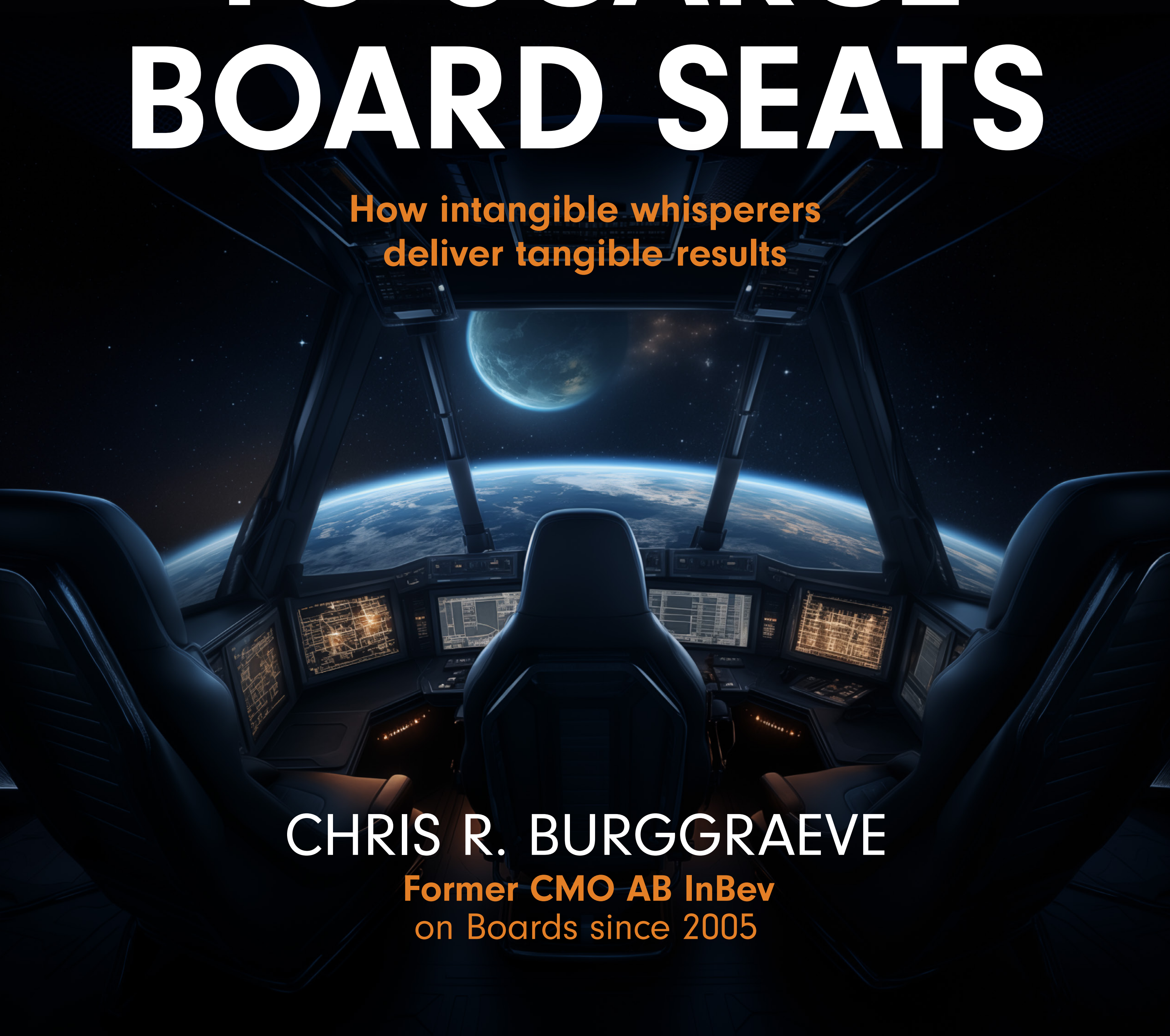
THE ULTIMATE CMO GUIDE TO SCARCE BOARD SEATS

How intangible whisperers deliver tangible results



CHRIS R. BURGGRAEVE

Former CMO AB InBev

on Boards since 2005

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To all **senior marketers (CMOs)**
with the ambition to make a real difference
in "The Room Where It Happens".

To all **CEOs and (nom/gov) board chairs**
with the ambition to create the
highest performance boards possible.

Very special thanks for all the input, guidance, and editing to

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What the cover design can teach CMOs and Boards about AI

The cover of this *Ultimate CMO Guide to Scarce Board Seats* was designed with the future in mind. Its intent is to let readers wonder about filling scarce board seats in the team cockpits of future-centric companies. The ones open to galactic thinking.

The cover illustration is by Christian Loos, the Chef of Kitchen New York (kitchen-ny.com), who created similar style covers for my first 2 books (see last page). This time, Christian not only used human graphical input, but a combination of Midjourney AI and human talent. Midjourney was preferred over DALL·E and others for its superior rendering capabilities and realistic imagery in higher resolution. The delicate collaboration between man and robot, between creativity and technology, iterated towards the right recipe, prompt by prompt. Every word guided AI closer to the desired solution. The Chef added the rest.

Not a big deal as such. Just modern day cover design. Still, two key learnings:

1. **AI is a fascinating productivity tool, certainly in the creative process.** The creative kitchen proved never too hot for AI. It never gets tired or frustrated. It calmly adjusts to the evolving vision. It consistently delivers, in seconds, without breaking a sweat - a testament to its reliability. For CMOs and boards, it seems worth embracing AI's new possibilities across creative and other areas in the value chain, rather than fearing it (FOBO – Fear of Becoming Obsolete).

2. **For now, humans are still needed to add taste, spice, and personality to the AI tool.** Despite its phenomenal capabilities, AI has no soul in and by itself. No emotion. At least not yet. The emotional dimensions still need to be defined by the humans, a reminder of the distinct roles each entity plays in this creative partnership. However, the raging public debate suggests AI is on an exponential path of learning, backed by billions. The emotional balance between man and machine may evolve much faster than we think as a result. AI is already a topic in some boardrooms. You will see it referenced regularly in this document. However, AI will move quickly beyond just being a topic. Not unlike the digital disruption/transformation of the last 25 years, AI will become an existential theme in boardrooms.

CMOs know emotion is the base for 90-95% of human decision making.
The (scary) question for boards becomes: when will AI take over emotion?
What might be the strategic/ethical implications for any business or organization?

For the avoidance of doubt, except for a few ChatGPT experiments on subsections, this document was still written by humans, inspired by real-life experience.

The room where it happens.

Hamilton

Chapter 1

The Hardest Seats to Get

Let's get real from the start. As a CMO, you may dream of getting on boards as part of your (post) career plan. How realistic is this dream? How many board seats are there technically available for any aspiring board member? What is the market size of seats *you* might be coveting, *and* that may fit your specific skillset?

"In a few years, when I retire, I plan to sit on a few boards". A phrase used by many of my former CMO colleagues or senior marketers, often in a rather off-hand way. When you ask why they think that is a realistic ambition, most answer "I thought this would make sense to boost my career", or "looks like a cool and rewarding thing to do when one retires from corporate life."

Then the conversation continues: "What do you think boards do? Why would you be a good fit for such a role? How board-ready are you?"

Suddenly, silence. Awkward silence.

We will tackle all these questions across 6 chapters. In this one, we just want to get real: the chance you will get in the room where it happens is very low. Very low indeed.

For the most desirable seats, it is tougher than getting accepted in the New York City Marathon (5%)[1], in top 10 top universities like Stanford (around 4%), or in the Goldman Sachs summer intern program (15% applicants accepted). Think of landing a board seat more as the increasingly impossible odds of landing a coveted remote job in the new RTO days. As per *Insider* [2] (sept 26, 2023): "you are 60 times more likely to get in Harvard then land a job that lets you work from home. At 0.06%, that is on par with having a birthday on February 29".

Truffle Hunt

Spencer Stuart is a leading global recruiter with a well-established board search practice since 35+ years, Its 2023 Board Index (SSBI) shows that S&P 500 boards appointed just 388 new independent directors during the 2022 proxy year. The average for profit board tends to have 10 to 15 board members, with an average close to 11. The average existing board member is 63 years old. The average age of the new 388 appointees was 58; 46% of them were women, and 36% from underrepresented minorities.

There are obviously more seats filled in any given year, but not as many as people think. In the US, 92% of companies don't have more than 10 employees. The owner is the board. In most family-owned private companies, one needs to be family to join the board. The U.S. counts nearly 23,000 private equity-owned portfolio companies, according to Private Equity Info research. Most of PE board seats are automatically reserved for themselves (shareholder representatives), along with management. The bigger ones may bring in some independent directors, who tend to be sourced from their Limited Partners or Operating Advisors pool.

There *could* be more available seats in non-profits. The IRS (US tax) counted 2 million non-profits in the US. The average non-profit board requires legally minimum 3 members, but the larger ones tend to have 15-16 trustees. However, like in for-profit, most seats are filled for successive years. New non-exec directors represent a mere 8% of all S&P board seats. The modest rate of turnover means the average S&P 500 board added fewer than one new director over the year. Most companies have statutory limitations on number of terms (2 to 3) and on age limits (typically around 72). The average tenure for a board member is close to 8 years. The best non-profits have similar numbers.

Board seats are like truffles. A very sought after, rare commodity.
Only for those who like its taste and smell.

If your ambition would be to serve on the board of a top 100 CPG public company in the world, you are seeking one of 1000-1500 board seats. You are trying to break in a highly selective market of maybe 75-150 board seats per year, if that much.

Glass Ceiling?

The 2023 SSBI showed that 30% of newly appointed Directors were active or retired CEOs, up from 23% in 2022. The study also shows 42% of CEOs sit on one or more outside boards. The second group boards typically source from is CFOs.

In the September 23 Spencer Stuart survey on *Leadership for a Complex World: Planning for the CEO of the Future,* the recruiter emphasized at first that "Whilst the world has changed again in unprecedented ways, CEOs *still must create shareholder value* and lead their companies toward success. The ability to drive results has consistently been the top-scoring dimension for CEOs in our assessment database over the past 10 years; that has never wavered."

Delivering shareholder success remains the *necessary* condition for success for any CEO; However, the survey adds, it is not the *sufficient* condition to win. What has inevitably changed is the very definition of success, and the methods an organization employs to achieve it. In Chapter 6, we will show why this change matters so much in our case for more CMOs on boards. As per Spencer Stuart, CEOs will need to:

- Define success in a new way that reflects both financial goals and the company's long-term purpose;
- Engage and inspire a wider array of stakeholders than before;
- Build and use a diverse ecosystem of talents and resources, because no CEO can have all the answers;
- Drive results using a more agile and empowering (rather than directive) leadership style. Acting or enacting change when needed.
- Excel at systems thinking,
- Strategizing comprehensively, brilliantly, and courageously.
- Be self-reflective and adaptable.
- Demonstrate leadership that blends confidence and accountability with empathy, inclusivity, and social intelligence.
- Be able to communicate with the head and heart, infused with realism.
- Be resilient.

The theoretical pressure on CEO skills has increased again, yet no one is superhuman. It takes a village to win. CEOs need the strongest management and board support possible. We will show how the right CMOs can play a key role in those winning boards of the future.

A key question many CMOs have as they ponder board service: is the CEO route a must to break in boards, or can they "get in direct"? In chapter 5, the consensus of the senior marketers with board experience I interviewed on this key point was as follows:

Business-savvy CMOs do not need to have been CEOs to break in boards. However, operating experience is a real plus. C-Suite a minimum.

That is where many senior marketers hit a snag. They have real trouble breaking in the C-Suite, let alone becoming CEO. In 2013, as per the *DNA of Fortune 100 CEOs*[3], 94% of CEOs were white, 92% were male, and the median age of a Fortune 100 CEO was 57. A salient fact is their *former track*, i.e. the last role these leaders had before they became CEO. The highest was "finance" at 28%, followed by "operations" at 20%. Marketing was near the lowest score at 3%. In Europe, Spencer Stuart research showed only 29% of executive committees have a CMO (or a COO covering the CMO role). For anybody interested in the 2023 profile of the Fortune 500 C-Suite, surf to the dashboard on Spencer Stuart's site[4].

Recent academic research also confirmed CMOs getting a seat at *the upper echelon table* remains a formidable challenge.[5] Pending on the company type, less than 10-20% of public company CEOs have a marketing background, typically only in CPG (Consumer Packaged Goods). Less than 2.6% of public board members have a marketing background.[6]

Less than 10% of CEOs, and only 2.6% of people in boards speak marketing. Who represents the "voice" of the consumer/customer at the top?

Academia calls this issue *"the Managerial Marketing Finance Gap."* It has been widening for 70 years, ever since Kotler and others invented the 4P marketing mix end of the Sixties. It prompted me to write 2 books about it: *"Marketing IS Finance IS Business"* (2018), and "*Marketing IS NOT a Black Hole*" (2021), offering ways for senior marketers to speak better finance. Even more creative-oriented marketing magazines like *Ad Age* finally acknowledged this issue[7]. Unless marketing (*Main Street*) starts to speak much better finance (*Wall Street*), consider that getting C-Suite or board seats will remain an elusive target.

