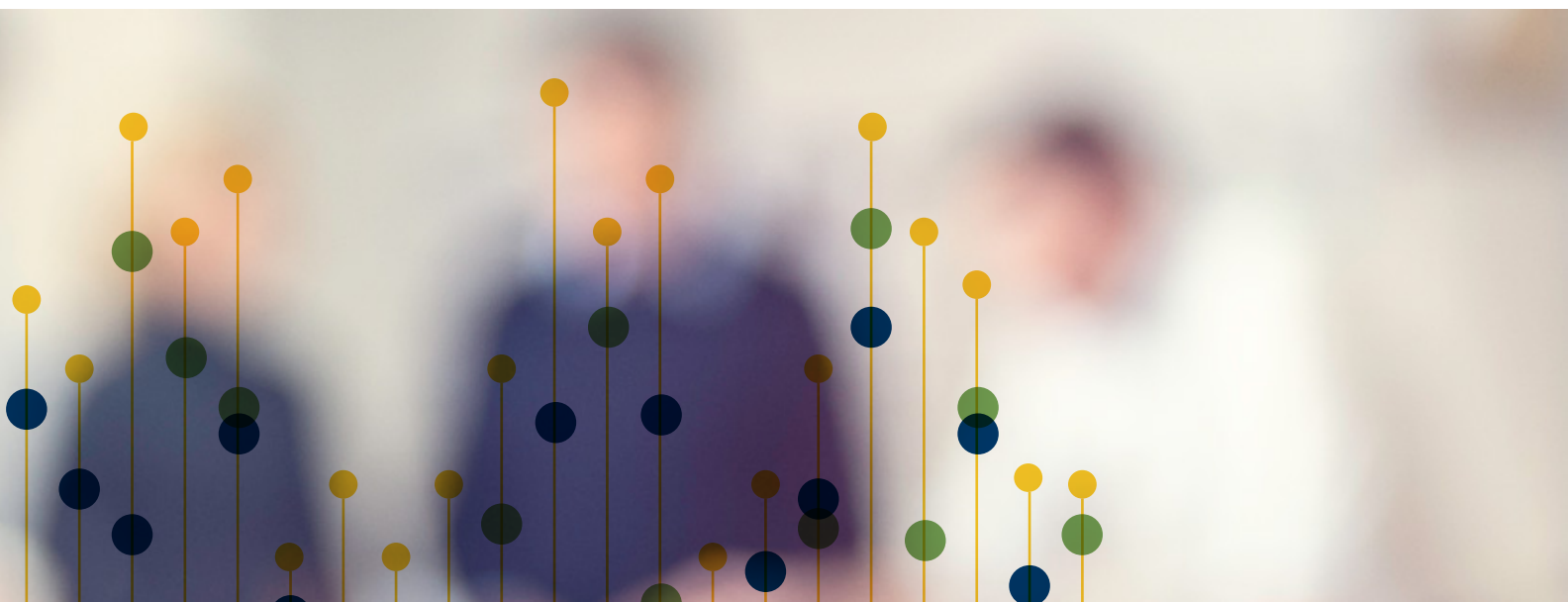
Using research-grounded scaled capabilities, as we do at Spencer Stuart, can make this easier, as the "next step up" from today is known, and can be assessed. One huge advantage of an external benchmark such as the Spencer Stuart Leadership Capability Framework (LCF) is that it can be based on a wide range of leaders across industries, geographies and roles, which means a wider range of behaviors are known and can be assessed and benchmarked. As a result, important future capabilities that are not fully established in the organization — but may exist in certain high-potential individuals — can be identified and developed. Organizations also can identify these potentially important behaviors for the future by looking at the example of an industry that already is dealing with those business challenges. For example, years ago, a mobile phone service provider wanted to benchmark its leaders against executives in the fast-moving consumer goods sector, noting that as phones were increasingly regarded as fashion items, leaders likely would need a hybrid of skills going forward.

Consider the relevant leadership context

As noted previously, the strategic context matters. So does the current leadership context: how does a leader get from here to there when the next management role may be dramatically different?

A key point here is not to confuse performance in a current job with potential for tomorrow's jobs. We have seen over and over again managers selecting "high performers" as "high potentials." But the next job up may be completely different. For example, manager and executive roles differ a great deal in their direction of focus. Managers take care of what is beneath them: their direct reports and their own organization. They partner to the extent necessary to support their own organization. Executives look outward — into the future, across the organization, further into the market. Another difference is their span of control — executives cannot manage a large group hands-on; they must find ways to leverage their impact, to multiply their effect. In plain fact, the day-to-day activities of the job simply look different, and thus require new ways of working. But do most people even know what those new ways are?

There also is a big difference between C-level functional leaders — e.g., CFO, CIO — and their direct reports, making it challenging to identify an internal successor for these top roles. The roles below the C-suite are often high-level experts in a field rather than broad general managers or strategic leaders. In a large-enough





company, they will have a substantial staff and managerial ability, but we have found that C-level staff are strategic change leaders thinking about how the whole business fits together, not technically focused managers driving specific processes. Unless people are moved between sub-functions frequently, they are unlikely to know the whole function well enough to be a truly strategic leader. Once again, it helps to know the exact gap between the current role, the future role, and the opportunities for development between the two.

Furthermore, the ability to do a current job or even the next job well is not the same as the ability to develop a new capability. The measurement of potential depends on a set of capabilities that do not necessarily overlap with those required to do many roles. This has two implications: First, it's possible to have high performers who lack potential to move farther (especially to top executive levels); and, second, you can have people who are not performing as well as they might but have high potential to move elsewhere or even upward to the right role.

The right kind of assessment will identify whether a person has the capabilities required for a role and the potential needed to actually get there.

Potential for what? And motivation to move

To complicate matters more, potential is not a single thing. Even “leadership potential” is not a single thing. To take a simple example, you need to develop different capabilities to be a top thought leader, a top people leader or a top change leader. Likewise, the categories of potential that predict those capabilities are different.

A thought leadership role — which could include expertise, research, innovation, strategy or other areas — requires strong thinking potential, and usually specific kinds: complex analytical thinking and big-picture conceptual thinking, for example. Those two categories of reasoning do not correlate; so if you pick someone with one and not the other, they won't do as well because they won't be able to develop the full capabilities

necessary for the job. Similarly, a people leadership role depends on interpersonal intelligence and organizational intelligence in addition to some degree of analytical and conceptual thinking — but probably not as much as a chief strategy officer, for example. And, again, if you lack the appropriate form of potential, you won't be able to develop the capability.

When assessing for development, you can look from a role backwards to the people with the potential to grow into the role (succession planning), or from a person forward to the roles they are most suited to grow into (career planning), or both, as part of general talent pipeline management. Regardless of direction, you need to know what key groups of capabilities you need to move forward, both today and in the future.

Leadership potential falls into three relatively straightforward categories: results and improvement, thinking, and interpersonal and organizational. When evaluating a person relative to a possible future job, it matters a great deal which of these the person will need to possess — or what combination.

... development can only be effective if it takes into account the specific needs of individuals in the context of the demands of their current and future roles. This is done through assessment.

There are also two enablers of development, which must also be taken into account when planning how fast someone can develop: motivation and Learning Intelligence.

Motivation gets at how energized a person is by a job. A person lacking emotional engagement in the tasks of a role will have to force himself or herself to do the job, at the cost of personal energy better applied to getting greater results. By contrast, if one's motives are aligned with the role, the tasks of the role will generate energy and excitement. People make time for actions they enjoy. This same logic also applies to energy around development. People are more willing to develop when the outcome is motivating.

And of course the potential of even the smartest people will be limited if they are unable to accept that they might be wrong about something. Learning Intelligence — the ability to open yourself to learning, correctly identify what needs to be learned and, most importantly, to use that insight — accelerates any development.

The combination of motivation and Learning Intelligence can accelerate development by providing the desire and openness to make it happen. Measuring either effectively is difficult without specialized tools or deep insight. Questions about motivation or inclination to learn often get relegated to basic questionnaires, which fail to capture individuals' essential drives and abilities, or rough questioning that a person may feel constrained to answer a certain way. Who wants to admit they are not motivated to be promoted, even if it is a job they don't want, or to say they don't want to learn, even if there are far more interesting fields they want to absorb?

Embrace multiple methods and perspectives for precision

It should be no surprise that using multiple assessment methods is more accurate than any single one, no matter how good. When assessing someone for development purposes, it becomes even more critical. In part this is simply identifying the needs accurately — as noted above, we must ask “potential for what?” — but in addition, a fully rounded view of the person may point out rough spots in specific contexts that may be crucial in the future. In other words, the more perspectives you have, the less likely you are to miss a potential problem.

In addition, different people may respond differently to one assessment tool versus another. Ideally, one should have not only different tools, but different perspectives on the same characteristics, though not at the expense of too much time for a busy executive.

For example, most assessment approaches use interviews, but it is possible for a well-trained interviewer to tap capabilities, motivation, interpersonal styles and culture preferences in the same interview instead of just one of the above. Incorporating a 360-degree questionnaire and references to gather external views of the person will be far more effective than just a questionnaire, since the interviewer taking the reference can be more strategic in his or her approach.

In brief, looking into the person and into the job from multiple angles can greatly reduce the risk that someone will not be able to develop into a role, and accelerate the process of a person doing so. This approach can also provide greater insight into why people do what they do, and thus better equip them to learn strategies to change their behavior, as well as leverage that energy.

The right kind of assessment will identify whether a person has the capabilities required for a role and the potential needed to actually get there.



