

ARTICLE

A look at leading board chairs today

Comparing the backgrounds and role structures of current chairs suggests that most boards—even those with strong DE&I or ESG performance—could benefit from significantly broadening their expectations about the role and who can fill it.

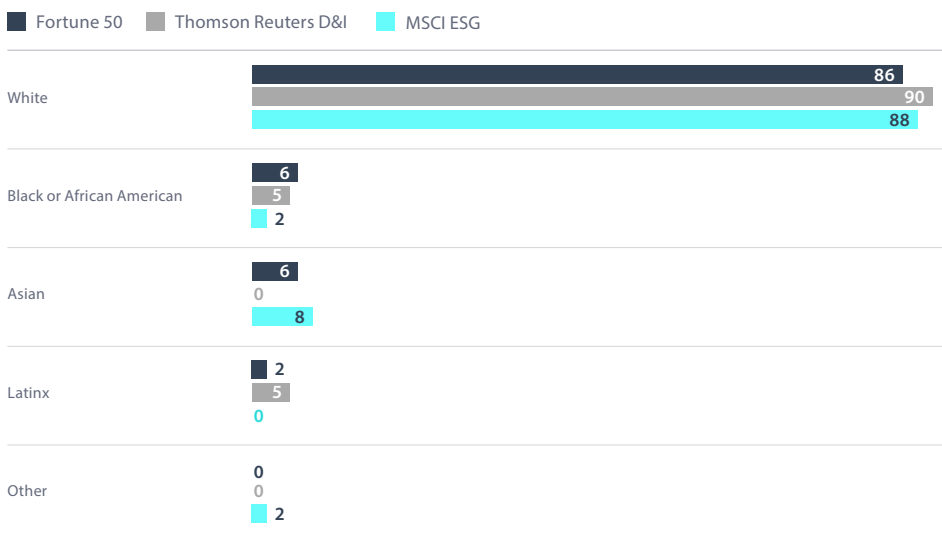


We looked at the backgrounds, experience, and role structure of the chairs of the Fortune 50, Thomson Reuters D&I index companies,¹ and MSCI ESG index companies, with the expectation that chairs of the companies in the latter two groups might be more diverse in terms of gender or racial and ethnic diversity, as well as diversity of experience or perspective. There are some hopeful signs in role structure, but, on the whole, there were few differences. These findings only increase the urgency of our call for boards to broaden their understanding of the qualities and areas of expertise that make an exceptional chair today.²

Gender and racial and ethnic diversity

Although the share of female chairs is tiny among the Fortune 50, just 8%, that's higher than among companies in the other two groups. Almost all chairs in all three groups were white.

Share of diverse chairs among the Fortune 50, Thomson Reuters D&I index, and MSCI ESG index companies



Prior experience

Ninety percent or more of chairs in all three groups have experience as a CEO, CFO, or COO. This is much higher than the share of Fortune 500 board seats currently being filled by people with similar experience: our recent *Board Monitor US 2021* report, for example, showed that boards are less and less often filling seats with people with CEO or CFO experience; the share was 51% in 2020, the lowest we have seen.³

This suggests that although board leaders are broadening their mindsets about criteria for board members, they are more often still sticking with tradition as they consider the chair role.

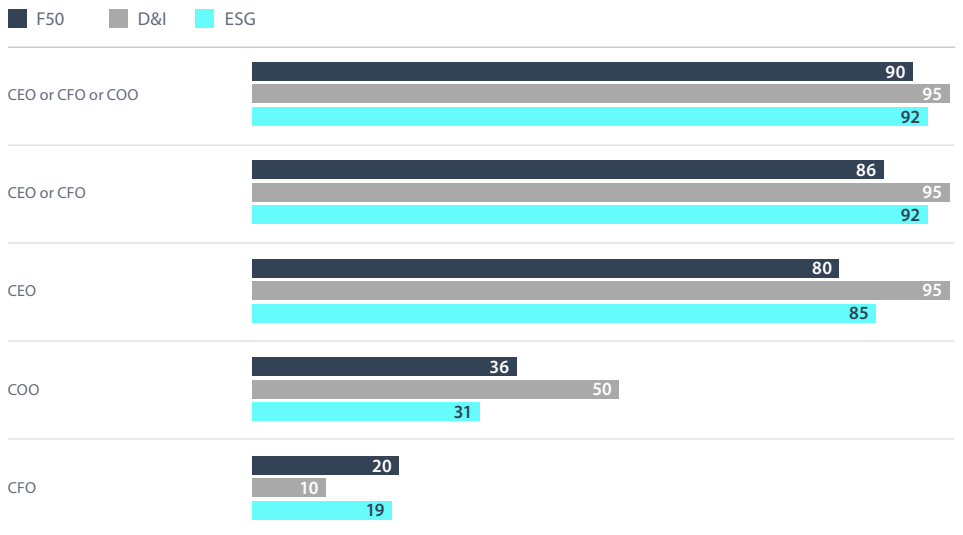
¹ The analysis includes 20 companies in the D&I index and 50 companies in the ESG index.