Chapters 2 and 3 will emphasize why financial literacy is table stakes in board selection. There are more skills needed to be eligible for boardroom service. Chapter 4 will show that, even with the right skillset, it is not easy to break into what still is an *Old Boys Club*, with slow moving current board selection practices. Most boards are still coming to terms with a significant diversity opportunity in terms of gender, race, age, and other forms of stakeholder representation.

The most critical diversity opportunity in this sensitive board selection debate, especially for CMOs, is for boards to discover the power of *cognitive* diversity.

Chapter 6 will demonstrate how the best CMOs can help create a board with cognitive diversity. They are uniquely skilled to center a business on consumer/customer value creation. They know how to create meaningfully differentiated brands with sustainable pricing power. They know how to increase WTP (Willingness to Pay) and lower WTS (Willingness to Sell) to drive margins. They have a natural sensitivity to the health of the wider eco-system in which the company operates. They tend to be future-centric, open for the role of new technology.

Earn That Seat

A 2023 McKinsey report concluded "CEOs who place marketing at the core of their growth strategy are twice as likely to have greater than 5 percent annual growth compared with their peers."[8] The potential to develop a true partnership for growth between CEO and CMO is there, provided the company can solve what feels like stubborn friction points. Key is alignment on the critical role of marketing in the business model - its "why". CEO and boards need to determine the true scope and accountability of the CMO in the C-Suite, especially compared to other "C-Suite growth roles". They need to formally agree how marketing success is really measured: in terms of P&L and balance sheet outcomes.

Today, boards fish in the ponds they feel familiar with. Playing it safe, out of habit, they select (former) CEOs and CFOs. To be clear: this guide will not be arguing a case that every board should select a (former) CMO. Nor is this document a pitch to move the 2.6% to 10%, or to any other specific number. Rather, the ambition is to *inspire and convince* aspiring CMOs, as well as current board chairs, why a *bet* on each other simply makes common sense – to accelerate long term value creation.

This document invites board chairs to take a more critical look at their board skills matrix. It builds a case for why winning boards of the future will be the ones leveraging the proven power of cognitive diversity, focusing on *in*tangibles to create most long-term value. It will demonstrate why CMOs can be the *ideal* candidates in the Darwinian race for select seats, *provided* they put in the work.

It is all about creating change for the better, one board seat at a time.

Playing devil's advocate, from a clinical board selection perspective, there are non-CMO C-Suite candidates other than (former) CEOs and (former) CFOs who could bring such cognitive diversity perspective, like CHROs, Chief Risk Officers, etc., as well as external candidates from outside non-corporate partners. Each group can make its respective case better than I ever could. I will argue on behalf of "my" senior marketer community.

My personal wish for this document is simple: may it help to welcome more CMO colleagues in boards, as the evidence will show its long-term value creation potential. If at times it feels a bit like a manifesto for more CMOs on boards, blame it on my enthusiasm for that "unsung hero(ine)" cause. Any further feedback and thoughts always welcome. This guide is meant to be updated for the benefit of future generations, based on further insight.

This white paper has been inspired by personal experience, serving on various types of boards for 17+ years, since 2005. My first opportunities to serve came on marketing industry boards, followed by non-profits. After a 23-year corporate career, of which the last 5+ as CMO in the Executive Committee of a global CPG company, I became an active angel investor, an operating advisor for a family fund, and a Limited Partner in multiple VCs in the EU, US and in Southeast Asia. I started to join the boards of startups, scale-ups, and large privately owned companies in various capacities (board member, committee member, chair). I learned to speak the language of venture capital. In the last 5 years, I served on public companies quoted on the CSE (Canadian Stock Exchange) and on the NYSE (The New York Stock Exchange), joining multiple committees, including the audit committees. Yes, CMOs can be on audit committees too (as you will hear in Chapter 5).

Paraphrasing McDonald's, *I'm still lovin'it*, at least most of the time. As a board member, I enjoyed successes (including multiple profitable exits), and suffered a few painful failures (closures or down rounds). I was relieved we could usher many companies through unusual tough periods like Covid-19 and the subsequent global supply issues and recession. These pressure points test a board's tolerance for pain, and for short- versus long term choices. As the veteran CMO board members will testify in chapter 5, board service is *character-building*. With boards comes grey hair. Each one had their own battle scars and war stories.

Let me take this moment to thank all my fellow board and management colleagues in the organizations and companies I have/had the honor to serve with. I deeply appreciate what I have been able to learn from each of them. Additionally, I have drawn on the deep expertise of organizations I have had the pleasure to partner with in the last decades, like IRG, the NACD, and Spencer Stuart. I complemented the narrative with evidence-based thought leadership from academia and from leading advisory groups. In Chapter 4 and 6 you will find how these experts recommend you improve your chances to become board-ready, and how to get picked. In chapter 5 we will listen to the real-life testimonials of (former) CMOs who serve or have served on all types of boards. Their stories corroborate the expert recommendations, like the need for financial literacy, yet each one brings additional perspective and practical advice.

It all starts with personal purpose: *why* you are up for this?

Great marketing starts from insight into people's needs and wants. Chapter 2 will dive into the human motivations to want to sit on boards, as well as highlight the most quoted pros and cons of serving. What do boards expect from you, and what do they offer in return for your commitment?

Heads up: there is no such thing as a free lunch.

Caveat emptor.

Buyer Beware

Chapter 2
Ready for the Burden of Greatness?

Serving on boards is often portrayed as the pot of gold at the end of the corporate career rainbow. Boards can indeed provide significant monetary and extra-ordinary non-monetary benefits to one's life. While board service is not for the faint hearted, don't expect "Succession" style drama. Occasionally, board members find themselves unexpectedly in highly publicized proxy fights (think recent cases like OpenAI, Harvard, …). Those are stressful for all, but more the exception than the rule. The reality is all about good governance; about serious commitment and fiduciary duties, risks, and liabilities; about preparation, discipline, and routine. Be careful what you wish for.

In marketing research speak, why would people want to serve on boards? Do they know what they are getting into? What are the true underlying motivations and drivers for board service? Why would it make sense to pursue such a choice? Why would senior marketers want to serve on boards? What evidence is there about what board service does to one's life and professional career? At what price and risk?

Serving on one or more boards implies a shift in most people's work pattern: from climbing the classic corporate ladder only, into some form of portfolio work. Back in 1994, the Irish management philosopher Charles Handy predicted the rise of the "portfolio worker" in his book *The Empty Raincoat*[9]. He foresaw the emergence of what is now known as the gig economy, where people leverage and monetize their unique skillset for more than one organization at the same time. People would evolve/reinvent their careers, from climbing the traditional corporate ladder, to a portfolio career with multiple paid and/or voluntary roles. Today's industry magazines may refer to "mosaic work", or to "plural work". Handy argued this shift was about people's deep desire to escape the prevailing dystopian view of being seen by a big company as just a number. Or, as per his metaphor, to avoid becoming *an empty salary man's raincoat* - soulless.

CEOs who serve on boards, give speeches, or write books about their management wisdom, have been enjoying the perks of such portfolio work for a long time. These days, many more people on all levels are discovering the benefits, and the risks, of portfolio work.

Everybody dreams of being both the actor and director of one's own life.

Why people would fill that coat with board service is motivated by a variety of reasons. The narrow capitalist view might be that it is all about power, control, influence, prestige, "easy" money, perks, glamour, free golf, status, or career progression. From a classic corporate perspective, *Harvard*

Business Review (HBR) suggests that "those who manage to serve on for-profit boards are more likely to be named as CEO, and often see an uptick in their annual income. It's a seal of approval to be chosen for a board, especially a corporate one. Other executives are demonstrating their belief that you have leadership skills"[10].

Board service can add meaning and soul to that empty raincoat.

There is indeed a broader, more enlightened capitalist view. It can be about wanting to socialize and interact with colleagues and leaders across industries and government. Board roles can provide incredible learning opportunities. One gets to meet other influential, intelligent, and well-connected people. It can truly widen one's intellectual horizon. It can also be about being purpose-driven, wanting to make a difference for the firm, for the organization, or for society at large. According to *BoardSource*, some of the top reasons why people want to serve on non-profit boards are:

- To support a cause that they care about and make a difference in their community. It is an opportunity to give back to the community and make a positive impact on society.
- To build or nurture their own skills and expertise, such as leadership, teamwork, persuasion, and fiduciary responsibility.
- To expand their network of peers, professionals, community leaders, and thought leaders.
- To enhance their credibility and reputation as a well-connected and influential person, who understands the ins and outs of good governance.
- To learn from other intelligent and diverse board members and gain insight into the operations of an organization.

No Free Lunch

Whatever your mix of reasons and/or your portfolio choice, if you are considering serving on a board, it is important to find an organization that aligns with your values and interests. The reason is simple: you will have to give back, a lot. There is no free lunch. You need to be ready to invest the right amounts of time, energy, and resources. Board roles do not come for free. Expect boards to want the *3 Ws* from you: work, wisdom, and wealth.

- **Work** - rolling up your sleeves, playing your role, as discussed above. A typical board meets 4-7 times per year, but there is always work in between to ensure you are prepared, especially in tougher times for the company. Homework is a constant.

- **Wisdom** - add your experience to what creates most value for the future. As I mentioned in chapter 1, the (collective) board wisdom will be needed in good times, and tested in bad times. That is when cool heads need to prevail. When agility matters. When strategic thinking and risk/reward discussions become acutely real.

- **Wealth** - as a shareholder, you may be called upon to (re)invest money, and to open your Rolodex to others as needed. Board service can take on a very personal and sometimes existential meaning when you invest your own money. It is all good and well to invest *OPM*, Other People's Money. Life looks very different when you have skin in the game, and you have the feeling you are being skinned alive. You may have convinced friends and family to co-invest with you. Despite all the warnings you may have given them before they invested, and despite them telling you they know what they are doing as "experienced investors", they will hold you accountable regardless.

The 3Ws: Work, Wealth, Wisdom
are just the start of your commitment.

Each one of us operate in a specific legal and geographical context. In each country you will find one or more non-profit organizations that will be great sources to better understand (aspiring) board directors' duties and expectations. Some will be more focused on public companies, some more on private (equity) owned ones. Some more specialized in family companies, or in not for profit.

All these organizations have a key message in common: board service is not for the faint hearted. It comes with the *burden of greatness***.** If you want to be elevated to the upper echelon, be prepared to accept the air gets very thin up there fast. No place to hide anymore. Boards need members that can guide it not only in good times, but especially in bad times, when the organization is under real pressure.

The list of pressure points that a board deals with is endless, and more complex by the day. There will be very different pressure points at different times. They will be different for start-ups, scale-ups and for bigger established companies. From existential cash needs and endless fundraising, arguments on key personnel decisions and operating models, customer issues, cybersecurity protection urgencies, sexual harassment cases, activist investors, dealing with increasing compliance requirements, board culture and personality chemistry issues… all the way to major decisions dealing with the fallout of climate change and geopolitics (real and culture wars, pandemics, regime change, strategic country exits, etc.).

There simply is never a dull moment in most boards, albeit mostly of the non-glamorous kind. The proverbial buck stops at the board level. Board seats are hot seats. For outsiders, it is easy to complain about C-Suite and board level decisions. What they forget is they often don't have the full picture board members have (or at least scramble to get). For boards, perception management in a social media context is often a nightmare. To bring stakeholders along each time, careful communication of sensitive board decisions internally and externally has become a critical skill in and by itself. They matter.

Reporting for Duty

As part of your mental preparation, it is essential to understand universal board governance principles, like the concepts of *duty of care*, *loyalty and obedience*. Liability is also a major issue in every country. Boards can get sued. Directors need special insurance.

There is a wide choice in the US of expert organizations that can get you up to speed on all this, like the NACD (National Association of Corporate Directors), Directors Academy, Private Company Director, BoardSource, BoardEffect, Boardable, Chief, The Athena Alliance, Extraordinary Women on Boards, etc. Additionally, most top universities offer a wide choice of board preparation short courses, where you can learn leading-edge strategies, frameworks, and best practices for making complex board decisions. Each of these comes with their respective value proposition, so explore their offering, and pick the ones you feel makes most sense for you.

The NACD is probably the premier membership organization for board directors who want to expand their knowledge, grow their network, and maximize their potential. NACD is an independent, not-for-profit, section 501 founded in 1977 and headquartered in Arlington, Virginia. NACD's membership includes the entire boards of 1,700+ corporations as well as several thousand individual members, for a total of more than 23,000 members. It is the most trusted national organization and network for (aspiring) board directors, offering a wide array of thought leadership, best practice, meetings, and training.

As the unmatched authority in corporate governance, NACD sets the standards of excellence through its research and community-driven director education, programming, and publications. Directors do trust NACD to arm them with the relevant insights to make high-quality decisions on the most pressing and strategic issues facing their businesses today.