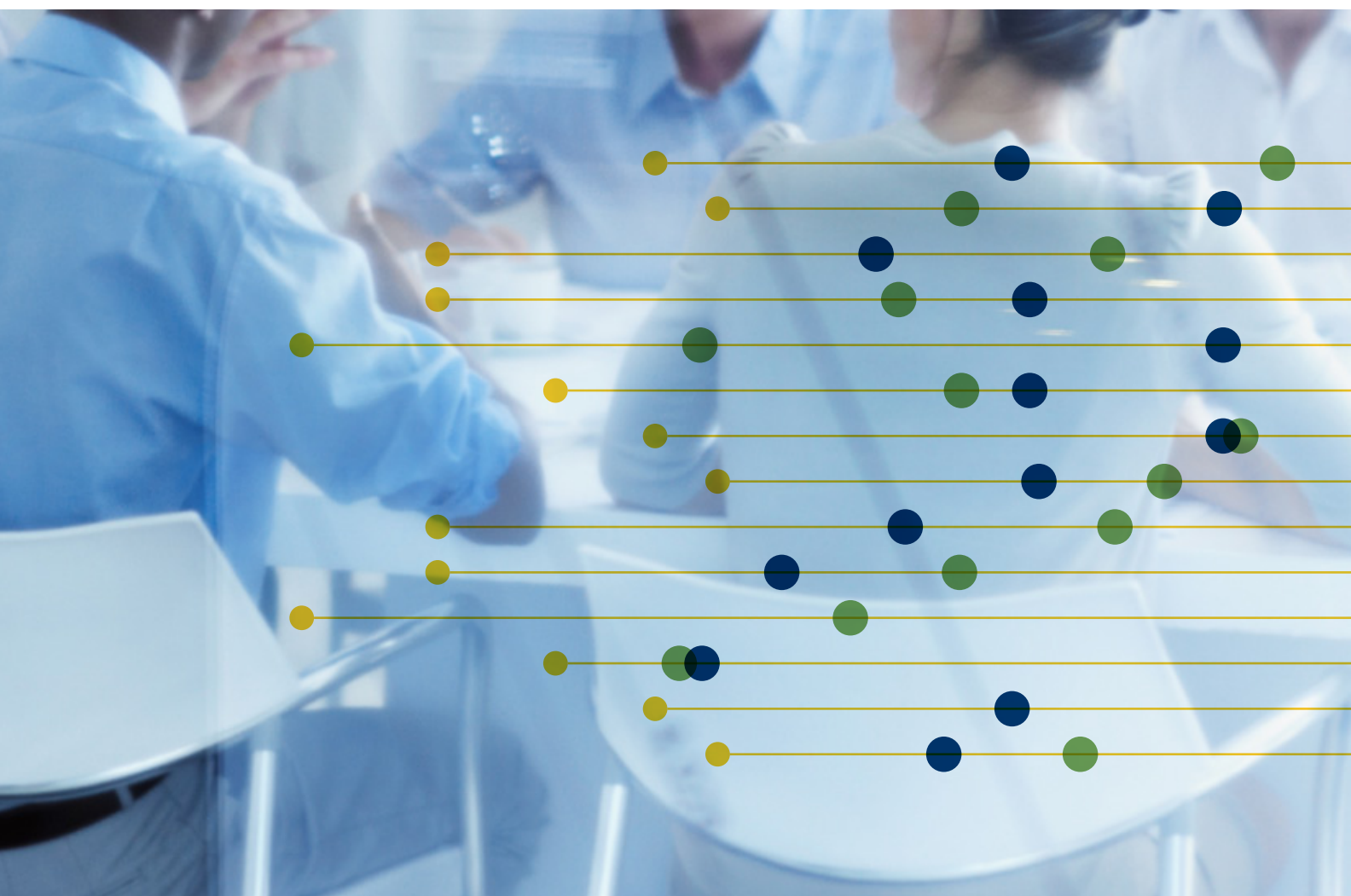
Development begins with assessment

Assessment for development enables organizations to develop a thoughtful talent pipeline and can serve as a great retention tool — since people will stay with a company that develops them. In a rapidly changing world, having people, especially executives, who not only can adapt but also continue to grow their capabilities is a major differentiator, which has dramatic impact on the performance of an organization, but typically receives very little of the feedback needed to develop.

Assessment provides the starting benchmark and identifies the best opportunities for a leader to grow and change, and thus enables the growth of a company's leadership overall. Applying these principles, organizations will be best positioned to develop leaders who will be able to adapt to the changing demands on leadership and make a lasting and evolving impact on the business.

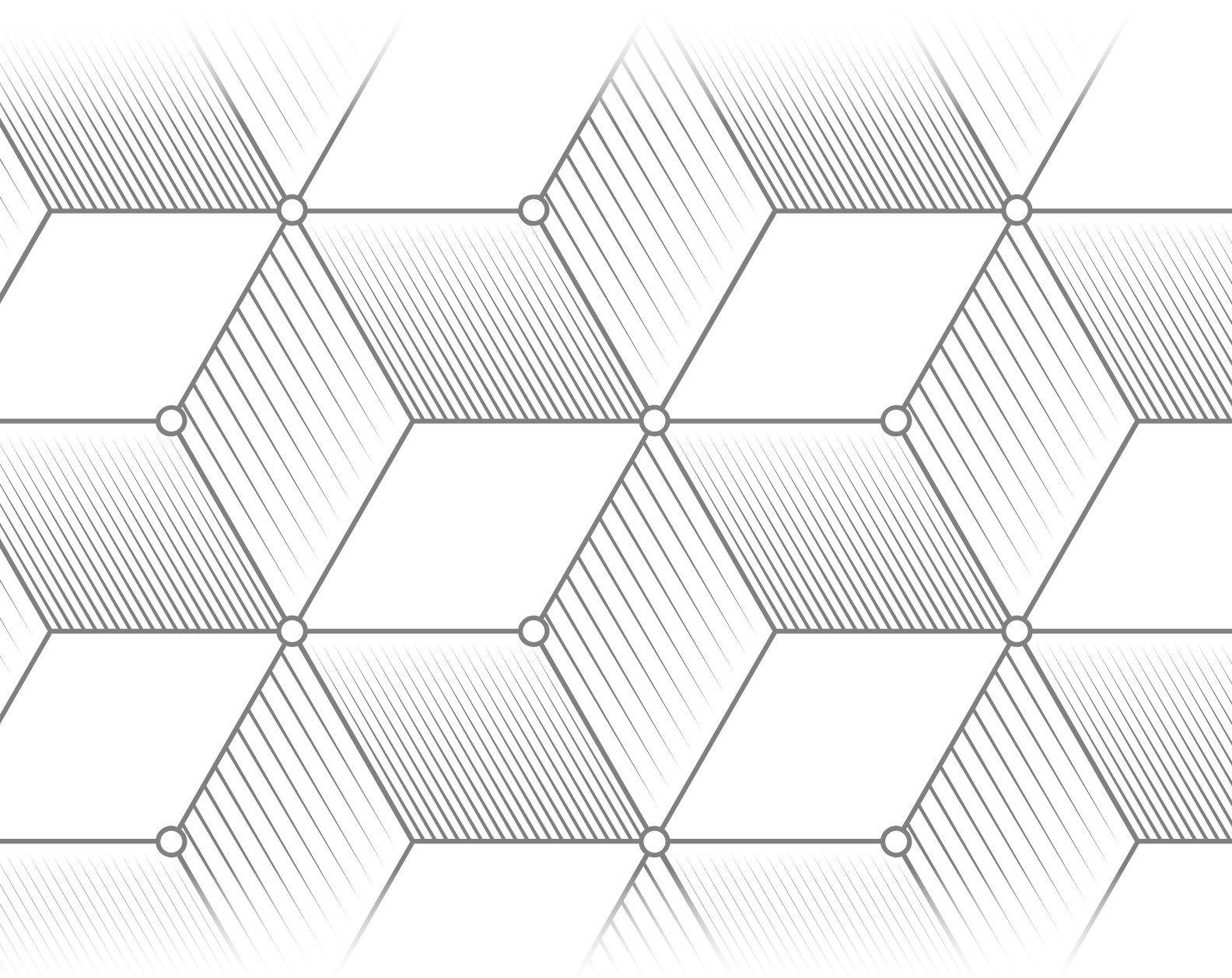
Author

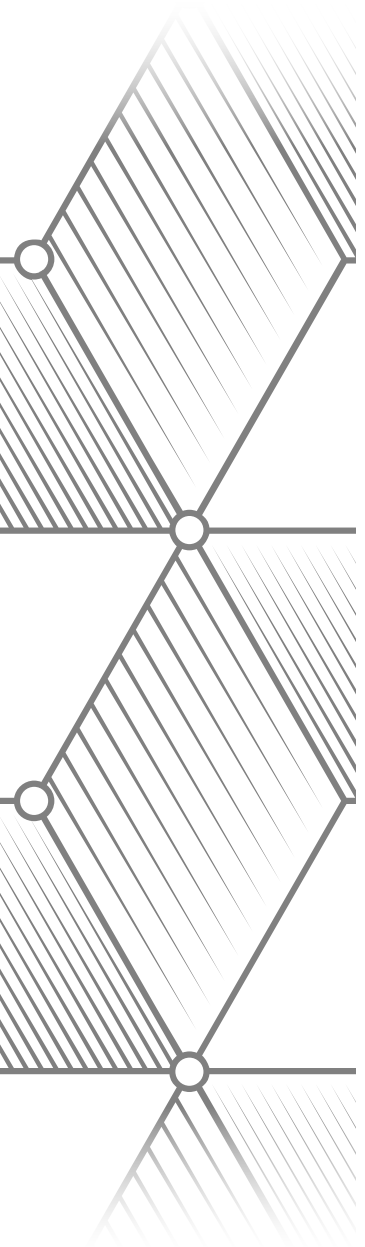
Stephen P. Kelner, Jr. (Boston)



Blurred Lines

The Evolution of Leadership in
Information Risk and Cybersecurity





Cyber attacks have emerged as a potential company killer. Cyber threats are more widespread and targeted — and continually evolving. It's not just that the bad guys are getting more “professional” and sophisticated, the very nature of organizations today has opened new fronts of vulnerability. Intrusions occur not just via traditional IT systems and email scams, but also through the ever-growing number of devices and systems connected to a company's network, including shop floor systems, public websites, customer portals and the explosion of data housed in the cloud. The consequences of a security breach can be dire, including regulatory investigations, loss of intellectual property, financial losses from theft or fraudulent transactions and damage to the company's reputation.

As the threats overtake the ability of traditional “castle and moat” defensive approaches, cybersecurity is maturing and, as a result, the profile of the chief information security officer (CISO) role is evolving rapidly. Each company will have a unique set of circumstances influencing its risk profile, yet several macro trends cutting across industries and geographies are spurring shifts in how organizations approach information risk and security:

- From infrastructure to software, as companies increasingly come to rely on third parties for the former (computing, data storage and networks);
- From policy and compliance to hard government connections, as crime increases in sophistication and is available “as a service,” and nation-states fund and direct asymmetric warfare against the private sector of foreign countries;
- From a focus on “securing the perimeter” to securing the data assets themselves as they move in and out of a company's purview;
- From a “black-and-white,” binary, unsecured or secured approach, to one of a sliding scale of security protections and data accessibility depending on data sensitivity and transactional requirements;
- From an inward, corporate focus to client- and “product”-centricity; and
- From a cultural orientation favoring order and safety toward one that prioritizes learning, collaboration and results.

This evolution has important implications for the kinds of information security leaders that organizations need, where they should look for these leaders, how they should assess executives, especially when a lateral hire is required at the top, and how they should develop the leaders of tomorrow from the company's existing talent base. We have observed that the most progressive and successful organizations tend to do the following as they mature in the area of information risk and security:

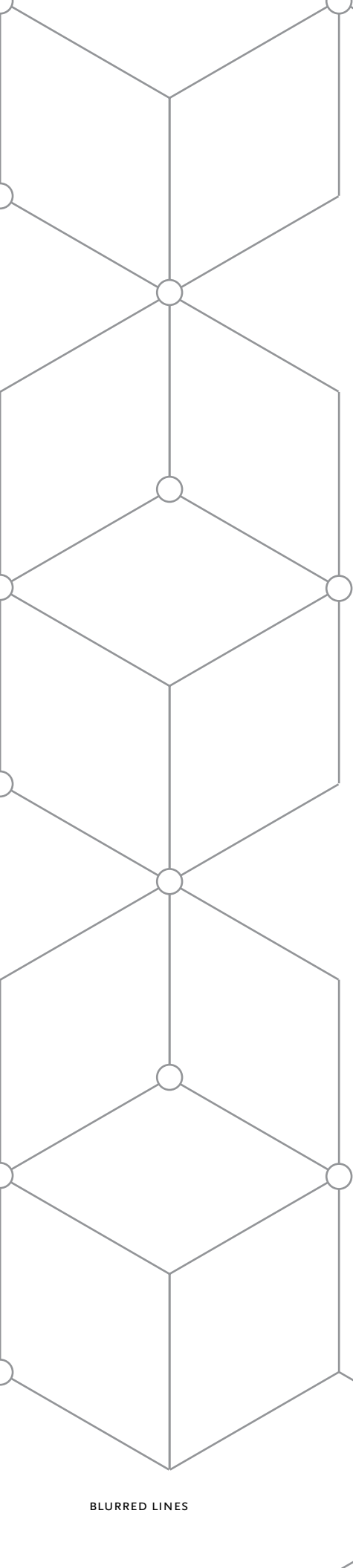
Leverage analytics and automation to help predict, detect and mitigate risk.

