

Research Triangle Chapter Directors Registry

Director Search Guidelines

The National Association of Corporate Directors

- 16,000 members and customers, mainly CEOs, directors, and boards from Fortune 100 corporations, Nasdaq companies, and mutual institutions to smaller OTC, private and closely held firms
- Established in 1977, NACD is the only organization focused exclusively on providing information, education, research, and advice on all aspects of corporate board performance



The “strategic asset” board

- Knows and understands the company’s business and competition
- Provides intelligent “capital”
 - Performance-enhancing ideas
 - Networking
 - Strong support of corporate best practices

Characteristics of “strategic asset” boards

- Establish high, realistic standards of performance
- Enhance decision-making with rigorous analyses
- Energize management by empowering them and holding them accountable
- Attract and retain top leadership team
- Focus on strategic issues
- Link executive compensation to shareholder value

Director Search; Overall Process

- Define current & long-term board skill needs
- Compare to current board skills
- Prioritize needed skills
- Have RTC-NACD identify candidates
- Review candidate skills/backgrounds
- Develop the short list
- Prepare for then conduct initial interviews
- Conduct second interviews if needed
- Make selection, issue invitation to join board
- Follow-up actions

Consider Board Needs

From the NACD Blue Ribbon Commission study on The Role of the Board in Corporate Strategy (2000)

“Every board needs a significant number of independent, non-employee directors who can ***actively and effectively contribute to the corporation’s strategy***”

“ At least some directors should have a ***history of success*** in developing and executing a winning strategy”

“At least some directors should have **relevant industry knowledge**”

Consider Board Needs

- Define current and longer term skill needs of the Board
- Compare to current skills
- Identify gaps to fill
- Plan for retirements or succession planning

Prioritize the Needed Skills

- “Must have” criteria
- “Nice to have” criteria
- “Bonus” criteria

Any of these can be given numerical values or weightings to develop individual candidate scores

RTC-NACD Seeks Candidates

- Initial review of the Directors Registry
- Issuance of generic notice of search to chapter members (company name is not given)
- Members are free to suggest non-members as candidates
- Interested members/contacts are requested to submit required documents

NACD Reviews Candidates

- Individual Director's Resume
 - Current/former director positions
 - Board committee experience
 - Significant Board contributions
 - Director-related education/training attended
 - Director-related subscriptions, memberships

- Personal domain resume

- Needed skills/criteria rating form

Company Reviews Candidates

- The searching company is provided the documentation on all candidates for their review *
- Company identifies a short list of candidates to interview

* RTC-NACD nor NACD make any representation to the accuracy of the submitted information

Communication with Candidates

- RTC-NACD informs short list candidates of their inclusion and provides a brief profile of the company
- RTC-NACD informs the remainder of the candidates of the search status but does not reveal company name
- The company sends a letter to each candidate informing them of the date and place for the interview
- Short list candidates may request information from the company for their preparation

Candidate Interviews

- At time and place of company's choosing
- Company may provide director expectations/job description to candidates beforehand
- Candidates may submit questions to company beforehand
- Second interviews (optional)

Selection and Follow-up

- Selected candidates receive formal invitation to join the Board
- RTC-NACD does appropriate follow-up with those not selected (potential Advisory Board possibilities)
- Voluntary company actions
 - Place tombstone ad in Triangle Business Journal
 - Membership in NACD (entire Board or individuals)