

# HOW BOARDS USE TECHNOLOGY TO IDENTIFY AND FILL SKILLS GAPS

By Adarsh Mantravadi

## RAM CHARAN, A CORPORATE GOVERNANCE

expert and bestselling author of *Boards that Lead*, put it bluntly when speaking on the importance of recruiting board candidates with the right skills to thrive in today's social and business environment.

Choosing to serve on a board of directors shouldn't be about ego or prestige, Charan says. Instead, the desire to join a board should come from wanting to make a contribution and to facilitate the work of the board itself.

Boards aren't just looking for new recruits with the right technology, finance or marketing acumen. Today's boards increasingly want their composition to reflect societal shifts that favor diversity and inclusion.

Historically, boards skewed mostly male, many of whom served as gatekeepers for choosing new board members. Rather than judging candidates on their merits alone, the old boys' network selected new members based on, "Who do you know?" Relying on personal networks to fill vacant board positions often results in a lack of diverse candidates, and it narrows the applicant pool significantly.

Finding candidates who bring a diverse mix of life experiences and skills takes time and effort. In order to expand networks, identify gaps and quickly onboard new board members, companies increasingly benefit from using cloud-based board management software.

## Using Board Tech to Identify Skills Gaps

Ensuring board composition includes the right mix of skills, experiences and backgrounds proves vital to developing governance that drives long-term value.

To truly understand their board's current strengths and missing components, organizations often develop a board skills matrix, which lists current members along one axis and necessary skills on the other. The matrix includes skills like marketing, finance, legal and risk management, as well as demographic information and retirement dates. Before the rise of board management software, maintaining a skills matrix was a time-consuming, manual process.

Today, leading board management software streamlines the process and presents real-time matrix data in a dashboard view. Boards can quickly identify skills gaps, then build a recruiting plan to fit

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their strategic direction. It provides a single source of truth, minimizes complexity and reduces the tools needed to track board members' skills.

In the near future, board management platforms will not only help boards understand their composition, but also analyze how their boards' skills and diversity stack up against similar organizations.

## Integrated Assessments

A thoughtful board member self-evaluation can help members gain insight on how well the board and management team function together, improve alignment on key issues and strengthen overall board effectiveness

But how you conduct a board evaluation matters, especially when it comes to understanding how well your board functions together, and individually as board directors. Rather than simply checking the box to show the board performed its required duties, a thoughtful board assessment shows the positives and negatives, and rigorously tests the effectiveness of board composition, dynamics, operations and structure.

## Diversifying Board Composition

Boards don't just need a unique mix of skill sets to govern effectively. They also benefit from a diverse board composition where members bring a range of age, ethnicity, gender, background and lived experiences.

In 2021, Nasdaq issued new rules requiring publicly traded companies to annually disclose their board diversity—including gender, racial and LGBTQ+ characteristics—or publicly disclose their lack of diversity. Despite the mandatory new rules set to begin in 2023, companies only need to "comply or explain" their board diversity. Yet, there's a strong assumption disclosure rules will ultimately improve board diversity as companies prefer to avoid scrutiny.

Similar to the skills matrix and assessments, board management software helps boards analyze

current composition and identify new recruitment opportunities to expand diversity. From a single dashboard, the board can identify gaps in age, gender or ethnicity, and identify members approaching retirement.

## CEO Succession Planning

According to Charan, a board cannot effectively run a company without a strong CEO. He says an ethical CEO who meshes with the company's culture makes it easier for boards to make decisions, collaborate, advise and hold frank discussions.

A good succession for a role of immense importance requires a seamless onboarding experience, so the new CEO can quickly become an active and engaged participant.

Once on the board, CEOs and directors must commit to making an impact. Charan's advice is to learn as much as you can about the business. "Master what the business is. What are its drivers? Where is it going? Where are the risks? The management will welcome this, and your contribution will increase in a major way," he says.

Rather than wasting time with manual processes, board management software speeds up onboarding by making it effortless for new CEOs and directors to access all board materials, connect and communicate with other directors, and learn the ins and outs of the business.

## Board Management Moves to the Cloud

From hiring a new CEO to replacing the board chairman and recruiting directors, boards continuously need to identify and bring in new talent. Board management software helps boards understand their skill sets and identify gaps, identify qualified candidates and plan for recruitment goals.



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