More mature security organizations are investing in analytics capabilities, artificial intelligence (A.I.) and other automated, intelligent systems to help guide security planning and response. "The single biggest thing we did was create a dedicated threat and vulnerability analytics team whose job it is to understand, both in the moment and over time, how threats and vulnerabilities are unfolding, which help define both how roles are evolving and what we need to be doing strategically for the next couple of years," said Lou Steinberg, chief technology officer for TD Ameritrade. Furthermore, better automation will be important to help offset the security talent shortage over the next several years, according to General (Ret.) Keith Alexander, CEO, IronNet Cybersecurity and former director of the U.S. National Security Agency (NSA). "We'll have a human capital deficiency in this area for the next three to five years. Small and mid-sized companies will have trouble getting IT security people, so we'll need more automation."

Create an organizational culture where information security is everybody's business.

Even a few years ago, information security was regarded as a back office function in many organizations. That's changed dramatically as companies come to realize that secure software can be a competitive advantage, and that the "ROI" of investing in reputational risk mitigation can be compelling. "Everybody realizes that building trust with clients is not a free lunch. It will cost something to have the increased security," said Barclays chief security officer, Troels Oerting. This recognition has changed the relationship between security and other functions, increasing collaboration on important initiatives. So, no longer is the security review the last stop before a product launch; security is embedded in the development team. "Now we do this development together and build in security by design at the very beginning."

"Risk professionals in financial services are accountable to the board, whether they report to the CFO or CIO."



Assemble diverse, focused security teams with a problem-solving orientation.

Cyber threats are evolving so quickly that teams that include only people with deep IT security experience can be at a marked disadvantage, as they are more likely to rely on tactics that have worked in the past, even as vulnerabilities and threats change. Facebook, for example, looks for a range of subject matter experts from “the business” who may have an interest in security, and then trains them in the discipline. This increases the intellectual diversity of security teams, as well as their gender and racial diversity. “We build teams with people from engineering, people with investigative backgrounds, people who are subject matter experts, whether it’s fraud or child safety or terrorism, and together they try to break down the problem so that we can leverage a small number of people guiding the activities of A.I.,” said Facebook chief security officer, Alex Stamos. Another CISO whose experience spans the technology, financial services and media sectors likes to build teams with a combination of people who really know the personality and politics of the organization and newcomers from leading-edge security organizations and meld them within a technically passionate, innately curious and smart culture.

Develop security and risk metrics that are meaningful for the business. By mapping security investment to measured risk reduction, organizations can assess the return on investment of security spending as it relates to specific vulnerabilities. “And that drives a lot of the decisions we make about where we want to invest and where we want to put our resources,” said Steinberg. “We measure our capability in both driving down the prevalence of the activity we don’t want to see and whether we were successful in mitigating the harm that is caused by the remaining amount of activity.”

Adopt a default position of transparency and openness, and define a clear response. The instinct for many organizations in the past was to hide news about a security breach. That’s much harder today given the prevalence of social media, so mature companies have a response plan in place that defines the actions they will take and who is responsible for making decisions. “You cannot keep anything secret in these days. A very small incident could spark into a big issue if we handle it wrongly. People will tweet about it. Journalists and regulators will ask about it,” said Oerting. “The CSO or CISO has a broader role than just to eliminate the threat. It’s also to deal with the crisis and the residual consequences.” Companies also are more likely than in the past to alert one another, even competitors, about breaches so they can collectively learn from one another’s experience, and even collaborate to fend off attacks.

The changing face of security leadership

A new kind of cybersecurity leader is emerging as the discipline matures: one who is deeply technical, yet highly strategic and knowledgeable about the business, and a skilled communicator.

“As technology has become more critical to companies’ success, CISOs have evolved from a more direct technical role — managing firewalls, managing the security part of the IT portfolio — to having a much broader risk management role that involves understanding the kinds of ways that technology imposes risk on the rest of the company and on the business,” said Stamos.

To do this well, CISOs have to be able to communicate effectively with other senior leaders and the board, earning credibility through the clarity and consistency of their communication, as well as the ability to think on their feet and speak about risk and security issues in business terms.

“More sophisticated CISOs are social butterflies; they’re very collaborative. They’re interested in their peers’ challenges. They’re able to provide a very balanced view when they’re speaking about a problem. Even during a breach, they don’t throw people under a wheel, but they say, ‘Well let’s see, there are systemic problems and here’s some opportunity to fix them,’ focusing much more on what to do about them than how you got there,” said Richard Puckett, vice president for security operations, strategy and architecture at Thomson-Reuters.

The pool of security leaders with these skills is limited today. Given this practical challenge, companies are exploring creative solutions, such as appointing co-CISOs whose skills complement each other, or by appointing an overall leader with accountability for information and technology risk to set the strategy and engage with the board, with a more “hands-on” CISO, focused on cybersecurity, below. Others are appointing

technology leaders from other disciplines — such as CIOs, CTOs and senior engineering leaders — into the top cybersecurity role. PNC Bank, for example, recently moved the CTO for the Pittsburgh-based bank into a chief security officer role. Given the broad remit of these roles today and hyper-competitive market for security leadership talent in certain industries, creative approaches to finding leaders can be effective when the individual has a strong team and right mindset and invests the time to understand security.

“There are some very good infrastructure managers who would make great CISOs because they have a personality that lends itself to constantly questioning, constantly innovating and understanding the nuances of threat assessment, but there are other infrastructure executives who would fail miserably,” said one CISO. “The challenge is to identify the personality traits that lend themselves to success in those roles.”

Organizations also are exploring various reporting structures for the CISO role. Steinberg favors placing the CISO within the technology organization, reporting to the CIO, so that information security and technology are closely aligned. “The information security space is so deeply technical right now and things are unfolding so rapidly that having any kind of separation between the people doing the execution — designing and developing controls — and those responsible for policy — who identify the need for those controls — is a serious problem. You lose the communication channel, the tight feedback, when you organizationally separate them.”

Others, like Stamos, argue that CISOs shouldn’t always report to the CIO in order to maintain a degree of independence to effectively monitor the IT organization. “There needs to be a natural tension between IT and information security — between the incentive to deliver technology solutions quickly and inexpensively and the need to protect the company and its assets. That natural tension is healthy, and it’s very difficult to maintain

“There needs to be a natural tension between IT and information security — between the incentive to deliver technology solutions quickly and inexpensively and the need to protect the company and its assets. That natural tension is healthy, and it’s very difficult to maintain if the CSO is reporting to the CIO.”

if the CSO is reporting to the CIO.” During his time running enterprise security operations and architecture at GE, Richard Puckett was asked to report on a bi-monthly basis directly to the company’s chairman and CEO, Jeff Immelt, as GE recognized the importance of the program, and the need for a communication channel to the board independent of the CIO function.

For others, the question is less about who the CISO should report to than who the CISO is accountable to. Indeed, increasingly, CISOs are also accountable to the board of directors or the board’s audit or risk committee, as well as to their “hard line” executive manager. Said one CISO, “I’m very much a proponent of what financial services organizations do, which is differentiate between the accountability and the reporting. Risk professionals in financial services are accountable to the board, whether they report to the CFO or CIO.”

Building the next generation of cybersecurity leaders

As CISOs break out of their functional boxes and have impact across a variety of executive functions — engineering, digital, data, risk and even sales, while regularly engaging at board level, there is a “blurring of the lines” in terms of the route up for tomorrow’s leaders. The next generation of CISOs are likely to be more versatile, senior, business- and externally facing than has been the case to date, yet, in many cases still highly technical. “The move to IoT is driving data to live in the cloud, and if data lives in the cloud it needs to be

protected in the cloud. It’s a great example of why a strategist is needed in this space, because all of a sudden you’re being asked to protect data that is outside of your perimeter and that’s a very different problem from building a great castle with a moat and a wall to keep the bad guys out,” said Steinberg.

As they rise, the CISO’s direct staff need to have more exposure to business development, customer communications, business planning and continuity around commercial capabilities, argued Puckett. “Those are the classic areas where there is a deficit among more back-office, IT-centric security teams.”

For many, learning to develop the relationships outside of the function and communicate about cyber risks and solutions at the right altitude for the board and C-level leaders can be the hardest part of the transition into the CISO role. “All of a sudden, you get thrown into a whole new series of relationships,” observed one CISO. “So, as CISOs are building the talent around them, they should make sure they’re getting senior executive exposure on many occasions, so that they’re prepared. If the first time you meet with the executive committee is during a formal, periodic security update, you risk misrepresenting the technical risk and losing the audience in a quagmire of techno-speak and fear.”

Author

Peter Hodkinson (New York and London)

Context Matters

The Five Elements of Context That Most Impact Senior Leader Success

No one expects a great football player also to excel at cricket, or assumes that an accomplished concert violinist could achieve the same level of virtuosity playing piano. Yet, when it comes to leadership, the idea that there are “athletes” who can excel across all situations and business challenges persists.


The persistence of the myth of the great athlete leader may be due in part to how we see ourselves: We like to believe that we are adaptable and can succeed anywhere, and tend to reject the notion that our performance may be limited by conditions outside of our control. It’s not a big stretch, then, to believe that a high-performing business leader can be successful anywhere. Our tendency to lionize leaders, especially the CEO, and the emergence of increasingly precise tools for assessing individual executives further reinforces the impression that there are leaders who can be universally successful.



A significant body of academic research, high-profile executive failures and personal experience — most of us have seen examples of the same person facing similar demands performing successfully in one situation and failing in another — demonstrate that the conditions do matter. An executive's performance largely hinges upon how well the individual's capabilities, leadership style and expertise align with the specific nature of the role and situation, including the demands and constraints from the team, organization and business environment. CEOs themselves recognize the risk of viewing executive performance in a vacuum. Novo Nordisk CEO Lars Rebien Sørensen had this to say to *Harvard Business Review* when he was named the publication's top CEO in 2016¹: "My influence, through collaboration with my management team, will be assessed in 15 or 20 years, and only then will people be able to determine whether we made the right choices. Plenty of people will be willing to throw stones at us then. Again, I'm against this personal lionizing of CEOs. It's very much a team effort."