Boards are all about creating long term value for their company or for their organization, within legal and societal parameters.

Put simply, directors are supposed to take care of their house with common sense, as good homeowners would. Here are the best definitions found on NACD's website and some related sites on good board governance:

1. Duty of Care

This is the legal obligation imposed on board members, requiring them to adhere to a standard of reasonable care, and to avoid careless acts that could foreseeably harm others and lead to a claim in negligence. It is the responsibility of a board member, individually and collectively, to take all reasonable measures necessary to prevent activities that could result in harm to the company's interest. In the US, the specific tests for determining whether someone has a duty of care under US tort law vary by state.

2. Duty of Loyalty

Board members may never use information obtained as a member for personal gain. They must always act in the best interest of the company or organization. This duty revolves primarily around board members' financial self-interest and the potential (perceived) conflicts this might create. Every board member's compliance with the organization's policy surrounding conflicts of interest starts with full disclosure of any potential conflicts, to avoid the appearance of impropriety.

This offers the governance committee or board an opportunity to review and evaluate potential conflicts and resolve any issues that may arise before related decisions come under consideration. When a conflict of interest does arise, the affected director has an obligation to recuse himself or herself from participating in the discussion and/or decision.

3. Duty of Obedience

This is all about respecting the limits of the board's power, and about using that power to help the organization fulfill its mission, all while also respecting and obeying the law. Board members must not act inconsistently with the organization's purpose or mission. That means guiding decision-making to help keep the company on course toward its stated objectives, and implies Directors need to be ready to question management's initiatives, investments, or other plans that could degrade or derail the purpose or mission.

Risk versus Return

The liability of board members is not to be underestimated. Boards take out "Directors and Officers Insurance" (D&O) for its members. It is specially designed insurance coverage intended to protect individuals from personal losses if they are sued because of serving as a director or an officer of a business or another type of organization. D&O typically covers legal fees and other cost (e.g. extra studies, consultants, experts, etc.) resulting from a suit.

Directors who fulfill their core fiduciary duties are less likely to be sued successfully for decisions that have poor outcomes, thanks to a legal doctrine known as the *business judgment rule*. Under this rule, courts may offer immunity in cases against directors provided the company can prove the decisions were made in good faith (as oppose to bad faith), made with the care a reasonably prudent person would use (instead of with gross negligence), and lastly, made with the reasonable belief that it was in the best interests of the corporation (as opposed to being to its detriment).

In return for their time and efforts, and for the risk, boards pay their board members a total board compensation. The objective is twofold: 1) to align the interests of shareholders and directors, and 2) to provide value to directors for value received. Total board compensation is typically composed of different forms with possibly different time periods, and it is depending on the size of the company. Elements may include a mix of:

1. an annual cash retainer;
2. a total board meeting fee: per-meeting fees multiplied by the total number of board meetings;
3. board chair or lead director fees: for extra time committed given the role;
4. special committee meeting fees: for participating in extra meetings (audit, nomination/governance, compensation, strategy, risk, …);
5. stock awards: annual stock retainers, granted in full-value shares and stock options;
6. other perks.

The latest 2022-2023 NACD Director Compensation Report[11] provides a comprehensive perspective on (public company) director-pay practices across a wide range of industries and company sizes. Compensation practices constantly evolve, reflecting best governance practice. For example, committee fees get increasingly replaced by the retainer to make committee rotation easier across ever more committees – resulting from more demands on boards. There are 3 or 4 statutory committees pending the type of sector: nom/gov, compensation, audit, and risk. Yet depending on their needs, boards may additionally add a strategy/M&A committee, a cybersecurity one, etc. ESG and DEI are newer topics, usually assigned to the full board to get the required facetime, and potentially driving extra meeting needs (and hence possibly commensurate higher compensation).

Companies are assigned to one of five size categories based on their annual revenues: micro, small, medium, large, and top 200. The total board compensation for an average firm in 2022 was US$ 225, 750, with a range from micro US$ 140,609, to top 200 at US$ 313,258 (or more, depending on the company and its context). The study is based on 1,400 companies across 24 industries that had filed a proxy statement or any other SEC filing containing director-compensation information for the fiscal year ending between Feb. 1, 2021, and Jan. 31, 2022.

Do your due diligence.
No Sweat, No Glory.

One board member told me once: *willing to serve on boards is like deciding to let your kids have a puppy*. Don't act on impulse. Think hard about what you are signing up for. It all looks very cute at the start. But puppies grow up fast, and you are responsible for them for a long time. Bringing a puppy back to a kennel after just one year is to be avoided at all cost.

Board service can be very rewarding, in both monetary and (especially) non-monetary ways. It is a serious, time-consuming, and risky business in the best of times. It can be super stressful in bad times. There are very different risks for different sizes and types of boards, at different times of the growth trajectory of a company. It can end far less glamorous than *Risky Business*, the 1981 Tom Cruise movie. It can also end in pure joy.

Luck and serendipity will always play a role. Management guru Jim Collins highlighted in his 2001 book *Good to Great:* "luck tends to come to those who are prepared".

The next chapter is about getting you as board-ready as possible.

Mr. Gorbachev, tear down this wall.

Ronald Reagan

Chapter 3

Building Boardroom Capital

What is the best strategy to scale the perceived wall around the coveted board seats? What do experts recommend senior marketing leaders aspiring to board roles do to prepare and position themselves for success? Marketers are perceived to be narrowly *I-shaped*. How can experts get you board-ready, in top *T-shape*, towards *X-shape*?

HBR rephrased that question in a 2020 article as "How does one develop *boardroom capital*?"[12] "Corporate boards", the article argued in its intro, "are under increasing pressure to diversify their ranks, adding more women and minorities, as well as executives with different cultural and functional backgrounds, to better represent the people their organizations employ and serve."

At the same time, before the bar for board readiness has never been higher: directors are scrutinized for their ability to understand more complex businesses, demonstrate technical know-how, deliver effective governance, and generate sustainable long-term performance."

The HBR authors interviewed more than 50 board members representing some of the world's leading companies. Their first take-away was that "what got you here (The C-Suite), will not get you there". The key difference being that boards do not operate the business, but rather influence it in a much more subtle way. It requires a different skillset. "*Boardroom capital* is built on five different types of intelligence: financial, strategic, relational, role, and last but not least, cultural". Below I embellish these 5 points:

1. **Financial** - This is the foundation skill. If you don't speak the essential language of money, you cannot speak the language of the board. You do not need to be an expert in forensic accounting. It is all about being able to interpret the business model of today and tomorrow. You need to be fluent in the 3 core statements: P&L, balance sheet, and cashflow, as well as in the key decisions related to corporate finance (the investment decision, the financing decision around debt/equity, and the dividend decisions). It is also recommended to have a base working knowledge about mergers and acquisitions, and about various exit options. There are plenty off-line and online places that can teach you all these basics (top universities, the CFA Institute, …). There are many books that allow you to get smarter on the topic, explaining not just technical terms and concepts, but why financial storytelling matters.[13]

2. **Strategic** - A board is all about making hard choices between various courses of action that commit the company one way or the other. The process of strategic planning works in partnership with the C-Suite, weighing the risks and opportunity cost of alternatives in a competitive context, in monetary and non-monetary terms. This is the time for thoughtful discussions about the impact of each route on all stakeholders, not just on shareholders. The ultimate decision lies with the board's leadership, making decisions under uncertainty. It chooses the strategic route it deems best for sustainable value creation and impact. Whereas strategy planning used to be a "once a year" thing during special "away days", it has evolved to be an intricate part of virtually each board session because of the increasing complexity in the world and the "always on" requirements.

3. **Relational** - Board members do *not* operate the company or the organization. That is the exclusive remit of the C-Suite. Boards have their fiduciary duties to the company we discussed in chapter 2, one step removed from operating it. The board ideally brings together a carefully selected and cognitive diverse set of experience profiles. Each one of these members will have a distinguished background, with their own leadership style and DNA. Yet they all must put aside their egos, and work as a collegial team for the betterment of the company. It requires a lot of respectful listening, thoughtful questioning, balancing impatience with urgency. Boardroom discussions can get heated, but board etiquette requires not to shout at each other, nor in the ears of the C-Suite. It tends to whisper.

4. **Role** - Building on point 3, board members need to have a keen sense of the time they each take up in any meeting. Board room time is extremely valuable, and very costly in terms of opportunity cost of time. Questions will be deemed to deserve an answer, and some may require significant extra time from management and their teams below to answer. It may trigger costly external consultation. Every board member needs to think carefully about their respective added value in every discussion. They need to come prepared, and to play the role that is best suited in each board they serve.

5. **Cultural** - With culture, the authors don't necessarily mean the company culture itself, nor the cultural context in which the company operates. They both matter greatly, just ask companies caught up in the so-called culture wars. In terms of board intelligence however, it has more to do with *board culture* itself. With creating a safe environment in the board for honest and transparent discussion between its own members. Boards are composed of increasingly diverse people, all with their own deep beliefs and values across socio-political and personal

areas, which may be diametrically opposed at times. What matters is they create an environment of listening respectfully to these different views, always placing the company values above their own, and going back to the company's purpose as a north star for final decision making. Whilst this is a duty carried by all board members, the chair of the boards or its Lead Director can play a critical role here in setting the tone and in being a role model.

"Culture eats strategy for breakfast."
(Peter Drucker)

The last point is probably the biggest one of all. Drucker emphasized the importance of organizational culture in determining ultimate sustainable success, regardless of how effective a strategy may be. A company is all about how its people make the organization tick, every day again. It is about *what makes us, us*. It is about what people do, and how they do it. About behaviors and attitudes, when people are watching, and especially when nobody is watching. It is about the choices all the people make, on every level, every day.

Employees take their cues from how the boardroom role models not just the company culture, but from how the board role models its *own* board culture. Not unlike the coaches of top teams, the C-Suite may be the first level that takes the spotlight. However, when it ultimately comes to facing shareholders and stakeholders, it starts with the (perception of) the culture espoused at board and ownership level.

An old Chinese proverb summarizes it well: *the fish rots from the head.*

Expert Support

The above view is largely echoed by the NACD, as well as by the advice from the top global recruitment firm's board practices. NACD is an excellent resource to prepare leaders to meet tomorrow's biggest challenges. A perfect training for aspiring directors is the *Accelerate* program[14], leading to *NACD Directorship Certification*®. This is the premier director designation available in the United States, already obtained by over 3000 high-performing directors[15]. It sets a new standard for director education, positions directors to meet boardroom challenges, and includes an ongoing education requirement that prepares directors for what is next.

"NACD.DC®" is a designation that signals you are a high-performing director and shows your dedication to elevating the performance of the organizations you. It is a credential that raises the bar for boardroom excellence, a clear declaration to your peers and stakeholders that you are capable of leading in the boardroom today and that you are committed to engaging in the ongoing education that will enable you to lead in the future.

Candidates who become certified will establish themselves as best-in-class directors, committed to staying ahead of emerging issues with ongoing education, staying connected with a diverse network of cohorts, and demonstrating to stakeholders their continuing dedication to boardroom excellence. It provides excellent ongoing thought leadership, as exemplified in its latest *Blue Ribbon Commission Report* on *Culture as a Foundation for a high-performance board.*

Spencer Stuart's board practice largely agrees with the above. Here are the key insights from a 2019 (pre-covid) survey with over 250 (former) CMOs on boards[16]. They covered (one or more) board roles across 4 key categories:

WHAT BOARDS ARE YOU CURRENTLY ON?

Nonprofit	Private	Public	Academic
117	100	46	46

Given the scarce number of seats, especially for public companies, the recruiter will advise to:

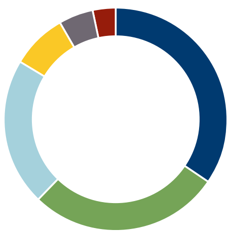
1. Start early and start "at home". Get board *exposur*e, before you get board *experience*. Get in the room with your own board to get comfortable with that environment. Earn the right to present to them, and to interact with them. Score some points and be noted.

2. Develop a general reputation of being unafraid to make tough decisions. People will be looking for *executive maturity* and *gravitas*. Board members look to bring in people they consider peers, at their level. People they can learn from, and who can add value in their own way.

3. Find a mentor, ideally one who is already a CEO or a board member in position. Importantly, make sure your own boss is aware of your interest and ambition. Nobody likes surprises. Don't blindside your own CEO or board about potential interviews. Board members have vast networks and deep rolodexes. Prospective candidates are vetted via referrals and checks.

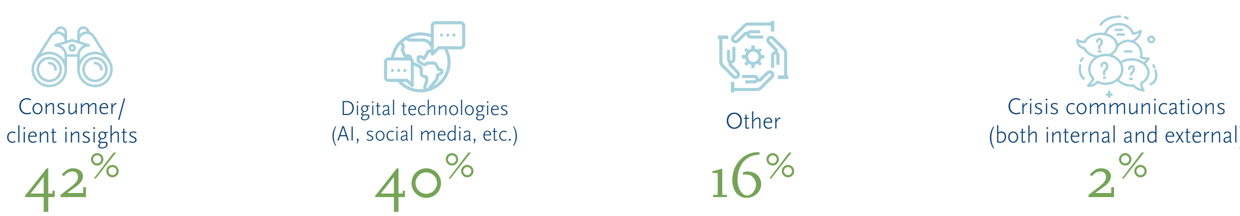
4. Cast a very wide net from the start, actively approaching your search with a very open mind to increase your chances. Build a large network of possible advocates. Remember it is unlikely you will get into a big public board as your first role. As shown above, get some experience in nonprofit, academia, and in private companies.