² Footnote core article TKTK.

³ *Board Monitor US 2021*, Heidrick & Struggles, on heidrick.com.

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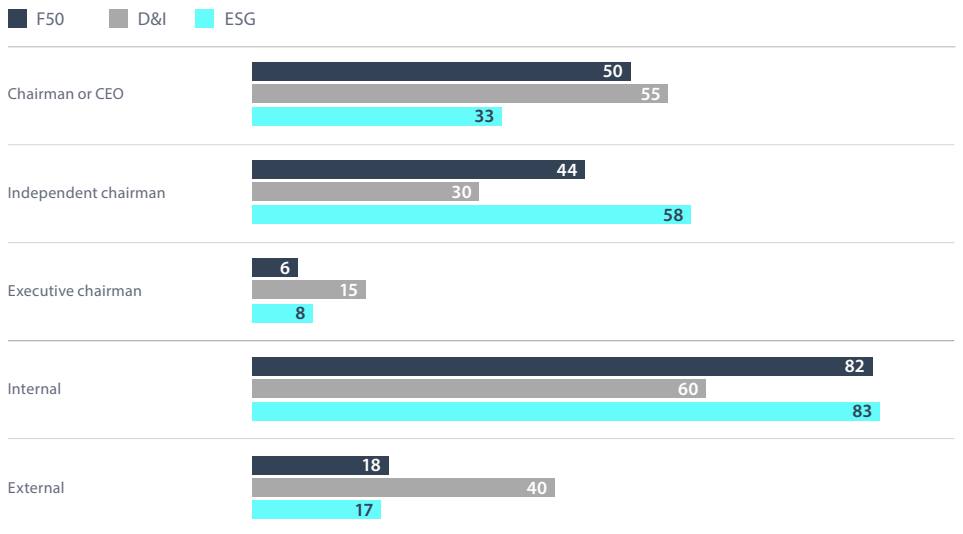
Prior experience of chairs among the Fortune 50, Thomson Reuters D&I index, and MSCI ESG index companies



Role structure

More than half of the companies on the ESG index have independent chairs, and chairs of D&I index companies are more than twice as often as others external appointments. This suggests that companies in the latter two groups are more often seeking independent perspectives and new insights in their chairs.

Role structure of chairs among the Fortune 50, Thomson Reuters D&I index, and MSCI ESG index companies



This suggests that companies in the latter two groups are more often seeking independent perspectives and new insights in their chairs. In the current context—one in which DE&I and ESG are metrics of success for more companies than ever before—we believe these companies may be leading the way for others in seeking such breadth of experience.

Even companies recognized for strong DE&I or ESG performance, are, on the whole, still choosing chairs based on criteria that are, we believe, important but not sufficient to succeed in today's world. It is heartening that chairs of those companies are more often positioned to offer independent perspectives and new insights, but it is not enough. Experience as a CEO, CFO, or COO can be very helpful, and in some circumstances may be crucial. But it is no longer the only path to succeeding as chair. As we explore in depth elsewhere, boards that actively seek forward-looking leaders and choose those leaders by giving a larger weighting to four collaborative skills will have the best chance of success. Those skills, culled from our extensive conversations with chairs around the world and our own experience, are listening, facilitating the right conversations, being inclusive, and building the right relationship with the CEO.

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