¹ "The Best-Performing CEOs in the World." *Harvard Business Review*. November 2016.



Horses for courses: Knowing which leadership attributes matter most depends on the context

On one level, the link between context and executive performance seems intuitive. That's why, for example, a company undergoing a turnaround prioritizes turnaround experience when looking for a new leader. But the objectives for the role represent just part of the context that should be considered. For that reason, selecting a person with a track record of success in the same role is not a sure thing. A study of "star" stock analysts², for example, found that few were able to recreate their success after being hired away by a new firm; the analysts' performance fell by an average of 20 percent at their new companies and did not return to their previous levels even five years later. The success of the analysts in their old companies depended on company-specific factors — including resources and capabilities, systems and processes, leadership, internal networks, training and teams — that were different in the new jobs and difficult to recreate.

Context matters as well at the senior-most leadership levels. Even alumni of one of the most admired executive training grounds — General Electric — have produced mixed results when they moved into leadership roles at other companies, according to a study³ of 20 former GE executives who were named chairmen, CEO or CEO designate at other companies. While most of these appointments were applauded initially by the stock market and some of the leaders led their new organizations to outperform their peers — one generating nearly 70 percent annualized rate of return above similar companies — others underperformed by as much as 30 percent annualized rate of return. The study concluded, "If managerial skill is transferable ... what accounts for the difference? Context."

There is a direct link between the context of a senior leadership role and the set of capabilities, experience and style that a leader will need to be effective in that position. For a business facing a changing competitive landscape, getting the strategy right may be the main business challenge that a new leader will need to address. Culture may be the primary business challenge for an organization that faces a war for talent and needs to improve employee engagement and loyalty. Only after carefully defining the business challenge, including the underlying conditions in which executives will have to lead, is it possible to understand what kind of leader is needed.

For the senior-most leaders in an organization, especially the CEO, the context includes the external business environment, strategy, culture, organizational complexity and stakeholder expectations. Only top executives have the clear mandate and ability to set strategy for the company based on a changing business landscape, restructure the organization and reshape culture. Because the context for and demands on top leaders are so different than those faced by managers or mid-level leaders, Spencer Stuart's approach to executive assessment includes a rigorous review of the context that takes into account these uniquely senior-leader concerns. This approach and decades of experience advising boards and CEOs across industries on senior leadership decisions enable us to provide insight on the leadership context for C-suite leaders, translate the context into the set of relevant capabilities, experience and style, and assess individuals against those requirements.

² Croysberg, Boris; Nanda, Ashish; Nohria, Nitin. "The Risky Business of Hiring Stars." *Harvard Business Review*. May 2004.

³ Croysberg, Boris; McLean, Andrew N.; Nohria, Nitin. "Are Leaders Portable?" *Harvard Business Review*. May 2006.

While there are many aspects of context to consider in a given situation⁴, in our experience these five tend to have the most impact on a new leader's success:

Business environment



External market conditions, including the speed of change and the degree of complexity that exists in the business environment, provide important context for leaders. This is especially true for the CEO, who is the person in the organization most responsible for scanning developments outside the company and interpreting what they might mean for the organization. The question to consider here is: What issues or situations in the external environment make direction-setting and execution challenging and/or a leadership priority? Among the conditions to take into account are the competitive landscape, changes in industry dynamics, disruptive technology or business models, and the degree of volatility or stability. A CEO can have a much greater impact on performance in a new, volatile or hyper-growth industry than in a mature, highly stable industry. Similarly, CEOs have more influence on business performance when the business has a lot of resources available and the opportunities are limited.

Strategy



An organization's strategy is also a critical component of the overall context for a senior leader. For example, a strategy centered around differentiated products and services requires a different set of leadership capabilities and expertise from one that is focused on operational excellence and efficiency. Similarly, the capabilities of leaders of a successful domestic company may need to evolve when the company adopts a global strategy. Getting the strategic fit right was particularly important for a fast-growing consumer healthcare device company hiring a new CEO. The company was growing steadily, but the board believed that the business could grow even faster by shifting the strategy to emphasize the adoption of operational best practices globally. The new CEO had spent his career in a much larger company — with a very different organizational context — but had extremely relevant experience based on the strategic challenges, including leading highly technical manufacturing businesses in the healthcare field. His experience at larger businesses meant he knew how to scale the business and globalize. Once he became CEO, he helped the leadership team focus on the right strategic opportunities, brought in new leaders with experience operating in a larger organization, changed processes to support larger scale, and increased the speed of decision-making, spurring strong top- and bottom-line growth and doubling the share price in less than two years.

Culture



Another important context consideration is the organizational culture, and the degree to which a leader needs to align with the culture or serve as a force for change. Certain situations — such as the need to raise the bar on talent or when there are people retention issues, low employee engagement, a lack of trust or collaboration among the senior leadership team or a misaligned or toxic culture — call for a greater attention to the cultural context when making leadership decisions. For example, the ability of a succession candidate to influence the organizational culture and move it in the right direction was

⁴ Lorsch, Jay (201). Contingency Theory of Leadership. *Handbook of Leadership Theory and Practice: A Harvard Business School Centennial Colloquium*. Boston, Massachusetts: Harvard Business Press.

an important consideration for the board of a U.S.-based agribusiness. The top internal CEO succession candidate was analytical and had deep industry knowledge and a strong operational track record. But at a time of increasing volatility for the business, the board ultimately concluded that the leadership team needed to become more assertive and accountable, and the culture needed to become more results-oriented and focused on learning and innovation. The leading succession candidate strongly aligned with the current culture, which valued preserving traditional processes and collaboration over accountability for performance. The board ultimately concluded that the executive wouldn't be able to push the culture far enough and selected another candidate.

Organizational complexity

The launch of a new business or operating model, new technology, new leadership, culture change or new organizational structure adds complexity to an organization and to individual leadership roles. Underestimating the degree of change and its impact on the organization is one reason new leaders fail, whether they were promoted from within or hired externally. In organizations undergoing transformational change, leaders need a higher quotient of interpersonal and social awareness so they are better able to bring people along with the change. Leaders who are more agile and better able to evaluate and adjust their own behavior in changing contexts are also more likely to thrive when organizational complexity is high. Consider the example of a CEO candidate for a luxury retailer who possessed all the right strategic experience — a track record of growing a specialty retail business, building a strong brand and developing a seamless multichannel business — but in a very different organizational context. The luxury retailer had a very different legacy brand and customer base, a more sophisticated supply chain with stronger negotiating power, and a capital structure that included more debt and financial pressure than the executive's previous experience. In light of these differences in context and the fact that, when assessed, the executive scored relatively weaker in areas such as self-awareness and ability to navigate interpersonal relationships, the board was concerned that he might overlook important feedback from the organization and struggle to adapt to such different strategic and operational dynamics.



Stakeholder needs and expectations

An evaluation of the context also should consider stakeholder expectations, including those of employees, investors and customers. Failing to explicitly articulate these expectations as part of the context can lead to problems later on, even when the executive's experience aligns with the strategic imperatives for the role. Consider the case of the highly accomplished executive who was brought in as the CEO of a private equity-backed software business. The CEO had a stellar track record and the industry, international and operational experience the board was looking for given the strategy, which involved bringing global structure to a diverse and geographically dispersed product line and applying greater operational discipline to sales, marketing and product development activities. Yet, over time, the CEO and board clashed over differing expectations about the pace of growth and the level of investment required to meet the longer term strategic objectives; the private equity firm expected the company to achieve high EBITDA targets while the CEO believed additional acquisitions were needed to build a truly global company. Ultimately, the CEO left the company and went on to be successful elsewhere.



LEADERSHIP CONTEXT AND OUTCOMES

Collecting information related to the expected outcomes of a leader and the situations and conditions in which he or she must lead helps us answer the critical question about a leader: “Great for what?”

Desired Leadership Outcomes: What success looks like for this leader; what the leader must deliver

PERFORMANCE OUTCOMES

Tangible achievement of organizational goals, strategic execution, commercial outcomes, stakeholder results, quality, efficacy and value creation

- Revenue, growth, profitability
- Value creation, ROI, ROE
- Stakeholder/client/customer results
- Product/service quality
- Brand reputation, image, positioning

CHANGE OUTCOMES

Organizational change and transformation outcomes involving direction, operating approach, structure, systems, processes, people and culture

- New strategy rollout
- Organizational redesign/restructure
- Merger & acquisition integration
- Culture transformation
- Process improvement re-engineering

PEOPLE OUTCOMES

Outcomes related to people, relationships, talent, culture, behaviors, engagement, loyalty, commitment, diversity, inclusion and community

- Talent attraction & retention
- Employee engagement & commitment
- Trust, teamwork and collaboration
- Diversity and inclusion
- Motivation, inspiration and passion

Leadership Context: The market conditions, business situations and organizational concerns that may enable or constrain leadership

STRATEGY & EXECUTION ISSUES

Situation in external environment or within the organization that makes direction-setting and execution challenging and/or a leadership priority

- Industry/market constraints
- Cost pressures
- Strong competitors
- Chronic underperformance
- Reputational and brand challenges

MARKET & ORG. TURBULENCE

Changes to customer needs, competitive landscape, regulation, industry change, new business model, new tech, new organizational structure, new leadership

- Market volatility and uncertainty
- Change in industry structure/dynamics
- Disruptive new competitors/tech/models
- New leader(s), culture, operating model
- Organizational complexity

CULTURE & PEOPLE ISSUES

Situation in external environment or within the organization that makes culture and people issues challenging and/or a leadership priority

- “War for talent,” people retention issues
- Low employee engagement/commitment
- Lack of trust, teamwork, collaboration
- Lack of diversity, need for inclusion
- Culture is weak, misaligned or toxic

= Not important

= Somewhat important

= Important

= Extremely important

Conclusion

Great leadership happens when an executive’s experience, capabilities and leadership style align with the specific business challenges of the role. Some business situations require transformative leaders — skilled strategic thinkers able to lead change and engage people throughout the organization. When the business is operating smoothly and predictably, by contrast, leaders have less influence. Despite the importance of context to executive success, it tends not to get the attention it deserves; we are more likely to shine the spotlight on the candidates and their respective capabilities with the goal of finding the “best” person rather than the best person given the business challenge at hand. Organizations that take a rigorous approach to defining the context and expected performance outcomes of a given leadership role, articulate the right skill set based on the business challenge and carefully assess for those requirements are most likely to place the right leaders in key roles and achieve exceptional business performance. A thorough understanding of context also enables the design of more effective transition support and integration plans for new leaders.