WHAT PIECE OF ADVICE WOULD YOU HAVE FOR MARKETERS WHO WANT TO GET ON A BOARD?



The *key* actionable insight from the recruiter is to focus on what CMOs may uniquely bring to the boardroom: functional, cognitive diversity. As we have seen, most boards naturally skew older. The average age of S&P 500 directors is 63, according to the 33rd annual *United States Spencer Stuart Board Index* (SSBI). Most of these directors simply still aren't as fluent as CMOs in newer/disruptive business models, the changing power and journeys of the consumer and customer in a social media context, or in digital transformation strategies at large.

IN WHAT AREAS MIGHT MARKETERS BRING THE MOST VALUE TO THE BOARD?

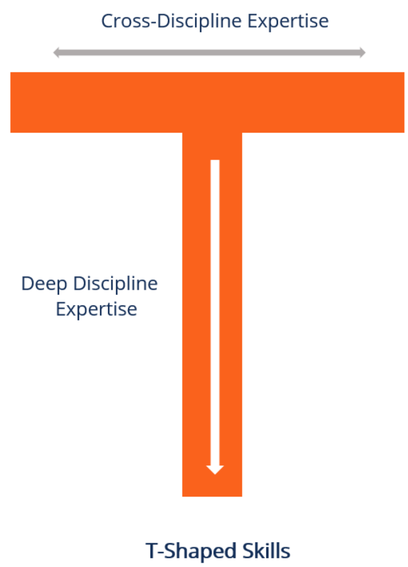


Given CMOs are brand experts, boards can expect them to be able to define/articulate their own personal brand, and their own USP (Unique Selling Proposition). Board service is a team sport. What do you add as a player to make the team better? What "gap" in the board matrix do you fill, better than anybody else?

To sell your personal brand, preparation matters. A very useful resource is the comprehensive board orientation checklist for prospective new board members (see examples below from Spencer Stuart[17], from IBABS[18], or from McKinsey[19]). These checklists detail several questions that help you to get prepared in case of an onboarding, but they are equally useful to prepare your pitch or interview.

Get in T-Shape

Building boardroom capital is strengthening the bottom and top skills in the *T expertise model*.[20] T-shape gets you away from being pigeonholed as *I-shaped*.



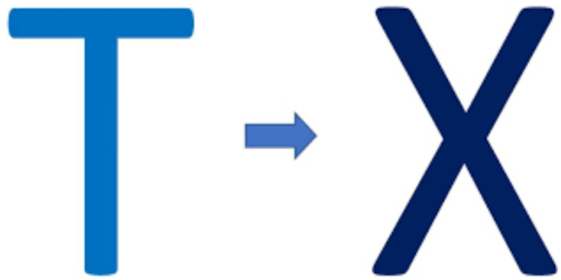
The base of the T represents the functional skills a prospective board member is sought out for. The top of the T reflects the cross-disciplinary skills that person must master to be part of a high-performance board team. The vertical bar on the T-shaped person is representative of an individual's unique abilities and skills, and how deep their knowledge is related to those abilities and skills. The horizontal bar represents the person's ability to use said skills and abilities to collaborate with others in different areas of expertise.

Most marketers are narrow casted as I-shaped specialists. The I-shaped person possesses a deep understanding of and skills in a narrow functional area only. They have not tried (yet), or have not been successful, at applying said knowledge or skills to other areas. Depth of experience is valuable, but a well-rounded and highly sought-after employee can use their skills in multiple areas.

Senior marketers with C-Suite and board aspirations need to build T-shape skills.

Moving in the C-Suite is where senior marketers move from being painters, or supervisors, to real chefs of the entire atelier. The role changes. C-Suite level CMOs ensure 1) they understand internal and external client needs and wants (*insights*), 2) the atelier is properly financed and staffed (*inputs*), 3) inspire their eco-system to create great work (*output*), and, finally, 4) sell the work internally and externally on its merits, in a business language their stakeholders understand (*outcomes*). That means not just winning and boasting about creative awards, but creating brands with a financial impact the CFO, CEO and Board can see and feel in the P&L and on the balance sheet. Brands with sustainable pricing power. Strong intangible assets.

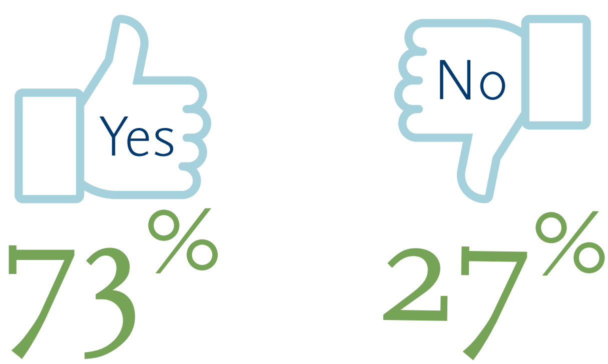
Based on conversations with experienced board chairs, the best board members become ultimately perceived as *X-shaped:* good at dealing with whatever issues and challenges life throws at the company. Staying calm and collected under any circumstance. Unflappable, and effective.



The multiple arms of the X represent a very mature board member with a clear functional expertise, broad business acumen, and the excellent interpersonal skills required to work with different people across different industries, able to bring multiple viewpoints together (indicated by the cross-section of the X). More on that very senior leader profile in Chapter 6 (the Da Vinci Humanized Growth Model).

Spencer Stuart believes more boards will seek out the specialized knowledge that marketers possess, helping to facilitate a more "modern" conversation among non-executive directors. The CMO's presence will likely bring down the average age of the board, all while increasing its cognitive diversity (and possible broader diversity as well). Nearly 3 out of 4 of the 250 CMOs surveyed in the 2019 SSBI saw a positive future for more CMOs onto boards, subject to getting the right skills – the ability to get in T-shape.

DO YOU EXPECT THAT MARKETERS WILL BECOME MORE PREVALENT ON BOARDS IN THE COMING YEARS?



For CMOs, everything starts with financial literacy, to strengthen the top of the T on top of the functional marketing skills. The Spencer Stuart 2019 report contains other useful insights on how to get in T-shape first, with illustrations from (former) CMOs in board roles. The CMO testimonials in Chapter 5 have several concrete suggestions in this area as well.

It is time for the next challenge: getting in.

No one
really knows
how the game
is played.

Hamilton

Chapter 4

Breaking in the Old Boys Club

What is theory versus practice on board selection? How do boards put together the right skillset, the right *board matrix*, to win in the future? How do they pick candidates in this DEI world (Diversity, Equity & Inclusion)? Is there a transparent process with steps 1 to 5, or is it a black box? Is it not *what you know* and *who you are*, but *who you know*?

Over the past years, whirlwind changes—including the global pandemic, social justice movements, geopolitical conflicts, economic uncertainty, and climate-driven disasters—have transformed board workloads and agendas.

Board performance, composition, and culture can be either a corporate asset or a liability, depending on how effectively the board fulfills its responsibilities and supports the company's long-term success in the context above. A weak board can be a liability, potentially leading to poor decision-making, lack of accountability, and reputational harm. Boards composed of directors that lack (cognitive) diverse experience, perspectives, and skills may not be able to provide meaningful oversight and manage evolving risks. However, an effective board can provide valuable strategic guidance, oversight, and risk management expertise, helping to drive growth, enhance stakeholder value, and mitigate risks. Boards that include diverse perspectives and expertise can also foster innovation and better decision-making.

Within the board, we need to focus on the distinct role of the *nominating and governance committee*[21], and on one of their key instruments for selection: the board matrix.

The *"nom/gov"* committee is a subgroup of board members given this task by their fellow members. It usually consists of the board chair and/or deputy chair, the CEO, and a mix of non-executive directors and/or senior independent directors. The purpose of the nom/gov committee is to exercise general oversight with respect to the governance of the board, to review the qualifications of existing board members, and to recommend to the board proposed nominees for election to the Board.

The (Board) Matrix

The heart of the nom/gov work should be to create the best possible *board matrix* of complementary skills to address the company's future challenges. In theory, this exercise should be less complex than *The Matrix* movie series. It is not about saving humanity from being trapped into a simulated reality controlled by intelligent machines. However, it *is* a very delicate exercise to evaluate the existing fellow directors' skills and expertise, and to identify gaps in the board's capabilities. Often done with the help of arms-length advisors, this results in off-boarding (for whatever functional, statutory or chemistry reasons) as well as recruiting and onboarding new directors who can fill these gaps.

In a classic board, there are seats for the executive directors and for the non-executive directors. Public companies put up a *slate* of directors for shareholders to vote on. Shareholders formally endorse/elect the board proposal during the annual shareholders meeting, or through proxy statements. For aspiring board members, the key is to understand this board matrix in a prospective company. There are multiple ways to showcase this. Here is a template for illustration, from the NYC Comptroller's office:

[Insert Your Organization Name]

Board Matrix

This sample matrix can help boards and investors assess the level of experience each company director/nominee has in various areas, as well as in the areas of gender, sexual orientation and racial/ethnic diversity, age and tenure.

	Board of Directors							
	Name 1	Name 2	Name 3	Name 4	Name 5	Name 6	Name 7	Name 8
Skills & Experience								
Board of Directors Experience	X			X				
[Specific] Industry Experience		X					X	
CEO/Business Head	X			X				
International	X					X	X	
Human Capital Management/Compensation			X				X	
Finance/Capital Allocation		X			X		X	
Financial literacy/Accounting (Audit Committee Financial Expert or "ACFE")			X			X		
Government/Public Policy	X			X				
Marketing/Sales			X		X			
Environmental Science/Policy/Regulation						X		
Academia/Education								
Risk Management				X				
Corporate Governance		X						X
Technology/Systems					X			X
Business Ethics			X			X		X
Real Estate		X			X			X
[Custom 1]								
Demographic Background								
Board Tenure								
Years	15	15	10	8	7	7	4	1
Sexual Orientation (voluntary)								
LGBTQ	X							
Gender								
Male		X	X	X	X	X		X
Female	X						X	
Non-Binary								
Age								
Years old	60	63	65	62	60	67	55	47
Race/Ethnicity								
African American/Black	X							
Asian, Hawaiian, or Pacific Islander								
White/Caucasian		X	X	X		X	X	X
Hispanic/Latino					X			
Native American								
Other								

Once you understand in theory how and where you may fit in, the question is: how to get on the radar of the chair of the nom/gov committee. In a world with massive focus on DEI (Diversity, Equity, and Inclusion), who really gets on that slate in the real world these days? I will use the gender diversity case to drive the point on the need to focus on cognitive diversity above all.

Fearless Girls

For the longest time, women have had to fight their way in the C-Suite and onto boards. In 2013, various business journals signaled that boards continued to have a major (gender) diversity problem, despite all best efforts. They alleged many boards *talked the talk but did not walk the walk*, still appointing friends or people in the narrow circle of trust and comfort.

To illustrate, two examples of eye-catching headlines at that time:

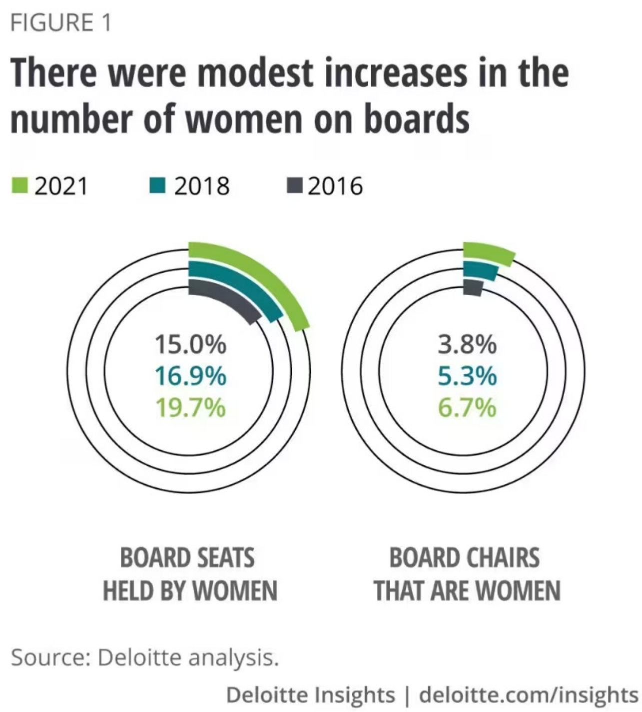
"The boardroom is still an Old Boys Club"[22]
"Boards remain pale, male, and stale. Old Boys Club alive and well".[23]

An *Old Boys* network is an informal system in which (wealthy) men with similar social and educational background help each other in business and personal matters. We will not dwell here on the morality and social justice of the various networks. They exist, and you need to know how to leverage them, or to pragmatically work around them. It is a phenomenon of all times, and unlikely to go away soon.

