

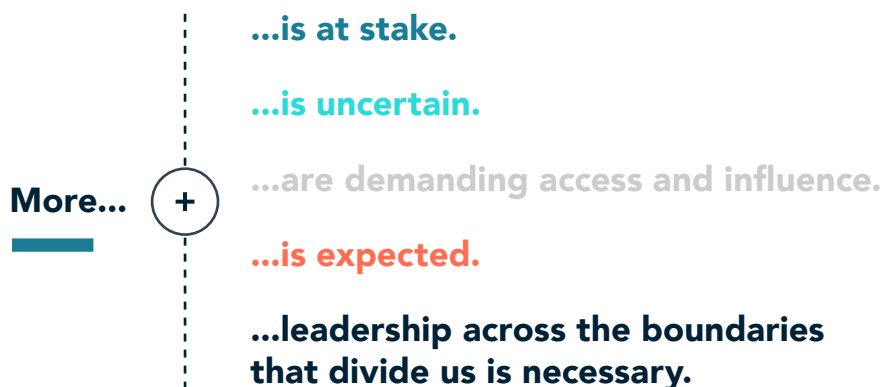
## ARTICLE

# An untapped source of capacity for boards

As boards face more unprecedented demands than ever, too many overlook the value that on-demand executives can bring to certain board operations.



As more is expected of corporations than ever before and business is emerging as the most trusted institution to address broader societal concerns,<sup>1</sup> boards are trying to make sense of the path ahead, their role, and the trends that are shaping these conversations. These tensions underlie boards' already complex job of fulfilling their traditional responsibility of financial, risk, and strategy oversight in a context of economic volatility; managing risks emerging from unforeseen angles, new technologies, and new stakeholder expectations; and ensuring their companies have the leadership to thrive when strategic agility is more important than ever.



There are cases in which boards need expertise right away, for example, when a new risk emerges, or when they may want to own and manage a project themselves rather than relying on the executive team or consultants. Boards need knowledge relevant to their concerns and that will resonate with their considerations—and they might need to find it fast.

Many boards are revamping their succession planning processes to help ensure they can be as effective as possible. But boards cannot add enough members to ensure expertise in every single emerging area of responsibility while still meeting foundational responsibilities and ensuring diversity. Boards must make trade-offs in what they need most from their new members; they typically bring people on for their judgement, objective minds, and ability to cull through information and make good decisions, along with a core expertise such as finance or leadership in the same industry as the board's company. But given all these conflicting needs, expertise on the board itself will not be enough. Advisory boards are helpful for known risks or emerging strategic considerations. Many boards, for example, have advisory boards on climate change or community contributions. But there are cases in which boards need expertise right away, for example, when a new risk emerges, or when they may want to own and manage a project themselves rather than relying on the executive team or consultants. Boards need knowledge relevant to their concerns and that will resonate with their considerations—and they might need to find it fast.

A change in how boards operate can help. At the executive level, one study has shown that among people earning more than \$150,000 a year, one-third say they work independently,<sup>2</sup> and we have seen demand for on-demand executives, including all interim leadership placements from the C-suite down, grow 137% year-over-year.<sup>3</sup> There is particular demand for interim leaders in key roles such as CFOs and those of rapidly developing functions, including CTOs, CIOs, and CISOs.<sup>4</sup> But boards typically change the ways they work more slowly than executive teams, and so have made little use of on-demand talent. However, the combination of new demands and the radical changes to ways of working that COVID-19 required is creating a new openness among some boards to on-demand talent.

1 Edelman Trust Barometer 2022, Edelman, January 2022, edelman.com.  
 2 André Dua, Kweilin Ellingrud, Bryan Hancock, Ryan Luby, Anu Madgavkar, and Sarah Pemberton, "Freelance, side hustles, and gigs: Many more Americans have become independent workers," McKinsey & Company, August 23, 2022, mckinsey.com.  
 3 2022 High-End Independent Talent Report, Business Talent Group, March 2022, businesstalentgroup.com.  
 4 2022 High-End Independent Talent Report, Business Talent Group, March 2022, businesstalentgroup.com.

For example, the board of a global fast-moving consumer goods company started looking at expected supply chain disruption before the pandemic. They were seeking ideas to create leapfrog innovations in their supply chain. Though they had internal teams developing ideas, the board wanted another perspective, one without internal bias, but also not from consultants—they wanted other people who had consistently wrestled with the same issues. So, they shaped a very tightly focused eight-week project in which four independent executives with years of frontline experience looked at topics such as technological disruptors, risks, and new technologies or processes related to products (for example, what effect adding water to drinks at a different point in production would have on supply chains). Each expert undertook an independent analysis in their own field and then they all pulled their findings together. The resulting report gave the board a broader field of vision as they assessed the internal recommendations, and for a relatively small investment. A similar project could work anytime a board determines that it needs to have more context to assess new threats and opportunities but doesn't necessarily want to go around their own executive team for recommendations.

If and when a board concludes that an independent perspective will benefit the company as a whole, considering on-demand leaders can be a way to bring necessary expertise to the boardroom in a way that is both time- and cost-efficient.

The board of a midcap hospitality group used an on-demand professional to prepare for a board and management team strategic retreat. Why did they need help? The retreat date was rapidly approaching, and while internal planning work had consumed quite a bit of time and effort from the management team, everyone admitted that it was neither complete nor sufficiently synthesized for a productive discussion at the retreat. The executive team had their hands full running the company during a challenging stretch and, frankly, not a lot of strategy experience. So, the board chair and CEO together asked to parachute in a single highly-skilled management consultant, someone “with partner-level experience at a consulting firm, with relevant industry experience, and excellent client hands... but able and willing to dig into analysis” to pick up and pull the internal work together, and then to facilitate discussion at the retreat. This is exactly what was delivered, and, within days, the consultant was at work with the team, pushing through analysis, synthesizing issues, and posing a series of questions to tackle at the retreat. This compact, six-week engagement enabled a highly effective board and management retreat which set the business on a clearer, faster growth trajectory.

As board chairs and committee chairs think about the most effective way to get access to the expertise they need, they should start, as always, with their strategic scenarios, and then ask these questions:

- **Have we ensured our board competency matrix includes skills and experience most material to our company and the communities we serve, given what we know today?**
- **For the skills and expertise we don't need on the board today, do we, as a board, need to have independent access to them, or can we rely on the executive team?**
- **If we, as a board, want to undertake an independent project—an offsite, a board review—do we know where we would turn?**

If and when a board concludes that an independent perspective will benefit the company as a whole, as in the examples above, considering on-demand leaders can be a way to bring necessary expertise to the boardroom in a way that is both time- and cost-efficient.



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