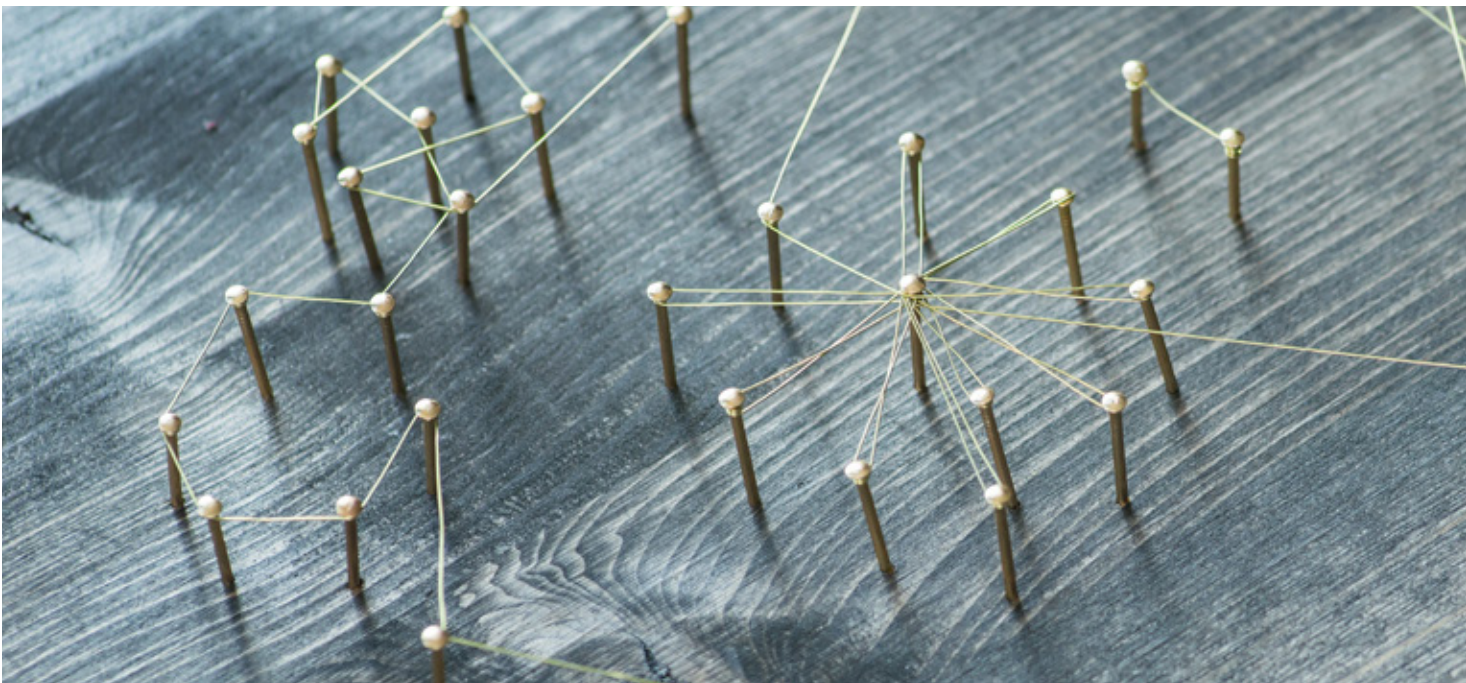
Authors

William Alexander (London), Mike Anderson (Boston), Cathy Anterasian (Silicon Valley) and Jeremiah Lee (Boston)

The Role of Culture in Search and Succession

Busting three common cultural myths

The concept of “culture fit” is not a new one. Well before the rise of various models and frameworks to evaluate organizational culture, companies recognized the risk of hiring a cultural mismatch — such as the lone wolf in a company that values collaboration. New employees, especially leaders, who clashed with the culture might never be effective, and were likely to quickly depart for a friendlier environment.



As appreciation has grown for the power of culture to influence individual, team and business performance, many leaders are looking for more systematic approaches to evaluating culture, personal fit and culture impact. With this insight, they can make better decisions about hiring and promoting; improve the success rate of leadership transitions; and ensure that they develop future leaders who are able to positively influence culture. This is one of the reasons why we at Spencer Stuart are passionate about the important role culture plays when evaluating and addressing challenges at the individual, team or organizational levels.

Culture analysis is, therefore, a critical action for a company to take — and a complex one, as well. The Spencer Stuart culture approach is based on the insight that an organization’s culture is defined by where it falls on two dimensions: how the organization responds to change and how it views people. Organizations can range from highly individualistic to highly interdependent, placing greater value either on autonomy and individual action or on collaboration. Similarly, an organization can be more or less open to change — focused on maintaining consistency and predictability at one end of the spectrum or emphasizing flexibility and creativity at the other. We use this framework, which includes eight distinct cultural styles, to evaluate organizational culture and understand how an individual executive is likely to align with — and shape — that culture.

Culture can feel elusive for companies. Absent a methodology or common language for evaluating their current culture and defining an aspirational culture, organizations can fall victim to a few common culture myths. This can make it harder to select the right people or equip hires with the guidance and support they need to succeed in a new context. According to our research, a lack of culture fit (rather than lack of skills or experience) is responsible for 68 percent of newly hired executives failing within their first year.

Here are the three most common myths:

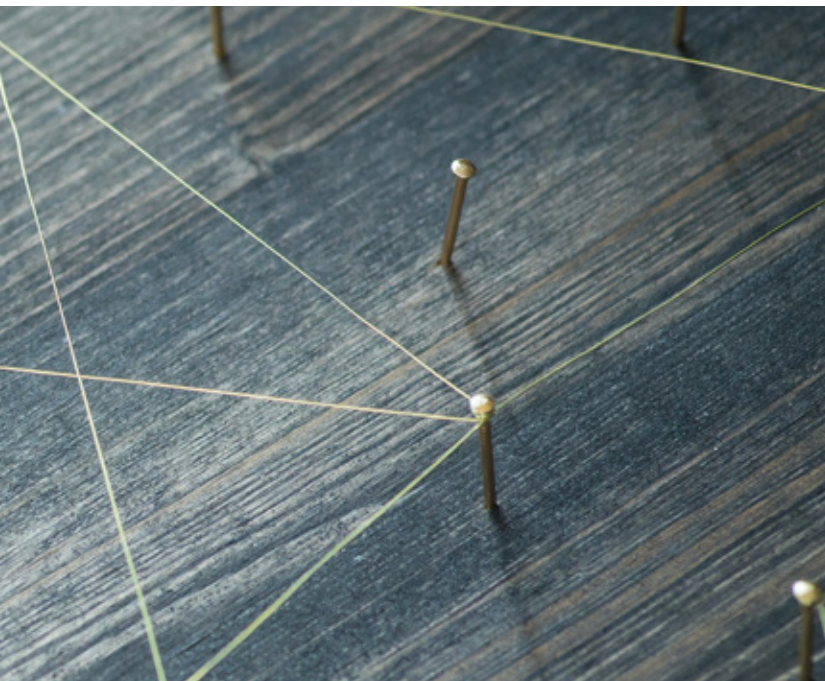
Myth #1: Someone “like me” will be a good fit

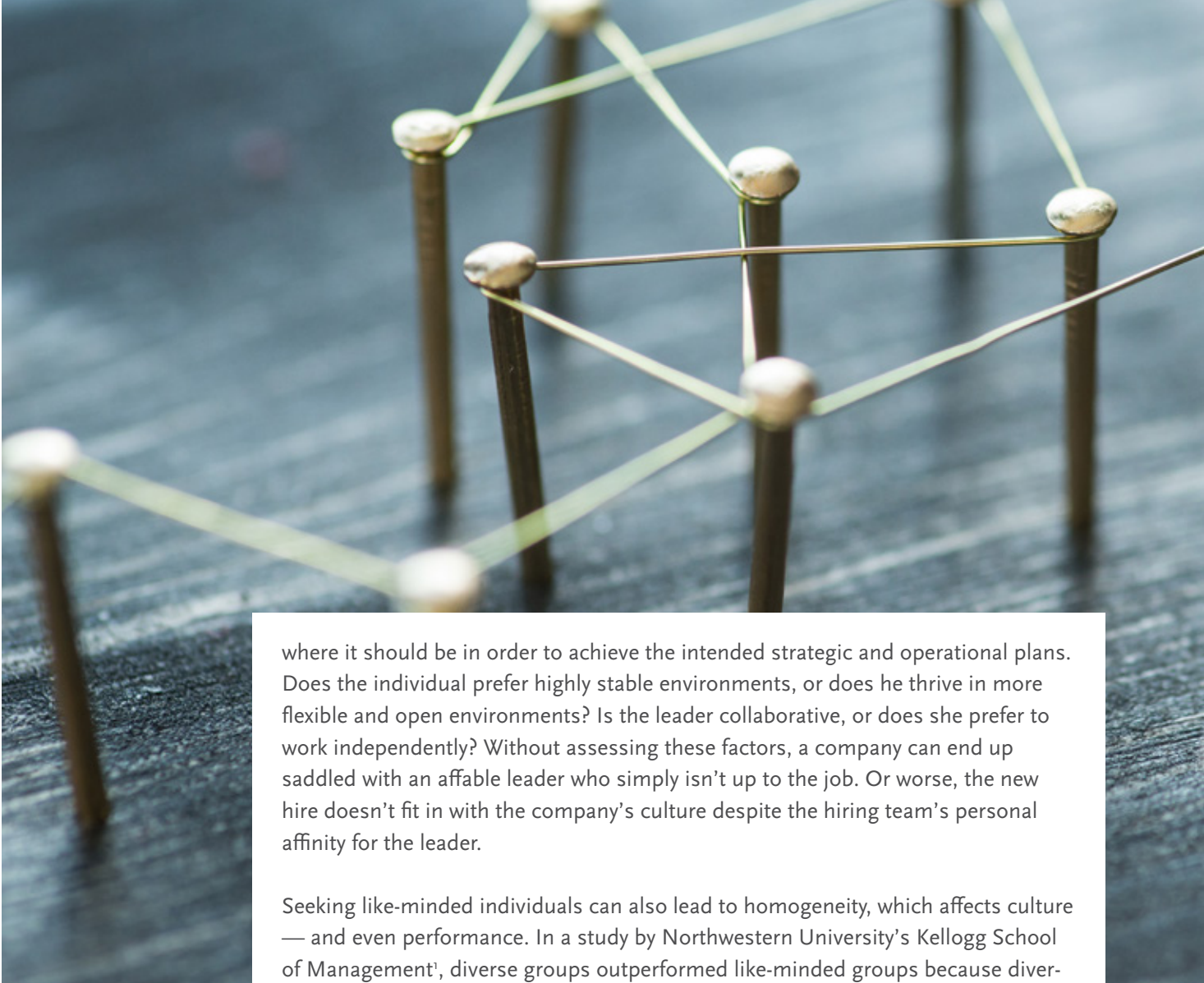
When considering candidates for a role, a common pitfall is confusing likeability or “sameness” with culture fit. In the absence of a framework for assessing how a person aligns with the culture, it can be tempting for inter-

viewers to rely on considerations such as whether candidates share their interests or backgrounds. A manifestation of this is the so-called “airport test”: Could I pass hours stranded in an airport with this person?

On its face, the idea of personally liking a new hire to a team seems logical; leaders want to interact with people who are going to make their jobs easier — or less onerous, at least. But likeability and personal interests are not the same as culture style.