"The times, they are a-changing…"
(Bob Dylan)

In 2017, on the eve of International Women's Day, the asset manager State Street Global Advisors launched its breakthrough award-winning *Fearless Girl* campaign[24]. Any visitor to New York's Financial District will have seen the statue of a little girl standing in front of the New York Stock Exchange. She defiantly challenges the iconic Wall Street Bull. The campaign's intent was to start a global conversation on the importance of gender diversity in corporate leadership.

Lots of progress has been made since, yet much more effort is still needed to tackle systemic underrepresentation of women on corporate boards. Boardrooms remain mostly male. According to a 2021 Deloitte study, women now occupy shy of 20% of seats globally[25].



The slower than expected progress on gender diversity has frustrated policymakers, industry groups, and institutional investors, many of whom have publicly advocated for inclusion of women and minorities among the top ranks of management. Sure enough, women have started to organize themselves as well.

For example, founded in 2019 "to change the face of leadership", *Chief* is "a global private network focused on connecting and supporting women executive leaders". In return for a yearly fee, members get executive coaching, big-name speaker sessions, a Rolodex of female executives and, for an extra cost, access to five sleek clubhouses. Chief is essentially an Old Boys' Club — for the ladies. More such groups have emerged, like the *30 Percent Club*, the *Athena Alliance*, *Extraordinary Women on Boards (EWOB)*, or the Goldman Sachs *Spotlight* program (about broader diversity including gender).

Financial regulators also keep up societal pressure for more (gender) diversity. As an example, the Financial Industry Regulatory Authority (FINRA) is a US government-authorized not-for-profit organization that oversees U.S. more than 624,000 broker-dealers and analyzes billions of daily market events. Congress set it up to protect America's investors by making sure the broker-dealer industry operates fairly and honestly. FINRA uses innovative AI and machine learning technologies to keep a close eye on the market, and to provide essential support to investors, regulators, policymakers, and other stakeholders.

As per FINRA's website, "individual shareholders vote for board members for many different reasons. Recently, there has been a lot of public discourse around corporate diversity and Environmental, Social, and Governance (ESG) investing. In August 2021, a Nasdaq requirement aimed at increasing board diversity was approved by the Securities and Exchange Committee (SEC). The rule change requires listed companies to provide board diversity metrics and, with some exceptions, to have at least two members on their board who qualify as "diverse" or to explain why they do not. The new requirement reflects an increasing drive for companies to have boards of directors with members from traditionally underrepresented communities. This aligns with the rise of ESG investing, of which leadership diversity is one factor."

If Lehman Brothers were Lehman Sisters, the world would look very different.

This was a popular quip in the banking and investment world following the 2009 financial crisis. However, possibly to the surprise of the many gender advocates, academic research to date is not as conclusive on the pure gender effect on board composition in terms of driving long term value creation, except in a few areas.

Since early 2000, concurrent with the push to get more women on boards, a whole body of learning has been produced by consultancies (like McKinsey, 2007), by societal pressure groups (like Catalyst, 2007), and by academia (e.g. Nyenrode Business University, 2011), to measure its impact on firm value creation. The Nyenrode country study[26], focused on companies in The Netherlands, confirmed that "higher ROE (Return on Equity) in our study is consistently and statistically significant for companies with female directors, compared to companies without female directors. It seems a more diverse board leads to better quality decision-making, as the board is more independent and takes account of more perspectives".

The study also warned, "the impact on the decisions made and subsequently on financial performance proved more difficult to measure than anticipated, because many factors affect the performance of a company. Causality and cross-linkage between diversity and other performance-influencing factors make single factor research problematic. it cannot be concluded that just one woman on the board impacts the performance of the company on her own."

In a more recent HBR article[27] (September 2019, pre-covid), the authors concluded "there is little to no evidence supporting the idea that companies with female board directors perform better than companies run by all-male boards". Their study of board composition and financial data on 1,644 public companies in the United States between 1998 and 2011, found that companies that appointed women to the board were no more profitable than those that did not. Nor were they any less profitable, for that matter.

When it came to stock market performance, companies with women on the board saw even a *decline* in their market value for two years following the appointment. In other words, investors seemed to be *penalizing, rather than rewarding*, companies that strived to be more inclusive just for the sake of it. Importantly, the research did not suggest this was a reason to *not* appoint women on boards. Instead, its authors strongly recommended to *shift the diversity discourse* away from gender to other dimensions of expertise and experience. In their view, this shift might in fact *help* women and other underrepresented groups.

Instead of saying "we have appointed a female director", say "we have appointed an expert on China."

The study concluded: "With less emphasis on gender, female appointments might one day no longer be perceived as checking a social performance box, and signal nothing about firm preferences other than its commitment to hiring the best people for the job".

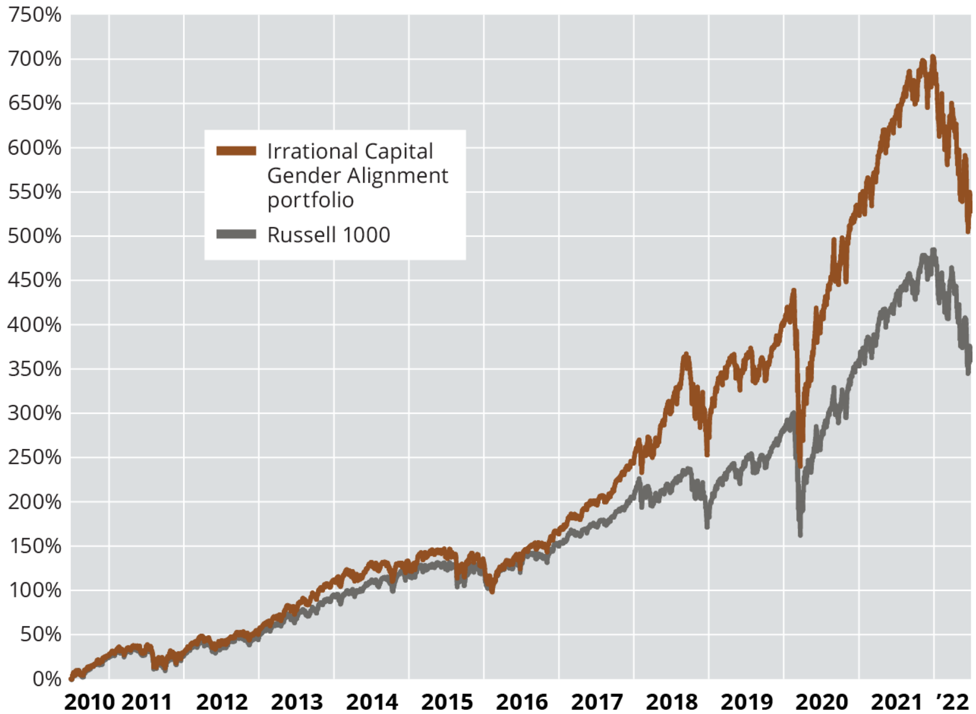
Another 2022 academic study[28] suggested women on boards *do* drive company buy-out value. When boards of targeted companies had two or more female directors, the selling price of the firm increased by greater than 5% compared to boards with no women. The study found "Women appear to spur more robust analysis and discussions of pertinent but complex information leading up to a buyout. Female directors offer a different perspective. When you have more perspectives, you tend to get better discussion, more thorough, and a more complete discussion."

This 2022 study supports ample scientific evidence that heterogeneous teams tend to perform better than homogenous teams. The latter may decide faster, but often suffer from what psychologists call *groupthink bias*. Heterogeneous teams may take more time to canvass all options, which may frustrate members who have a *bias for action*. As a result of deeper and broader thought, exploring possibly more creative and unusual avenues, heterogeneous teams tend to be more successful. Divergent thinking leads to better outcomes rather than fast convergence on a narrow set of options.

More innovative longitudinal studies using more holistic gender measurement techniques are emerging, driven by partnerships between industry experts and academia[29].

The authors worked on a "realist" premise that conservative capital needs hard financial proof before it shifts behavior. The moral imperative alone, i.e. that gender diversity is a social good worth pursuing regardless of its direct impact on financial performance, is not enough for conservative Wall Street.

They clinically analyzed the return shortcomings of the "female headcount at top level" approaches applied by investment funds and trackers to date. Then, they devised methods that went deeper, capturing *sentiment to gender throughout key levels of the organization* in innovative ways, to determine overperformers versus underperformers over more than a decade, and comparing the "gender aligned" group versus the general Russell 1000 index (see below).



The Power of *Cognitive* Diversity

Time will tell when new headlines will be written about boards' evolution towards being more "multi-color, multi-gender, and vibrant". If we bring the above historical discussion back to the CMOs (all genders) interested in breaking into boards, it is fair to assume that female CMOs will have a relative advantage to male CMOs, given the *Zeitgeist* on gender. This is a reality for male CMOs to deal with, especially if they are not from an "underrepresented community".

However, one of the key takeaways of the gender case for any CMO aspiring to be a board member, it is to *not* focus on gender or race or age or nationality diversity in your pitch, at least not to begin with. Instead, play on what academia calls *cognitive diversity*. What do you uniquely bring to the party in terms of skills, thinking and decision making?

Diversity has many faces. The gender discussion above is just one of the many sensitivities around board seat scarcity, and about who gets to fill them. We can have detailed discussions about data on race, nationality, age, or on many other forms of stakeholder representation (customers, workers, government, disability, …). If one were to write a chapter on each, one would likely see very similar pros and cons on age, nationality, race, or any other stakeholder representation. Each underrepresented group can, and will, keep arguing its case on a moral as well as on a financial level - as I do in a way in this document too, arguing the case for CMOs on boards.

The overall conclusion of this discussion is this: (nom/gov) board chairs should focus on finding the best person(s) to serve, given the needs and future challenges of the company, and within its statutory term/age limits. Full stop.

Winning boards leverage the power of cognitive diversity in the board matrix, rather than trying to tick DEI compliance boxes for the sake of it.

Here is a possibly controversial statement I heard multiple times in my interviews and discussions. If, after a *genuine* broad-based selection process and solid discussion, and with respect for legal governance constraints or requirements, the board concludes that an "older white male" happens to be the right candidate to complete their board matrix, that would not only be its right to do so, but it would also be the right call.

Diversity advocates may state that the "older white male" segment will still win more seats than its fair share for some time to come, given there are still "many more of them" in the selection pool, and "not enough of the others". That argument is not wrong, but the board should not be cajoled into picking the lesser candidate. The right focus of the board candidate prep eco-system is to continue to increase the number of diverse qualified candidates. Make the pools bigger. Make limited supply match increased demand.

That process is already well underway to becoming an inevitability. It is just math. Quota will help to a degree (albeit remain controversial), as will the continuation of pressing the moral cases for change, supplemented with financial proof. As an example, in the gender discussion, many of the women board members I spoke to over the last years highlighted that they trust they were chosen on merit, and not just to check a box. Still, many admit that legal or "best practice code" quota will have helped their case. The *Zeitgeist* change helps, and the more pervasive longitudinal data start to underscore its societal rationale. The same is true across other diversity quota nom/gov board chairs increasingly need to comply with.

Regulators and activists would be well advised to avoid becoming overzealous. Boards need to perform their fiduciary duties within degrees of freedom. In the end, it is that same board who carries the ultimate risk and exposure as well, not the regulator (except when the government is shareholder). Boards need to be able to make wise selections beyond a tick the box exercise. One of its prime duties remains composing the board of the best candidates to steer the firm's future, optimizing for cognitive diversity.

Jan Peelen, former member of the Unilever ExCo and a member of various boards for decades afterwards, observed: "When a historian and a finance person look at a forest, they both may interpret a very different picture. You want to actively cultivate differences in perspective in your board".

Getting Picked

How can you become the most attractive candidate to serve? According to Ben Baldanza, former CEO of Spirit Airlines, board member of JetBlue Airways and Six Flags Entertainment, "the single-biggest element in boards being interested in you is that you are a proven executor who can say, *Here's what I have done in my past role(s)*, with specifics about how you lead and where your competencies are."

He continues "It was once the case that being a CEO was a big advantage to being on a board. That's not true anymore today. CFOs, marketing heads, and IT leads can all add value to many boards. Division heads and conglomerates are especially attractive because usually people in those roles manage a budget and people. Be prepared to cite good reasons why you're interested in serving on the board, and why for that company. Do your research before you talk to the company. Know about its business, industry, and position. If it's a public company, read its public documents, maybe listen to its most recent earnings call, and get a sense of what the priorities are. During an interview, be prepared to talk about your board experience".

That is all good advice. However, to be able to talk about past board experience, you need to have gotten that *first* board seat to begin with. The reality proves it is not that simple to break in the Old Boys & Girls Club, especially not for CMOs. To break in, on top of *what* you know and did, it may be *who* you know. Sharpen those networking skills to get on that slate.

