Board Leadership

Lead directors and nonexecutive chairs provide boards with a leader among equals. The tasks that board leaders perform have become more uniform over the years, though there remains a fair bit of variation from board to board.

On June 29, 2022, Lead Director Network (LDN) members participated in a peer dialogue about their roles. They shared perspectives on the most important parts of the role, whether a lead director should chair a board committee, how they interact with CEOs and senior managers, and their approach to lead director succession.

This Summary of Themes provides a brief overview of the meeting. It uses the term “lead director” to refer interchangeably to the titles lead director, presiding director, and nonexecutive chair, unless otherwise stated. For a full list of meeting participants, please see page 4.

Lead directors deliver value in a range of ways.

While the details of what a lead director does at his or her company vary, LDN members said that a big part of the role is to serve at the intersection of management and the board. A lead director is primarily responsible for marshaling the independent directors in support of the company’s strategy and leadership. But the role also involves a unique relationship with management: while it is critical that they maintain their independence, lead directors are often a sounding board for the CEO and other senior leaders on a company’s thorniest issues.

Lead directors shared their views of the role and how they add value to their companies:

- **The conductor.** “The role is about putting puzzle pieces together. You are more like a conductor, as opposed to a star player.”

- **The builder.** “It’s knitting the board together and building a culture of trust within the board and with management. Ensuring that all directors add their voice to the conversation and share a diversity of perspectives.”

- **The spokesperson.** “Our responsibility is to represent the one voice of the board. I compile the board’s priorities and share them with management to shape how we will consume time on the board agenda. I also synthesize feedback into one voice for the CEO.”

- **The coach.** “I’ve been surprised how few natural leaders most companies have. The most important resource of any company is its people. I try to work at the executive
level to encourage taking care of the people, listening to the people, and valuing the people.”

- **The architect.** “It includes thinking deeply about the board and creating the right board composition over an extended timeframe. I help build a board that is resilient through all phases not one that is just looking for people when we have openings.”

**Should the lead director chair a board committee?**

Among the lead directors who participated in the meeting, slightly fewer than half chair one of their board’s committees. Of those who do, the majority chair the nominating and governance (nom-gov) committee. Members debated the merits of simultaneously serving as lead director and nom-gov chair. Some said that the synergies between the two roles mean it makes sense to do both at the same time. One said, “It’s been super-helpful for me to do both. Among other things, when it comes to evaluating the performance of the board, the directors can talk to me in both of my roles. I own the process.” Other lead directors made similar points about the importance of clearly owning tasks like new director recruiting. Others, however, were concerned that one person serving in both roles may have too much power on a board. One said, “We want each director to have an equal vote and an equal voice. If someone is lead director and also nom-gov chair, that seems like two votes.” Another said, “Especially if you are the independent chairman of the board, I don’t think it is wise to also be the chair of the nom-gov committee. There needs to be a check and balance there.”

Having other directors chair the committees can also help in planning for lead director succession. One LDN member said, “We require new lead directors to have served as committee chairs in the past and find that works well. By not having the lead director chair any committees, it allows us to have more people rotate through committee chair roles and in fact serve as the next lead director.” Several lead directors added that, because they do not chair a committee, it is easier to “check in” on all the committees. One said, “I make it my personal practice to attend all committee meetings, even if I’m not a member. And my colleagues have welcomed that because it helps me understand how the committees are operating and help the board coalesce when problems come up.”

**The lead director’s relationship with the CEO is a key to success**

Lead directors said that maintaining an effective relationship with the CEO is their most important mission. One noted, “We all recognize that the board has one employee. We are all trying our best to make that person as effective as possible.” Lead directors said that this all begins with trust. One emphasized, “The CEO should look at you as a partner, not just a director. This requires vulnerability.” Another made a similar point: “You need a relationship where there is total transparency, visibility, and no surprises on a bilateral basis. They freely
share the good and the bad.” A third added: “It’s about being comfortable colleagues. Not only are you trying to partner, you’re also a sounding board, a mentor, a coach.”

Lead directors said that it is important to establish a regular cadence of communication that works for both the lead director and the CEO—with the understanding that an open line for off-cycle discussions is key, too. One said, “I talk to the CEO two times per month just to check in. This is separate from the scheduled communications to set the board agenda or the episodic ones related to deals.” Members added that a scheduled conversation following each board meeting can be an effective two-way mechanism for offering feedback and improving the quality board meetings.

**Lead directors engage with a growing set of stakeholders**

The perspectives of a broad range of stakeholders are making their way into the boardroom. As a result, in many cases, lead directors are being asked to play a more outward-facing role. One LDN member said, “The lead director is a service role. We play a role helping other directors and the CEO, and the group of stakeholders we serve is certainly expanding.” Over the last decade, it has become far more common for lead directors to speak directly with investors. One lead director said, “I’m spending more time talking to investors on behalf of the board. It goes beyond just shareholder proposals. As they get more interested in ESG issues, the range of things they want to talk about with me is expanding. Hearing directly from them about their priorities has been very helpful for me and the board.” In some sectors, this trend has extended to engaging with regulators. Rank-and-file employee have also made a push to ensure that their perspectives are heard by board members, and some LDN members said they have had direct dialogues with members of employee resource groups. Another mentioned engaging with customers: “We make an effort to engage our customers. Maybe once or twice a year, I’ll have a conversation or invite them to join the board for a dinner or an hour in the boardroom. It is good to hear from them directly.”

**How long should a lead director serve?**

LDN members debated the merits of term limits or other mechanisms that encourage lead director rotation. For the most part, members preferred alternatives to prescriptive rules. One specifically said that, given the dynamics and the learning curve for the role, rotation, when compelled at the wrong time, can be unfortunate: “If there are term limits, you don’t want to have to make a change right when you are hitting your stride.” Lead directors acknowledged that without the blunt instrument of a term limit, it is important to regularly assess the performance of both the lead director and the full board to determine whether a change is necessary. One said, “There needs to be a continuous feedback loop.” Others noted the importance of a formal, consistent review process that encourages candor.
Meeting participants

The following Lead Director Network members participated in the meeting:

Alan Bennett, Lead Director, Fluor and TJX
Mike Calbert, Lead Director, PVH
James Dallas, Lead Director, Centene
Marcela Donadio, Lead Director, Marathon Oil
Anne Gates, Independent Chair, Tapestry Inc.
Ann Hackett, Lead Director, Capital One Financial
Fritz Henderson, Lead Director, Marriott International
David Herzog, Lead Director, DXC Technology
Michele Hooper, Lead Director, UnitedHealth Group
Glenn Hubbard, Independent Chair, MetLife
Les Lyles, Independent Chair, KBR
Suzanne Nimocks, Lead Director, Owens Corning
Chuck Noski, Lead Director, Booking Holdings
Stu Randle, Lead Director, Beacon Roofing Supply
Ted Samuels, Lead Director, Bristol-Myers Squibb
Abhi Talwalkar, Non-Executive Chair, Lam Research

Korn Ferry was represented by Anthony Goodman, Senior Client Partner, ESG & Head of Board Effectiveness Practice, Korn Ferry

About this document

Summary of Themes reflects the network’s use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments made before and during meetings are not attributed to individuals or corporations. Guests, however, have given permission for their remarks to be attributed. Comments by guests and network members are shown in italics.

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