Assessing culture fit and impact requires a deeper look at the person’s style and how it compares with the current organizational or team culture. It’s essential to evaluate the fit relative to where the culture stands, as well as





where it should be in order to achieve the intended strategic and operational plans. Does the individual prefer highly stable environments, or does he thrive in more flexible and open environments? Is the leader collaborative, or does she prefer to work independently? Without assessing these factors, a company can end up saddled with an affable leader who simply isn't up to the job. Or worse, the new hire doesn't fit in with the company's culture despite the hiring team's personal affinity for the leader.

Seeking like-minded individuals can also lead to homogeneity, which affects culture — and even performance. In a study by Northwestern University's Kellogg School of Management¹, diverse groups outperformed like-minded groups because diversity triggered more careful information analysis of the issues. "Generally speaking, people would prefer to spend time with others who agree with them rather than disagree with them," said researcher Katherine Phillips, now senior vice dean at Columbia University. But a breadth of perspectives brings "more cognitive processing and more exchange of information," she said.

Organizations undergoing change will want to hire or promote leaders who will draw the best out of the current culture while aligning with future aspirations. A company seeking to transform itself digitally, for instance, must take pains to ensure a new leader is capable of driving change but is also able to read and respect the company's current culture in order to devise a differentiated change plan. Ensuring this level of alignment is a complex process that unstructured conversations alone won't address — instead, it requires a deep understanding of current and future culture (with all its positive and potentially negative aspects), based on finely tuned tools to assess the degree to which individuals fit with the target culture.

¹Liljenquist, Katie A.; Neale, Margaret A.; and Phillips, Katherine W. "Better Decisions Through Diversity." *Kellogg Insight*. October 1, 2010.



Myth #2: We know a candidate's style because we know the work history

Certain companies — and business units — have a reputation for being hard-driving or collaborative or hierarchical, while others are associated with attributes like creativity or analytical rigor. It's tempting to conflate these attributes and assume that all individuals who work at these companies or in these functions will have the same personal style. These assumptions can keep organizations from accurately assessing how individuals might fit with the current or target culture when hiring or moving them into new roles, or exploring other skills that could be harvested or utilized.

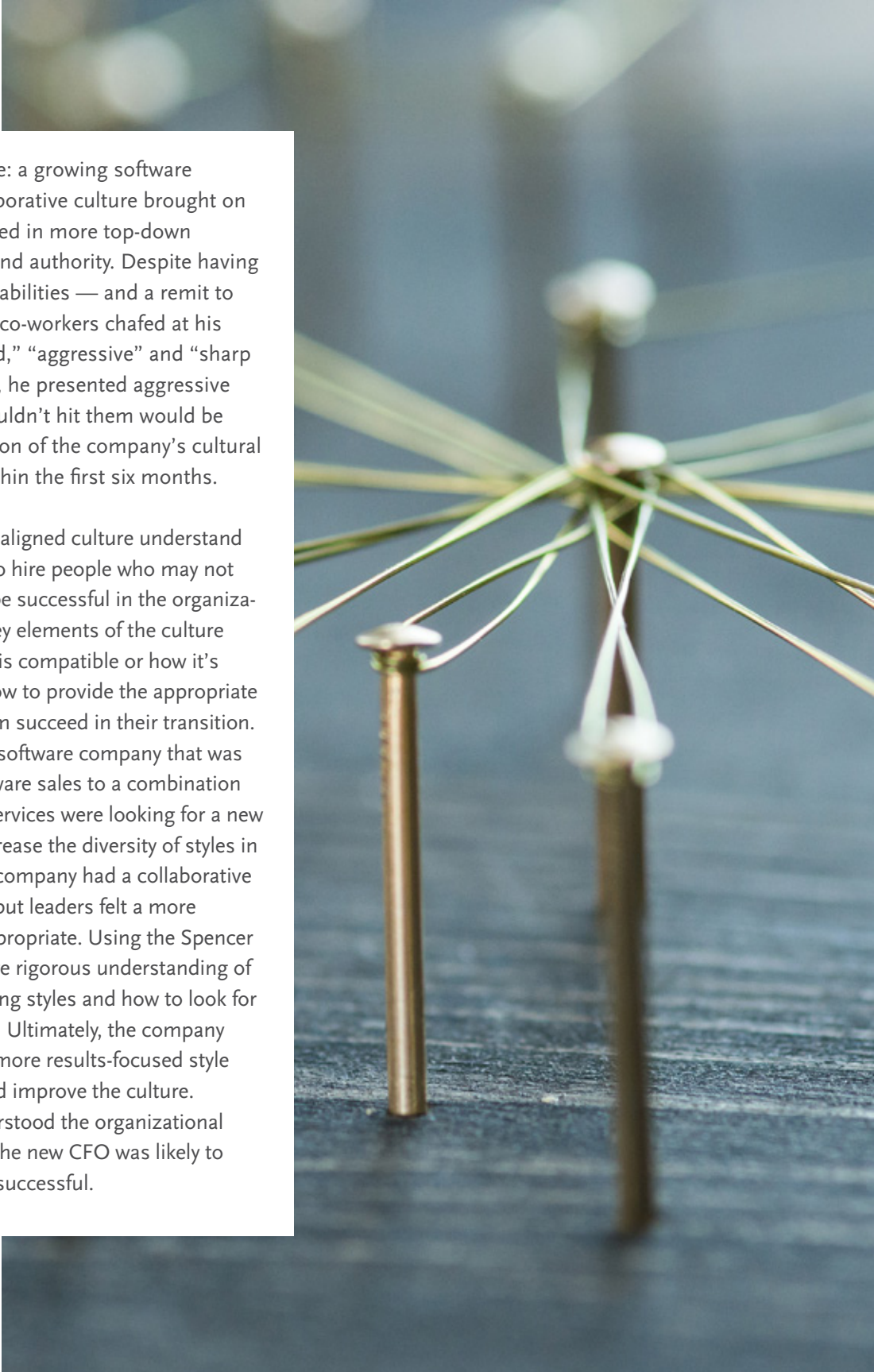
“There can be a sense that an individual's culture preferences are hardwired by their current organizational culture and they can't adapt to a new organization,” one leader told us. “So someone from GE will be hardwired to drive results, for instance. It's easy to think, ‘That's who they are, and that's how they'll always be.’” Similarly, she noted, a candidate with a great deal of technical experience might be seen as myopic and “not viewed as a change agent because they can't look end-to-end across the organization, when that might simply not be true.”

It's important to separate what truly motivates and drives a person from how they adapted to navigate a particular culture at work. A person might exhibit a certain style in one environment in order to succeed, even if that style doesn't come naturally. Having a more nuanced and data-based view of candidates opens up more possibilities, allowing companies to make better decisions and support the leaders they hire, as well as provide input on which natural qualities they could tap into to drive performance or change.

Myth #3: A new leader will change everything

When a company wants to transform its culture, it's only logical to believe a new leader will help achieve this goal. But for companies without a clear and explicit understanding of their culture, bringing in a new leader to drive change can be like “tapping in the dark.”

Some companies, for example, try to take a “shortcut” to evolving culture by bringing in someone from a radically different organization that represents the direction key stakeholders have in mind — such as a company eager to achieve a digital transformation hiring an executive from Google or Amazon. Rather than taking the longer, and more difficult, path of in-depth analysis and gradual change of their business model and processes, the hope is to reinvent the company in one fell swoop with one person singlehandedly leading the way. Unfortunately, a quick fix is rarely an effective one, and the prevailing culture almost always wins when there is a mismatch.



Consider this recent example: a growing software company with a highly collaborative culture brought on a new sales leader who thrived in more top-down cultures that valued power and authority. Despite having the right experience and capabilities — and a remit to spur fast growth — his new co-workers chafed at his style, finding him to be “bold,” “aggressive” and “sharp elbowed.” In his first month, he presented aggressive targets and said whoever couldn’t hit them would be fired. This was such a violation of the company’s cultural norms that he was let go within the first six months.

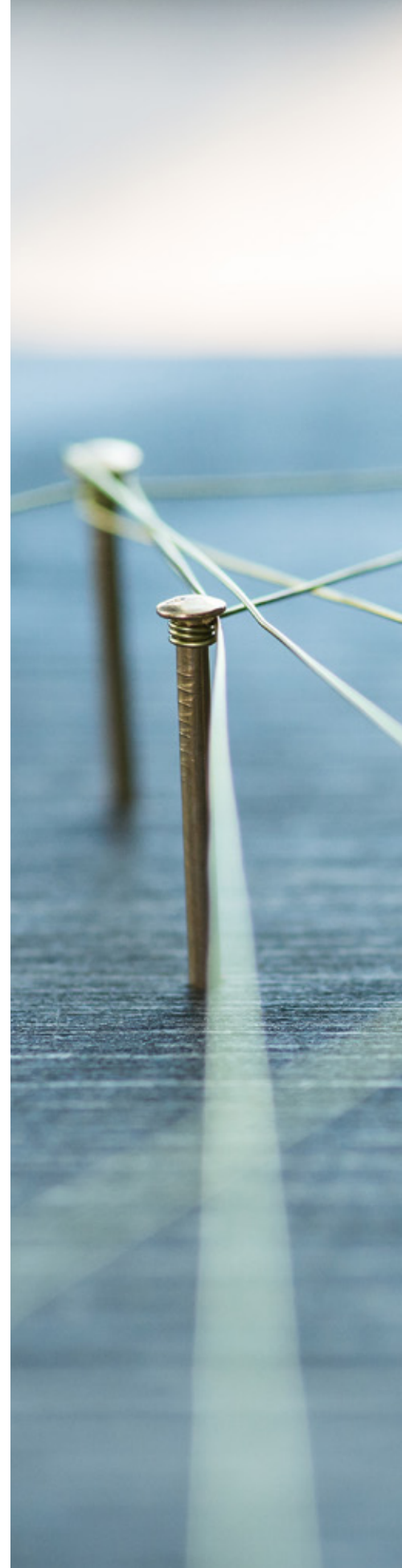
By contrast, leaders in a well-aligned culture understand that they have the flexibility to hire people who may not be a perfect match, but can be successful in the organization if they understand the key elements of the culture and how their personal style is compatible or how it’s not. They also understand how to provide the appropriate support for hires to help them succeed in their transition. For instance, executives of a software company that was transitioning from pure software sales to a combination of software and consulting services were looking for a new CFO, and they wanted to increase the diversity of styles in the management team. The company had a collaborative and purpose-driven culture, but leaders felt a more aggressive style would be appropriate. Using the Spencer Stuart model provided a more rigorous understanding of the compatible and contrasting styles and how to look for those qualities in candidates. Ultimately, the company selected an executive with a more results-focused style who could help challenge and improve the culture. Because the executives understood the organizational culture and how the style of the new CFO was likely to be different, the pairing was successful.

Conclusion

Organizations that analyze, understand and emphasize their own culture are better equipped to hire or promote leaders who align or add to their current culture, as well as help define and deliver a new aspirational culture. By taking a thoughtful, data-based view of where the culture is today and where the culture should be to support the business strategy, companies can more accurately assess how individual leaders impact and fit with the team or organizational culture — an important input when hiring, promoting, planning for succession and transitioning new leaders. The positive effects carry over beyond these immediate leadership decisions; when organizations understand their culture, they can create a diverse, aligned workplace that unleashes the full potential of the organization. Without thoroughly evaluating their culture, though, organizations can make assumptions about culture fit that can lead to hiring failures and bumpy transitions. By ensuring they have a clear-eyed vision of their culture, organizations can ensure they will find people who will give them the likeliest odds of success in the future.