Chapter 5 will add further color to these insights, introducing you to (former) senior marketers who all found a way to get over the wall.

No.
Try not.
Do.
Or do not.
There is no try.

Yoda

Chapter 5

Lessons from CMOs on Boards

Less than 3% of bigger public boards have (former) CMOs serving on them. Of course, there are those serving on smaller public companies, on private boards, and/or on non-profits. In addition to the academic and expert perspectives so far, I thought it useful for all to get some real-life insight and color, from 6 proverbial needles in the haystack.

These were fascinating hours of conversations, covering an idiosyncratic set of testimonials across a spectrum of CMO board veterans. All had/have distinguished global corporate careers. All combine(d) board service with thought leadership. Four are "retired" from corporate, one is still active, and one just recently (and surprisingly) decided to *return* to a top corporate role, dropping everything else. He had learned that being "a portfolio worker" (including boards) were not what gave him the life satisfaction. It was not him.

Six very different provocative voices and experience sets, with many common threads, nonetheless. The interviews by and large corroborated the 5 core skillsets laid out by the HBR article in Chapter 4, as well as the advice given by top recruiters. I also acknowledge that, for now at least, the perspectives you are about to read are probably more US/UK-centric. Based on conversations with colleagues around the world, and based on my own board experience (in EU and in SE Asia), it appears many of their insights will travel. I do however look forward to a dialogue with more CMO board members from around the world, to capture the nuance reflective of cross-cultural differences, as well as of different governance approaches. It could make for an insightful additional chapter to this document.

As a famous example of a very different legal stakeholder representation at board level compared to the US: the legal *Mitbestimmung* principle in Germany. The 1976 law enshrines the official workers participation at board level, applicable to both public and private companies. It allows workers to elect its representatives (usually from the unions) for almost half of the supervisory board of directors (when over 2,000 employees), or for over one third (when 500 - 2,000 employees). This principle creates a very different dynamic in board discussions right there.

Allow me now to introduce you to Jim, Lynne, Jon, Hannah, Raja, and Antonio.

Jim Stengel
(former Global CMO Procter & Gamble) - Motorola, AOL Time Warner, ANA, and BERA
https://www.linkedin.com/today/author/jimstengel

Lynne Biggar (former Global CMO at Visa) - AB InBev, Voya, Finastra, The Leading Hotels of the World, The New 42nd Street, MMA, Marqueto, Visa Foundation, ANA, Ad Council
https://www.linkedin.com/today/author/lynnebiggar

Jon Iwata (former CMO IBM) - Cooper Hewitt (the Smithsonian Design Museum), and the Ladies Professional Golf Association
https://www.linkedin.com/today/author/jon-iwata

Hannah Grove (former CMO State Street) – abrdn PLC, Irrational Capital, reboot, Project Bread, Boston Public Library Fund
https://www.linkedin.com/in/hannahgrove

Raja Rajamannar (current Chief Marketing and Communications Officer and President, Healthcare business, Mastercard) - Bon Secours Mercy Health, PPL Corporation, the Ad Council, and the World Federation of Advertisers
https://www.linkedin.com/today/author/mvrajamannar

Antonio Lucio (former Global CMO Meta, HP Inc, and Visa – and *back* to HP as Chief Marketing and Corporate Affairs Officer) - VidMob, Adweek, Express
https://www.linkedin.com/in/antonio-lucio-72b6bb13

Using the latest Spencer Stuart Board Index (SSBI) data as benchmark, I asked each one the following 7 questions.

1. Why did you want to pursue board roles in the first place? What really drove you or motivated you to want to go for it?
2. We learned the average board member is about 63. The 2023 SSBI shows the percentage of new Directors below 50 in Class 2023 ("next gen") declined from 18% in 2022 to 11% in 2023. The number of first time Directors declined from 34% in 2022 to 31% in 2023. What was your first board seat, at what age, and how did you get it?
3. The 2023 SSBI showed 27% of newly appointed Directors "have a financial background", up from 23% in 2022. In your experience, what were/are "must have" and "nice to have" skills to be eligible as a board member?
4. The 2023 SSBI showed that 30% of newly appointed Directors were active or retired CEOs, up from 23% in 2022. The study also shows 42% of CEOs sit on one or more outside boards. To what extent is the CEO route a must for CMOs to break in boards? Or can they "go direct"?
5. What mistakes/pitfalls/perceptions should a CMO avoid while serving on the board?
6. Looking back so far, how do you assess the risk/return? Worth it? What would you do differently if you could do it all over again?
7. What are 3 *concrete* pieces of advice you may have for today's senior marketers with real board ambition?

Key Takeaways

They all clearly expressed how CMOs can add value in the board room, what one should watch out for, and how to best prepare to get that first seat. The headline of these 6 interviews is this:

Business savvy CMOs on boards are like the Rosetta Stone.

First, they help demystify the role of marketing in value creation on a technical level, translating between *Main Street* and *Wall Street*, in business language. Second, they help educate the board how (corporate) marketing can drive sustainable value not just for shareholders, but for all stakeholders.

CMOs on boards can educate the board on classic and modern marketing principles. They can be instrumental in translating what non-marketing board colleagues perceive as the "voodoo" language and acronyms of the world of marketing, into "simple (money) language" the board is willing and able to understand.

All interviews confirmed the "must have" needs for finance literacy and business acumen, for excellent listening skills, for endless curiosity and deep understanding of the evolving company's business model, and last, for courageously driving the organization's strategic choices. They all believe the CEO route is not critical anymore, especially not given the challenges in a fast-changing (post) AI world. Being business savvy is a must, as well as having prior C-Suite experience.

Learning about new worlds was a key driver for all. Many followed their passion, earning their first board chops in non-profits during their active corporate careers, before being selected for public boards. All emphasized the point to learn fast to behave as a board member supporting management, *not* one second-guessing or replacing management.

All love(d) to serve, despite the heavy commitment. Board service taught them a lot about themselves. None had/has real regrets, but they all had/have invaluable life lessons and priceless experiences. Finally, they all think the future for more CMOs on boards is looking good, *provided* they put in the work.

For those wishing to read more, I grouped their nuggets of wisdom in 5 buckets: 1) motivation/first board experience, 2) thoughts on the CEO first route, 3) key skills needed for CMOs on boards, 4) practical advice for aspiring board members, and finally, 5) risk/reward.

Motivation / First Board Experience

Jim:

"I must have been 49-50 years old. Never really thought about boards until John Pepper recommended me to replace him at a company he was serving. The Motorola board was looking for somebody with CPG DNA. They thought I might be a good fit. It made me self-reflect for the first time: what could I learn at such a board? How could I contribute based on my P&G experience, but also use that knowledge to make me a better CMO at P&G and a better executive at P&G?"

"In the case of Motorola, very advanced at that time even though there was Nokia and Apple, I could bring the latest technology, mobile and digital insights to our consumer business. I ruled out holding companies or retailers or anybody where I could have a conflict. I was looking forward to learning from very interesting leaders, like Indra Nooyi (the later CEO/Chair of Pepsico), Nicolas Negroponte (MIT) and Sandy Warner (Wall Street leader). After a lot of homework and personal 101 diligence talks with various board members, the CEO, CFO, and the General Counsel, I was voted in."

Lynne:

"I was introduced to a cultural non-profit called the New 42nd Street through a colleague at American Express. This first board followed my passion for the performing arts. They are all about empowering young artists, children, and educators through the performing arts around Broadway's iconic 42nd street theatres. Their mission perfectly clicked with my willingness to give back, and it has been an incredible honor to serve on this board since 2006. They are very professionally run, leveraging all the classic committees."

"My first public board directorship was with Voya Financial. I joined in 2014 and still serve on the board. I was contacted by a search firm and a terrific partner who knew me from my operating roles and my results. I won't tell you how old I was, but I was considerably younger than the average age of 63 for boards that you cited from the study."

There is a difference in being contacted for a board role versus an operating role. For operating roles, you may be one of many. For boards, you may be one of 3.

"You already passed a lot of reputational tests before you get contacted. Your reputation precedes you. I was fortunate to have experience presenting to the boards of the companies I worked for. I was curious about how these accomplished individuals brought unique skills and perspectives to the board but weren't involved in the day-to-day. They came together to provide effective governance and strategic oversight. I saw a glimpse into that through my non-profit boards, and knew it could be exciting, challenging, and rewarding work."

Jon:

"My first board? That was probably late nineties when I joined the Page Society, the global association for Chief Communications Officers. I had been a member and served on various task forces, and then was invited to join the board, on which I served for many years, including as chairman. For the Cooper Hewitt design museum, I got a call out of the blue from a person in my marketing network I had not seen for a long time. That must have been around 2012. It did not matter that I knew nothing about the business of museums. She was looking for a person with my skills and interests to complement the board's. I am still there, serving as chairman. I am driven by learning, and the learning through board service has been very satisfying."

It is all about intellectual curiosity, the search for the unknown.

"It is what appealed to me to join the LPGA (Ladies Professional Golf Association) when they came calling. Technically a non-profit, but run completely like a for profit, governed by an unusual board composed of independent directors and lead player/directors, with all the standing committees you expect. I know a little about golf, and like to play, but there was this big business behind it I knew nothing about. You are overseeing what is essentially a commercial enterprise, where each of the 300+ members is a business owned and operated by young woman with their own personal sports and entertainment brand. Coming from IBM, that was all new and exciting. And it still is."

Hannah:

"My first board seats were all with non-profit organizations, back since 2006, during my active career. I was following my passion for women's rights and gender equity. I joined the Women's Lunch Place board, ultimately becoming board president, which lead to two other ones: Project Bread and the Boston Public Library Fund. My first public board came after I retired from corporate life. I started interviewing for board positions several months after my November 2020 retirement from State Street and was appointed to my first public board in September 2021 and then joined a private company board in June 2022. As a member of the Management Committee, the company's senior-most policy and strategy group, I had exposure at State Street to our board of directors. I was also a part of the Fearless Girl campaign advocating for more women on boards, and both played a role in inspiring my own path."

"I was actively preparing a shift into a more portfolio career prior to retirement, and I wanted boards to be a part of that. My desire was to use more of my experience and perhaps less of my capabilities, and candidly also wanted to make sure that I stay relevant and engaged in an industry – financial services – that has been a constant throughout my career. I also wanted to remain intellectually curious about the evolution of performance marketing, brand reputation, client experience, etc. I also was seeking to remain globally active, given my global role at State Street before. I very deliberately targeted companies that had a global footprint, in the financial industry where I could add value. Abrdn is headquartered in London and in Edinburgh with a global footprint. Although headquartered in the US, Irrational Capital is also global in scope."

Raja:

"My first board was a bit unusual. It was 20 years ago in 2003, as part of a big division role at Citibank I became unexpectedly in charge of Diners Club North America. Diners Club was a franchise globally, but it was owned by Citibank in the US and had its own board. The first board where I went through a more classic full selection process was PPL (the new name for Pennsylvania Power and Light, born in 1920). They were looking for a profile that combined finance, consumer marketing, international perspective, and experience with highly regulated businesses. They ran a tight ship and there was a lot of chemistry. Very collegial. I have been with them from 2012 onwards, serving on the comp and nom/gov committees. In terms of non-profits, I serve on the board of Bon Secours Mercy Hospital, a 12Bn USD non-profit where I am in the finance and investment committee, as well as on the Ad Council in NYC, and on the WFA (the global marketing trade association)."

Why I chose to serve, on top of my corporate career, is twofold: extraordinary learning, and very useful in my day job.

"I find board service widens your horizon in multiple and unexpected ways. I worked in healthcare before. The chance to serve on Mercy hospital's board aligns seamlessly with one of the two hats I wear in Mastercard, as President healthcare. It helps me a lot in the interactions with my own Mastercard board. I have a much deeper appreciation for how they need to think and act. It helps you to better prepare, to read the room better, and to elevate the level of dialogue."

Antonio:

"I started my portfolio career after 40 years in the marketing trenches. I (thought I) had it all figured out. My personal purpose was crystal clear: marketing transformation and capability building. I set up my consultancy, created training curricula, and looked for board seats that fit this purpose. I was approached for various board roles, like for an energy company, but that would not have been the right fit. I did find 3 with the right fit. Adweek, a leading periodical owned by Shamrock Capital, happened via my large marketing eco-system network. The second board was Vidmob, a marketing technology company that helps optimization of creative. Again, via my network. The third board was Express, an affordable fashion retailer. That one came via Spencer Stuart."

"All 3 were PE owned boards, not a classic public one. All 3 boards wanted somebody experienced to speak marketing on conceptual level, with the ability to help translation in execution. They were dominated by finance and operator profiles, investors representatives, very hands on. Some with weekly meetings, during intense change management needs of the business. That suited my bias for action. My key role as an independent director on each was to represent the voice of the customer, and to discuss what it takes to build a brand over time."

Being CEO First

Jim:

"In my opinion, CMOs do not have to have been CEOs to be on boards. But they must have ideally worked with great CEOs, must have operated at C-Suite level, must have been exposed to finance and business models, and they have a track record of successful defense of marketing investment plans in boards. They understand governance and stakeholders."