Authors

Alexander Hiller (London), Jesse Price (New York)



The Five Most Common New Director Questions

Advice for First-Time Board Directors on Getting a Strong Start



No matter how experienced they are as leaders or how much previous boardroom exposure they have had, most first-time directors will admit to having some trepidation before their first board meeting: What will the first board meeting be like? Should I say anything at all in my first meeting? Am I prepared?

Helping these directors quickly acclimate matters because, depending on the country, first-timers can represent a sizable share of the new director population in a given year. One-third of newly appointed S&P 500 directors in the U.S., for example, are serving on their first corporate board, as are about 30 percent of new U.K. non-executive directors. Given the escalating demands on boards, new directors must be prepared to quickly contribute.

In working with first-time board directors around the world and the chairmen and lead independent directors of the boards they join, we have found that their questions and concerns about board experience typically fall into the five following areas:

- » How do I know what's the right board to join? Should I say yes to the first board invitation?
- » What do I need to do to prepare for my first board?
- » How much should I speak up during the early board meetings?
- » How can I have an impact for the board and company?
- » What if I have concerns? How do I disagree or raise questions when I'm new?

To explore these first-time director questions in more detail, we spoke with directors around the world who shared what they learned from their first board experience and offered observations that boards can use to enhance their new director onboarding programs.



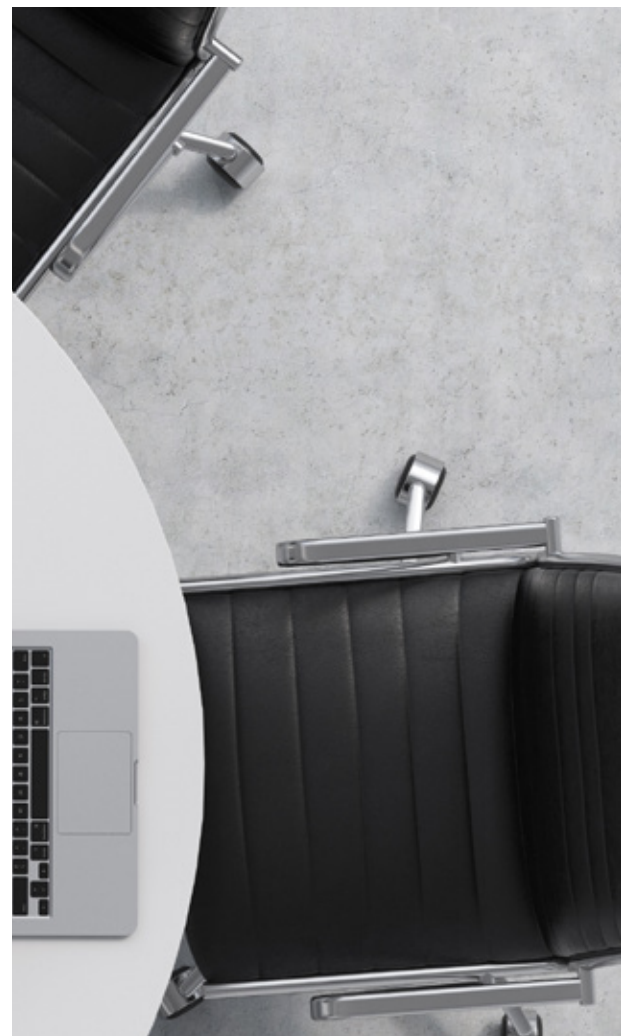
Selecting the right opportunity

Most directors would describe their first non-executive board role as a major professional milestone, a terrific growth opportunity and something they are very glad they did, even though it represented a significant commitment. Given the demands of board service — 20-30 days a year up to nine or more years — it pays to carefully weigh the pros and cons of a given opportunity. The key question, say directors, is whether it is mutually beneficial — one that the prospective director finds engaging and useful as a growth opportunity and that adds a valuable perspective to the board. As one director put it, “You need something that will bind you to the job, because it is a lot of time.” Ask yourself, “Is this a business that I will still be interested in, say, in six to nine years’ time?”

Other considerations may be who else is on the board — especially the opportunity to work with a good chair and gain exposure to experienced executives from other industries — the strength and diversity of the management team, and how well the board and management team work together, which in part reflects how much the CEO values the board’s contribution. “I asked the CEO, ‘Do you like having a board?’ And he very honestly said, ‘Mostly.’ If he’d said to me, ‘I think they’re marvelous all the time,’ I’d know he was lying because that’s just not how executives think,” recalls one director.

When considering whether you can balance board service with other commitments, particularly if you have a full-time executive role, understand that you will likely underestimate how much time it will take, especially early on. “It took much more time than I thought would be required initially to get up to speed — to understand the business, strategies, key issues and opportunities,” one director told us. If you have to travel to meetings, plan on that adding a day or two to the board meeting commitment. You also should allow time for work related to committee assignments and, depending on your expertise, you may be tapped to mentor someone on the executive team, work on issues outside of board meetings or respond to unexpected demands related to a crisis or deal. “It can be hard to budget for that, and it can happen at the worst time. But you can’t shake off your responsibilities at the time when you’re needed most, when there’s an activist or stakeholder issue, a significant transition or a succession planning issue that you have to work through.”

Conversely, don’t immediately take yourself out of the running for a very valuable opportunity. “If I thought too much about the time commitment, there is a chance I would have turned it down, which would have been a terrible thing,” one director told us. Equally do your research; it’s amazing the sorts of businesses that initially might seem not right for you but on further research are really interesting and worth pursuing.



“If I thought too much about the time commitment, there is a chance I would have turned it down, which would have been a terrible thing.”

SPOTLIGHT: DIRECTOR INDUCTION BEST PRACTICES

Most boards have a formal induction program, which typically includes the following:

- Presentations from management on the business model, profitability and performance
- A review of the previous 12 months' board papers and minutes to provide context on the current issues
- Meetings with key business executives and functional leaders, including finance, marketing, IT, HR, etc.
- Site visits providing new directors a better sense of how the business works and an opportunity to meet people on the ground
- Meetings with external advisers such as accountants, bankers, brokers and others
- Explanation of regulatory and governance issues
- Attendance at an investor day

Mentoring: First-time directors, especially, tell us they appreciate having a mentor during the first six to 12 months on the board. An informal mentor program pairs a new director with a more experienced director who can provide perspective on boardroom activities and dynamics or help with meeting preparation, explain aspects of board papers, and debrief and act as a sounding board between meetings.

What new directors can do: Don't be afraid to ask for the process to be tailored to your needs if you want to explore certain areas of the business in greater depth.

Preparing for the first board meeting

As part of your due diligence, you will already have read published information about the company, and it goes without saying that new directors will have received a wealth of material as part of the onboarding process and in advance of the first meeting. What many don't appreciate before they've done it is just how much pre-reading material there can be, and the amount of time it can take to thoroughly digest it.

Many first-time directors have presented to their own company's board of directors, but these encounters provide just a narrow glimpse of the board's responsibilities. For this reason, some first-time directors find it helpful to attend a formal director education program providing a deep dive into corporate governance, including the board's fiduciary responsibilities and areas such as NED liability, reporting to shareholders and reporting on sustainability. "They expect you to have an understanding of governance when you come in. They're happy to answer questions, but they're not going to know what you don't know. If you don't even know what you don't know, then you don't know to ask," said one director.

Most formal onboarding programs encourage new directors to meet with key members of management, and many will schedule site visits to key operations. "It was really helpful to spend quality time with each of the CEO's main direct reports so that I could get a sense of their top priorities and how they think about running their businesses. Without that little additional context from some of these executives in the organization, you're really operating in a bubble."



One-on-one meetings with as many of other directors as possible before the first board meeting can provide a sense of the priorities of the board, and the dynamics among directors and between management and the board. When these meetings are not an explicit part of the onboarding process, it can feel awkward to reach out to other board members, but directors say arranging a breakfast or dinner meeting or even a coffee with other directors, starting with committee chairs, is well worth it. “Everybody is busy, but the time you take to meet people upfront definitely pays dividends in the long run because you get context you wouldn’t have gotten any other way. You can’t replace seeing someone’s facial expression or their gestures while they’re talking about a certain topic. You’ll see how much something worries them. How emphatic they’re being. You’ll see their brow wrinkle when you dig deeper into certain issues.”

What else did new directors find most helpful in preparing for their first board meetings?

- » The key performance indicators (KPIs) and lead indicators for the company. “What do I have to keep my eye on? Every other question ends up stemming from those KPIs.”
- » A glossary of company and industry-specific jargon and acronyms. “Many companies overlook this, but it’s a real impediment to being productive in your first couple of meetings.”
- » Meeting with as many members of the executive committee or senior management team as possible.
- » Understand how the board views sector and company risk. How does management assess, present and articulate risk? Are assumptions discussed and challenged clearly and freely?
- » A detailed overview of the operations, operational challenges and underlying infrastructure. “You can think you know how an airline runs, but when you walk through the operation center and see hundreds of people managing thousands of flights in the air at the same time around the world, you begin to understand the complexity of the business.”
- » A holistic view of the board calendar and activities — not just what the next board meeting is about, but the key processes of the board over the course of 12 months of board meetings. “When you’re new, you might wonder why the board isn’t talking about the compensation implication of a decision, as an example, but everyone else knows that’s because the next meeting is the one when the board does the comp review.”
- » A detailed explanation of how the finances are organized, including a complete listing of accounts in an accounting system. “Everybody’s chart of accounts is different. Depending on how it’s drawn, you can get a very different look at P&L.”

Participating in early meetings

First-time directors tend to assume that they should say little during their first few meetings, while they observe and get to know the board and its dynamics. The directors we spoke with recommend a more balanced approach: listen more than talk, but be willing to participate in the discussion, especially in your area of expertise. “You’re there for a reason. You’re there because they thought you could add value.” New directors appreciate getting feedback from the board chair or lead director about their contribution level — so, if it’s not given, directors should ask for it. “After the first meeting, the lead director said, ‘I’m glad you spoke up a couple times. Do that more. We brought you here to get your point of view so feel free to speak up.’ It was great to hear that. You never want to hear it the other way, where you spoke up too much or took up too much air time.”

Nothing is more valuable for getting a sense of the board dynamics and directors’ expectations for how you should behave in those early meetings than one-on-one discussions with individual board members. “I wanted to get to know them a little bit personally before meetings where more-involved or controversial topics would be discussed so that we at least have met and have a little bit of an understanding of one another.”

New directors also appreciate when the board chair or lead independent director is proactive in making sure that the multiple voices are heard in board discussions. “Even when the board composition is diverse along many dimensions, your work isn’t done. You still have to actively work to avoid conforming your behaviors and opinions and to hear diverse viewpoints. That’s a constant work in progress.”

“After the first meeting, the lead director said, ‘I’m glad you spoke up a couple times. Do that more. We brought you here to get your point of view so feel free to speak up.’ It was great to hear that.”

Having an impact

“How do I have impact?” It’s a question that is top of mind for most new directors, especially those who were brought on the board because of their expertise in areas such as digital technology, product development, risk management or go-to-market experience. Depending on the size of the company and experience of the management team, a new director’s involvement outside the boardroom could include interviewing candidates for key roles, mentoring senior leaders, advising on specific topics or making useful introductions. “Engagement has to be on the terms that work for the executive team,” advised one of the directors we interviewed.

New directors with specialized expertise also play a role in educating other directors. “You don’t want a situation where the rest of the board sits back while all the questions flow to one person. Over time, all directors want to learn how to ask challenging questions in these areas. I find that other directors ask me questions like: ‘Why did you ask that? Why did you put the question in this way? What were you looking for? There seems to be something in the response to that question that troubles you, so let’s peel that apart a little bit.’”

First-time directors can find it challenging to know if they are having a positive impact on the board — and that the board is positively contributing to the business — because of the lack of regular feedback. “I would like a little more focus on making performance feedback a continuous process, particularly for the first six to 12 months. Following every meeting, there should be opportunities to point to out what’s working well and what could work differently, even if it’s just a 10- or 15-minute conversation to reinforce and correct the issues that didn’t go well in context.” So it is important to ask the chairman for feedback.

“You’re not going to know everything going in. Expect that you’ve got a lot of holes. When I have big questions, I’ll grab a board member who I know will have the context and say, ‘Hey, I noticed this,’ or ‘I had a question on this,’ or ‘I’m sure there’s context here that I don’t know about,’ and just let them talk.”

Raising questions

By definition, a new director lacks perspective on the board’s history — the sacred cows, the topics that have been debated ad nauseam already and other important context. This makes knowing when to raise questions or to push for more information all the more difficult. “Fresh eyes are good, but one of the worst things you can do is walk into the board and hone in on topics that aren’t going to be productive, that the board has already hashed to death.” That is why it is important to have read the board minutes, if not papers, for the previous year or so, so you can understand some of the key issues and debates.

Getting a read from other directors about the board’s priorities can provide important context, as can using meeting breaks to follow up on your questions. “You’re not going to know everything going in. Expect that you’ve got a lot of holes. When I have big questions, I’ll grab a board member who I know will have the context and say, ‘Hey, I noticed this,’ or ‘I had a question on this,’ or ‘I’m sure there’s context here that I don’t know about,’ and just let them talk.”

When a director does have questions or concerns that go deeper, the delivery is important. “Asking questions, even when you know what the answer is, rather than making declarative statements is a good general approach. Other directors will be receptive to your questions if you communicate that you’re trying to get to the heart of important issues and facilitate discussion that needs to happen to gain consensus on direction.” How you frame questions also is important: Ask, “How are you thinking about ...?” rather than trying to be too prescriptive and asking, “Have you considered ...?”

Conclusion

Most new directors truly value their first board assignment, despite the time demands and steep learning curve. First-time directors are most likely to enjoy the experience when they conduct careful research and due diligence before accepting a board invitation, prepare thoroughly for board meetings and have the confidence to be themselves in the boardroom.

Authors

George Anderson (Boston), Tessa Bamford (London), Jason Baumgarten (Seattle) and Kevin Jurd (Sydney)

Participating Directors

Stewart Butel

Former managing director of Wesfarmers Resources and independent director for DUET Company Limited

Admiral (Ret.) Gary Roughead

Former chief of Naval Operations and independent director of Northrop Grumman Corporation

Amy L. Chang

CEO and founder of Accompany and non-executive director of Cisco, The Procter & Gamble Company and Splunk

Michelle Somerville

Former KPMG audit partner and independent director of The GPT Group and Challenger

Sue Clark

Managing director of SABMiller Europe and non-executive director of Britvic

Sybella Stanley

Director of corporate finance at RELX and non-executive director at Tate & Lyle and Merchants Trust

Greg Coultas

Former Deloitte audit partner and non-executive director of Virtus Health

Jane Thompson

Former senior vice president of Match.com and independent director of Michael Kors

Tom Killalea

Former Amazon vice president and independent director of Capital One, Carbon Black and MongoDB

Gene Tilbrook

Chair of The GPT Group Nomination and Remuneration Committee

George Mattson

Former managing director of the Global Industrials Group for Goldman Sachs and independent director of Delta Air Lines

Trae Vassallo

Co-founder and managing director of Defy Partners and non-executive director of Telstra Corporation



Research & Insights

As the premier firm for board and CEO counsel and recruitment, Spencer Stuart plays an active role in exploring the key concerns of boards and senior management and in the search for innovative solutions to the challenges they face. Through a range of articles and studies available at spencerstuart.com, we examine business trends and developments in governance and their implications.



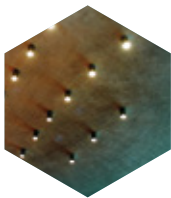
CEO Succession Planning
in Family Business



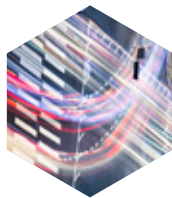
Four Hidden CEO Succession
Risks and How to Avoid Them



Highlights from the Global
Board of Directors Survey



Performance in the Spotlight:
Assessment and
Board Effectiveness



Challenging the Status Quo:
The Case for Diversity in
Infrastructure Leadership



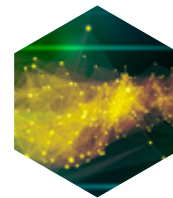
Digital Transformation:
Five Key Learnings



Who's at the Wheel?
The Autonomous Vehicle and
Its Impact on Leadership



Fresh Perspectives:
Why Your Next CFO May Be
Working in Another Industry



Whole Brain Marketing:
Data, Creativity and the
Leadership Challenge



Overcoming the Global/Local
Challenge: How Consumer
Goods Companies Are
Organizing to Compete



A New Mandate:
The Evolution of Human
Resources in Building the
Workplace of Tomorrow



Can They Make the Leap?
What It Takes to Get to — and
Succeed in — the Most Senior
Functional Roles

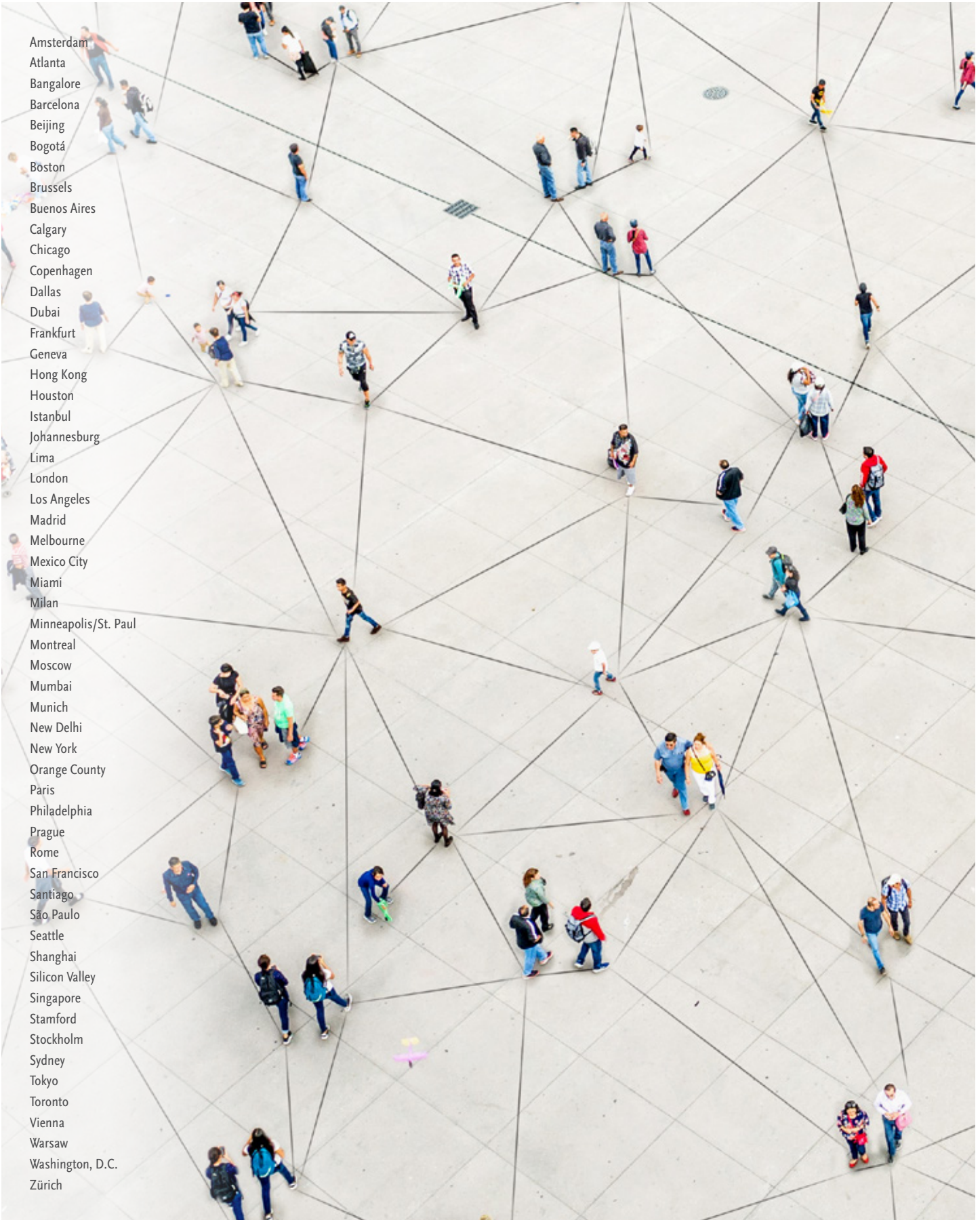
Board Governance Trends: A Global View



Spencer Stuart Board Governance Trends is an exclusive source of insight into the way board practices are changing around the world and how they compare across countries. It is a one-stop online resource for the latest data in board composition, governance practices and director compensation among leading public companies in more than 20 countries.

www.spencerstuart.com/research-and-insight/board-indexes

Visit spencerstuart.com for more information.



- Amsterdam
- Atlanta
- Bangalore
- Barcelona
- Beijing
- Bogotá
- Boston
- Brussels
- Buenos Aires
- Calgary
- Chicago
- Copenhagen
- Dallas
- Dubai
- Frankfurt
- Geneva
- Hong Kong
- Houston
- Istanbul
- Johannesburg
- Lima
- London
- Los Angeles
- Madrid
- Melbourne
- Mexico City
- Miami
- Milan
- Minneapolis/St. Paul
- Montreal
- Moscow
- Mumbai
- Munich
- New Delhi
- New York
- Orange County
- Paris
- Philadelphia
- Prague
- Rome
- San Francisco
- Santiago
- São Paulo
- Seattle
- Shanghai
- Silicon Valley
- Singapore
- Stamford
- Stockholm
- Sydney
- Tokyo
- Toronto
- Vienna
- Warsaw
- Washington, D.C.
- Zürich