A person with the expensive CMO title, but who was merely in charge of creativity or campaigns, may not have what it takes.

"Doing the ads is just not enough. In a brand-driven company like P&G, a brand manager learns to think like a CEO from day one. You are drilled to become the GM of your brand business. You work closely with finance, to master a Brand P&L. Together with colleagues from finance, R&D, and sales, you learn to constantly (re)invent branded business models. You build equity machines that generate sustainable cashflow over time."

Lynne:

"I do not think that the CEO route is a must for CMOs to break into boards. If you selected 10 companies of various sizes and looked at who is on their boards, you won't find only CEOs. However, to have operating and financial experience in your resume most definitely helps. It certainly helped me. There are also many ways in for-profit boards. Don't obsess to be on a Fortune 500 board. It may happen one day, but there are publicly traded companies, of all sizes. There are even more privately held companies, or venture backed companies looking for independent directors. The more recent public company statistics may suggest that in tough and unusual economic times, like those we have had recently, people revert to (perceived) safer practices of what has worked in the past, and seats for non-CEO/CFO became scarcer again. It's not surprising to me that it feels like perhaps in many ways we've taken a step back in the short term. I'd encourage everybody to look at the trends more over time though, where I think you will see a more interesting picture."

Jon:

"Some companies, including IBM, tend to recruit CEOs and former CEOs or their equivalent, like university presidents, for their boards. But CMOs have unique skills and perspectives that make them attractive to many boards. What company is not becoming digital or more customer-centric? How many are repositioning their brands to stand for something other than making money? Obviously, you should not be baffled by financial statements, but CMOs have ample business acumen."

The range of issues boards deal with today surpasses the ability of even the most experienced CEOs of CFOs. It takes a village.

"The world has become simply too complex and too fast today. The best boards want diversity in every dimension, and that includes professions and functional expertise."

"Nobody is superman or superwoman. Board service makes you humble. The board is a collegial organ where the whole turns out to be greater than the sum of its parts. Play to your strengths as a deep functional marketing expert. Be an all-round business leader, leveraging your broad life experience. Collectively you add the most value. With a diverse board, you minimize the risks of bias and groupthink. Our board matrix reflects all this. We have a pipeline for each seat, reflective of the term limits, and of the diversity mix."

Hannah:

"No. Being a CEO is not a must. But you have got to be financially literate, understand the broader regulatory and operating environment. In fact, the more operating experience the better. Beyond functional marketing debates, the CMO board member can bring an important stakeholder perspective to the boardroom. CMOs, like CEOs, have learned during their long careers to look from a broad vantage point, to anticipate the future, to think about today and tomorrow."

The right CMOs on boards are, and need to be, much more than a single note.

"They can bring in not just the customer voice, but all stakeholder voices. As an example, companies can narrowcast their customers in numbers only, framing them in terms of "wins and losses", or "churn", or "CAC/LTV". These are obviously relevant metrics, but it is critical to remind everybody there are real people with real emotions, needs and wants, driving these numbers."

Raja:

"It is true that boards prefer sitting or former CEO or CFO type profiles, for all the reasons we know. However, things are changing. When you look at the board matrix skillset, broad-based marketing skills start to show up more, as do technology skills etc. The world is changing fast, and many CEOs have never met the challenges boards and companies face today. Think cybersecurity, AI, etc. Does that mean CMOs automatically walk in? Far from. Financial literacy is a base, operating experience a big plus. C-Suite experience also very welcome."

"People can surprise you, so boards are well advised to not think too narrow, or only to play it safe. I would only entertain CMOs without C-Suite exposure if I could see phenomenal evidence on other needed skills, and with a decent track record of board interaction. Without a more classic C-Suite minimum pedigree, the bar rises in other ways. A candidate would have to bring something else exceptional, accomplishments relevant for the board matrix. What can the person's added value really be? As nom/gov chair, one needs to consider how other board members, as well as management would perceive the gravitas and credibility of a prospective board who may not be (perceived to be) at their own level? Few boards take the risk to be the training wheels for somebody too inexperienced with governance dynamics."

Antonio:

"The CEO route is not a must. The world has become too complex, and it is getting increasingly unpredictable. Many new challenges exist that not even the most experienced CEOs have witnessed in their past. They have valuable broad operating experience in a pre-AI world. They know about the classics of business. However, how many decades of learning do they really bring to the boards they serve on, relevant for the new challenges of tomorrow? How much experience do they bring about modern multi-stakeholder management in a fluid social media world?"

How many CEOs have the experience to leverage new technologies that will prepare boards and companies for the new post-AI space age?

"If they are a sitting CEO serving on another board, they may be dealing with these same new issues, with lots of help from a multi-disciplinary team. Modern CEOs needs a portfolio of different disciplines reporting into her to be able to have the full picture of what the business should be. Similarly, boards have an obligation to have that that as well. Senior marketers bring the voice of the customer in a dynamic world to the forefront. They can advise on culture, on communication and storytelling, on building branded business models with pricing power, in a shifting competitive context where competition can literally come from hereto unknown cyborg-enabled sources."

Key Skills for the CMO as Board Member

Jim:

"In board roles, one needs to practice servant leadership, a behavior the board chair and/or lead director should cultivate. Board members will never understand the business as well as its leaders. I have experienced bad board behavior: when board members nearly emasculated management. Boards are full of type A personalities, used to lead from the front. Not just the (former) CEOs who are there. As senior marketers in a board role, we need to play our role to push the thinking, in a respectful way."

CMOs understand the intangible value of brands, which is the value of most companies. They can explain this in language the board can and wants to understand.

"We understand how brands get built in terms of attitude and behavior. We know how to build perceptions and habits. We understand value props and meaningful differentiation, etc. You can, and should, ask the questions many others in the board are not asking. You bring outside perspective. Prior, and during every meeting I had on that board, I was thinking about what doesn't feel good here, what doesn't feel right, what are we missing, why did they recommend that and not this option? Given where I was trained, what would have been the P&G recommendation here, and its rationale?"

Lynne:

"One of the key challenges of directorship is getting to know a company's financials, key business drivers and metrics, P&L and balance sheet dynamics, and sensitivities without being in the day-to-day or potentially coming from the industry that the company is in. So, I'd say that having a comfort level with operating metrics, financial statements, and investor dynamics is table stakes to be successful. Demonstrating this comfort level in your 'day job' is important to being credible in the board room. If you are a CMO, having experience with driving key business metrics like revenue or customer satisfaction is very important. Even better would be having had an operating role in the core of the business in addition to CMO roles. Another important skill, that isn't 'financial', is high EQ, being able to listen before talking, being able to collaborate with your fellow directors, all while adding value based on the skillset that got you on the board in the first place."

"In my experience, you say 'CMO' and most people from outside the world of marketing think that all you do is create beautiful visuals, that you are only right brain, and that you might be financially 'light', or only know how to be a cost center, not a revenue driver. It's important to correct that perception of the role and of yourself in how you present yourself in your board search. I find in the work that I do as a director and as an advisor, I always need to explain that there are many different flavors of CMO, and that I have spent more time as an operator and P&L owner – so in my left brain – than on the right brain stuff."

"Also, in the board room, while you might be there based on the board to have the types of experiences you bring, you are one of 10-15 people charged with stewardship and oversight of the company. So, you are there as a generalist, as a business leader, as an overseer. So, you need to act that way once you get into the boardroom. At Voya we have 5 committees. I am, or have been, on 4 of them, and have chaired 2, including chairing compensation, benefits & talent management now. I have also been on the audit committee, but not as chair. That would typically be a CFO, CPA, or CEO profile. People are often afraid of the audit committee, but serving there is a gift though. No CMO with financial acumen should be afraid. You see all the inner financial workings and challenges. I sit on the audit committee on both my public boards, and on one of my private equity boards."

The CMO mindset can uniquely bring the voice of the customer in the boardroom - both the direct customer, and the end user.

"That should include a cutting edge understanding of customer behavior and what motivates customers/consumers to engage with a company or a product. It could include metrics of success around reputation, customer satisfaction, and other non-financial metrics that lead to financial success. It can also mean literally bringing that voice in (showing video reels, arrange with management for in home or in market visits with boards, …). Boards love to talk in theory about this voice, but often "run out of time", as they "need to deal with a lot of compliance and finance first". You can ensure that voice is never forgotten."

Jon:

"High EQ matters. Listening and understanding skills are essential. You actively seek out alternative viewpoints, probe board colleagues, draw out the quieter members. The culture of the board is important. No one likes people who never stop talking or who inflict their opinion on others. But no board should allow a few members to dominate. Each member is there to contribute. So be collegial, be respectful, but speak up."

Always remember you are the board, not management.

"Be engaged. That starts with consistently showing up. Don't miss a board meeting unless you truly have a reason, a darn good one. When you do attend, don't multitask. Prepare. Do your homework. Some directors just wing it. They don't fool anyone. If you're chair of a committee or of the full board, view it as a job. Prepare agendas thoughtfully. Send materials well in advance and make it clear what the discussion will be about. Are we making decisions? Are we learning about a looming issue? If a member is disengaged, talk to them. Attend social functions. They are not about wining and dining. They are good opportunities to build relationships. Remember that the world of boards is small. When a chair gets a call for a reference about you, what will be said?"

Hannah:

"The essential skill for a board member, irrespective of being a marketer, is to be a good listener and to ask the right questions. You need to be able to absorb and process all types of information. In your executive career, there's often a sort of natural impetus to interject and ask the questions. Here, holding back, and carefully timing when and how you ask questions to colleagues or to management matters a lot. Your tone matters. Your style matters. Ask things others may not have thought about, based on your experience. Be courageous and be prepared to influence. If you are the outlier, that can be an uncomfortable position, and you need to learn where and how to press your points."

Consensus on board level is not always the right answer, except after diverse viewpoints have been considered.

"Then there are the various classic debates on understanding branding (intangible assets) and marketing investment a board member CMO can weigh in on. You will be expected to express a professional opinion when asked. Do it carefully, as your opinion will matter more than you think. This is where you can help carry the water for the executive CMO of the company – helping them speak the language of the board. If you have concerns, phrase them respectfully. Use simple frameworks and analogies and examples as needed to help people think through what you mean. Don't throw people under the bus from your power position. It serves nobody. Be patient. Give the benefit of the doubt. Understand your role as a board member versus the operator. You may be tempted to jump in any branding or marketing related matters. In the beginning, I sometimes literally needed to sit on my hands to avoid acting too prematurely, particularly with my private company board. If there are real issues, you can always seek out different ways of communication. Have a quiet word with the chair or with the CEO."

Raja:

“I suggest 3 essential technical skills: deep appreciation of the business financials, understand the legal and regulatory context, and remain in tune with technology change. In terms of behavioral skills, I cannot stress enough the power of strategic listening and mastering the art of smart questions. Listen to understand and dare to ask questions that make sense and advance the discussions, or open new possibilities. Not questions to register your participation, or to show of how smart you are. Ensure you come prepared and have read the material. Don’t wing it. There are many ways to ask a tough question, and to share your experience in a way people want to explore and check for relevance in this company. In short: be a CMO/GM board level influencer, not a prescriptive CMO operator. You are not in competition with management.”

Antonio:

“I would say: play to the strength of your proven track record as a top marketer, translated in the language of business. You are on this board because you are a great marketer who understands business growth from a broader perspective. You built brands and capability at top companies, in a complex global context. As a new director I had to learn to articulate my opinion in a way that respects the lines between being a board member and being an operator.”

On a PE style board of smaller growth companies, the line between board and operator may be less clear than on a classic board.

“People want not only your conceptual perspective, but also actively seek practical advice about how to implement that at scale. I had to check my natural inclination as an operator. I also needed to have the click in my mind that the maturity levels of these companies were incomparable to the big ones I served on before. Everything needs balanced translation.”

“Most companies are not the advanced CPG ones. The CPG Frameworks and playbooks may conceptually travel, but excellence in execution depends on the maturity of the marketing capability in the portfolio company. You tend to deal with board members and with a management with a specific perception on marketing. Many define marketing narrow, as advertising, or social media, or PR. Something anyone can do overnight to create hit wonders. They would love nothing more than to shoot a cool 3-minute commercial, like the one they saw 5 years ago from Nike somewhere, to get that on the Superbowl, and boom! Even with AI as a new productivity tool for creative, marketing in real life is not as simple. AI is not a panacea. Strong brands and branded business models are built over time, with serious continuous investment supported by robust capabilities, at least in most cases. That universal law requires patient education to explain to impatient PE board colleagues.”

Practical Advice

Jim:

"One serves on a board with a certain image and paradigm. I was the marketing expert. So naturally people would ask your opinion on related topics. They would even want you to work with the company employees, go to its marketing events, or ask for guidance in more tactical workshops etc. They would not naturally think of inviting you to the investment meetings. You walk a fine line here not to get pigeonholed. It is critical to remain seen as a broad-based strategist with deep marketing expertise. I did not go as far as joining the audit committee, but instead I joined a special innovation committee, as well as the comp committee. Human capital and how it is incentivized was a core passion, and I also could bring more technical benchmarking in, from P&G and elsewhere. I ended up chairing various comp committees."

Lynne:

"Three things. First: do your homework. Invest in organizations that enable board readiness before you join a board, like the NACD, the Directors Academy, or even more special groups (for women), like the Athena Alliance, or Chief. Look at how diverse the board is, in all aspects."

**A board should ideally reflect its (future) business.
Of course, no board can consist of 100 people to check all diversity boxes.**

"What you are looking for is complementary profiles and experience to which you can add. As a woman though, don't be naive. Get ready to deal with (un)conscious bias. Second, position yourself for success, which includes having a clear understanding of what makes you unique and what you would bring to a board. Be ready to demonstrate your understanding of what a board director does and what they don't do. Third, once you join, especially as a first timer, be sure to network with other new directors in new director forums, both formal and informal."

Jon:

"Be selective but don't be picky. IBM allowed me to be on one public company board as a CMO and corporate officer. I turned down several opportunities, thinking the proposed company wasn't interesting, or considering the inconvenience to travel to board meetings. Upon reflection, I should have joined a board and gained experience."

**When a recruiter considers you, especially when you are in your prime
C-Suite corporate years, dare to take a shot. Don't wait.**

"Avoid boards that want your title, not you. Be careful about non-profit boards asking you to join as a trustee, not for who you are, but for the company you represent. One telltale sign is the size of the board. If they have 20, 30 or more directors, you can be sure you're there to buy a table at the annual dinner and tap into your network for fundraising."

Hannah:

"Preparing to market yourself takes time and dedication. Your corporate career defined much of your identity. Post retirement you need to focus more on your personal brand. It was a bit of an awakening. To me, as a structured person, I was first looking for a clear process with clear steps. However, board selection turned out to be more of a black box."

"Here is what worked for me: I prepared a board bio, updated my LinkedIn and other collateral, and I identified potential references, reached out to headhunters, etc. I also spoke to everyone I knew on a public company board. You need to get on the proverbial radar, as well as get iterative feedback. In these LinkedIn days, I quickly found out there are less then 6 degrees of separation when you leverage a network built up over years. I started getting some great advice from a diverse list of board mentors/connections. Three selection criteria bubbled up: check for "fit" on 1) mission, 2) people, 3) your added value. Don't jump too quickly at the first opportunity. Really consider the options and find the right fit for you based on your filter. This isn't about getting a notch on your belt. I also joined a great group, Extraordinary Women on Boards, which helped me keep me up to date and relevant on governance issues. As it happened, *abrdn* was a former client of State Street, so it wasn't completely foreign to me. Still, in terms of interviews, like in your executive career, you need to be as prepared as you can be, to show up having done your homework, including the board committees that might best suit you. The people on the selection side will expect this."

Raja:

"For anybody thinking about this, you really need to understand why you want to do this. It will require a serious extra commitment, especially if you still have a full day job. It means sacrifice, and disciplined time management. It may cost you unexpectedly some evenings and weekends you rather spend differently, but that is part of the choice. If you are still in an active role today, it is very important to have your current CEO, colleagues and board support you. In the US, if you are senior enough, you typically get the support for one public board, and possibly a few non-profits."

Make very clear agreements on priorities and possible conflicts with the various boards you are active on.

"Compared to people who have retired from corporate life, who may have more time flexibility (even if I am sure they are all busy in different ways), it is critical to manage inevitable agenda conflicts in advance. Sometimes you can find ways around such a clash. With modern connection tech you can dial in remotely. It is not optimal, but covid showed us it can work, especially if you know each other well. Other times, you will have to make a hard choice. Any board deserves, and will want, your 100% attention. Better to talk through these in advance to manage expectations."

Antonio:

"It is all about being clear about personal purpose. I cannot stress enough you need to know why you want to do this. What do you want to get out of board service? What can you specifically offer this company? Not generally. Specifically. Write it down. Confirm expectations in your interviews. Second, be prepared to commit the time. Third, find as soon as possible a board buddy who can help you develop the right board behavior and understand the many unwritten rules. They can help you navigate that delicate line between being an effective board member and (mis)behaving as an operator."

"It bears repeating that financial fluency is required. You need to be bilingual and bicultural, connecting marketing with finance. The CMO cannot use technical marketing jargon on the board. People will switch off. You need to be able to educate your colleagues and management in terms of business language."

Risk/Reward

Jim:

"Both public board roles, as well as the industry ones I did (like for the ANA), were very fulfilling. But also, if I am honest, board service can be a grind. It is not all roses. It requires real dedication. Both public companies went thru quite a bit of change, splitting in subcompanies, handling a corruption issue, dealing with depositions of board members, etc."

Board service is not all about nice dinners and waxing about strategy.
A lot of it is about grit, dirt of governance, and stewardship.

"We were dealing with activist investors in both as well. The natural first reaction from a company is to fight them of. Over time, I learned that activists make you sharper. If somebody with a decent track record wants to invest in you and make you better, I learned to listen. They want to make a buck, right? The key thing is the short versus long term value creation tensions. It all takes precious time. Sunday nights. Intense meetings."

Lynne:

"Risk/return? It's all return as far as I can see. Having the opportunity to serve on public and private boards is a huge honor, one that many never get the chance to do. It comes with a multi-year commitment to show up, do your homework, dedicate the time, and learn the business. It's important to know what you are signing up for ahead of rushing in. In interviews for prospective board members, people will check your stamina and patience ability, as well as your capacity for servant leadership. Is this a person who has demonstrated an ability to work with teams and deliver over longer times? Or is it a job hopper, without staying power, only interested in the quick collection of ever grander trophy titles and in building a personal brand?"

Jon:

"For me, the most satisfying boards have given me an opportunity to learn and give back. Yes, sometimes giving back means financially supporting a not-for-profit organization. At Cooper Hewitt, we are clear about the 'board expectation' – the annual contribution each trustee is expected to make. But the rewards? Amazing learning. Where else would I learn what it takes to lead a Smithsonian Museum, what curators do, or how Congressional appropriations work? On the LPGA board, I've learned about media contracts, transgender issues, and how to close the pay gap between women and men professional golfers."

Hannah:

"I believe board service delivers strong returns, but you must be willing to put a lot into it. You need to continually learn and evolve, keeping your skills relevant, and obtain new ones. I am relatively new into my public and private board service, so I am aware that I have lots to learn still, but it feels great to see how my earlier (gender) diversity experience at the non-profits, as well as my State Street corporate/employee brand experience translates today. In addition to being a non-executive director for abrdn, also serve as its*designated director for Board Employee Engagement* (BEE)."

"The role is legally required for public companies in Europe for the past six years. It has two objectives: first, public boards to understands employee feedback and sentiment on an independent level, not just relying on the company engagement scores. Second, to help employees in the organization understand the role that the board plays, sort of demystifying that, creating a bridge. I meet employees around the world live and on zoom on a regular basis. I then share findings with the board on a regular basis, and we report on overall activity in the annual report. This is also a good complement to my private company board, Irrational Capital, which focuses on the link between aspects of employee engagement and overall company performance."

Raja:

"Twenty years of board service have been a big commitment so far, but with a big payback. Not necessarily in money terms. especially not when you are still in an active corporate career. You don't do it for that. But the "return on learning" has been what makes it all worth it. Let me explain it as the chemical engineer I am."

Pending on your role in each board, you are either a catalyst or a reagent. It is all about chemical reactions and cross-fertilization.

"I bring ideas from the for-profits to the non-profits and vice versa. At a US power company like PPL, we deal a lot with ESG, and with Direct To Consumer (DTC), which I can bring to Mastercard (more B2B). At a global financial service company like Mastercard, we are very skilled in dealing with cybersecurity, which I can bring back to PPL. From the non-profits I learn about their fundraising skills and cause marketing approaches. As an example, I learned from the WFA's Planet Pledge about how the world companies deal with sustainability and scope 3 challenges. I can go on…"

Antonio:

"I have been 2 to 2,5 years on boards now, and honestly, it is not for me. After serious introspection, I have decided to go back to corporate in the new year. I am blessed to take on a new top role for at least 4 years at HP, the company that probably fit me best from a cultural fit. Importantly, I will re-join a very different HP than the one I left 5 years ago. Different challenges, different ExCo, different board, and a different me. This is not a nostalgic move, but a full throttle new 2.0 chapter for all involved. I am so ready for it. The energy has started to flow again. I feel I have many more good years to give."

"I thought I had it all figured out post my 40 years as an operator. I thought I was 100% ready for a portfolio chapter. It seemed such a natural next step for somebody with my career profile. However, I needed to acknowledge a hard truth: I am not made for the portfolio game. I see my close friends do it, but it is not for me. I started to feel scattered."

I had to admit to myself I am more of an operator than a consultant and a board member. Portfolio is not for me.

"Insight and self-discovery like this do not happen overnight. Looking back, I needed to go through the motions. I increasingly got this uneasy feeling that I could not offer what boards legitimately expect from their board members. It did not make me happy. I started to feel lonely, risking even depression demons, unless I made a change. Too much zoom. Too much US, and not enough global perspective. Not enough hands on. You dial in and out while others progress the work. I especially realized I missed the people and team dimensions of leadership. My wife saw it too. She saw the tension building."

"I now know I prefer to be deep and focused. I am an *all-in, or all-out* person. A few things I will naturally keep doing in the new role, like marketing capability work. I have ended my 3 board roles on good terms. This new corporate role will require all my attention. I have no regrets. The last 3 years helped me find myself in life. I take deep learning with me. Because of the intense PE board rhythm and pressure on the portfolio companies, I have seen the grey zones, the hard calls, the intense discussions boards face. It tests the deepest personal and company value systems. I have a newfound respect for the complexity boards must deal with. Life lessons I will take with me in my new operating chapter."

Impact?

That was a lot of food for thought for prospective board candidates. For lovers of podcasts, here is a bonus you may want to explore: an interview with Sandra Lopez, a multiple award-winning Latina with a long service in Tech/B2B as CMO/GM. She muses on her first experiences as a board member for non-profits in *How to be the CMO who gets tapped for board seats.*[30]

As a closure to the interviews, I asked each a deliberately provocative 8th question: the "1 billion dollar" impact question. On a scale from 1-10, with 1 being "don't agree" to 10 being "100% agree", how would they rate the following statement:

"Boards with (former) CMOs are better boards."

Their answers ranged from 6 to 10, with an average of about 9. Much as many CMOs would love to believe that score, there is undoubtedly some confirmation bias in the numbers. It would not be the statistical proof academia looks for, let alone convince most nom/gov board chairs to systematically start including CMOs on their next board slate.

At the October 23 NACD Summit in Washington DC, which brought together over 1500 board members from all types of companies across the US, I asked this same question to board chairs who recently brought on finance driven CMO profiles. Their anecdotal feedback was equally positive.

The plan is to add in-depth interviews with board (nom/gov) chairs in a future iteration of this document. In the meantime, the key question remained: what longitudinal data support exists for the hypothesis that "Having experienced marketers on boards results in higher long term value creation"?

Hence this last chapter: what could be the most evidence-based rationale for boards to bet on senior marketers?

Knowing is
the easy part;
saying it out
loud is the
hard part.

The Horse Whisperer

Chapter 6
The Rise of the Intangible Whisperers

Are boards with CMOs better? CMOs and board chairs are right to believe it. There is a growing body of evidence that suggests winning boards of the future are those betting on increasing cognitive board diversity, especially by selecting people who truly understand the power of *intangible* assets. Nobody understands these better than top senior marketers.

There actually *is* first academic evidence that CMO presence can have a positive impact on business, according to a 2018 study published in the top Journal of Marketing[31].

Using 64,086 director biographies from S&P 1500 firms, the authors found that "MEBMs, i.e. leaders with executive-level marketing experience, exclusive of the focal firm's CEO and CMO, positively affect firm-level revenue growth, and this relationship is strengthened or weakened by important contingencies that occur in the firm. The findings suggest that the common practice of *not* including experienced marketers on boards of directors puts firms at a competitive disadvantage".

Organizations with at least 1 marketer on the board had a 3-percentage point increase in Total Shareholder Return (TSR) compared to a board with no marketing-experienced board members (MEBMs).

In terms of P&L impact, the firm's revenues can be expected to increase 5.78 percentage points more annually when a marketer is on the board, than when a marketer is not on the board. The main effect can be even larger, to 7.87 additional percentage points in revenue growth, in challenging turnaround circumstances for the company i.e. where industry growth is low, and/or past market share growth was weak.

The study includes some other salient insights: 83.7% of the boards observed had zero MEBMs, 14.7% had one, 1.5% had two, and only .1% had three. Compare this to only 36% that had zero CFO members, 40% having one, 19% having two, and 6% having three or more. Finance rules on board level, a reminder that basic financial literacy is *table stakes* for any self-respecting board member. However, despite being a minority voice, it seems that just *one* CMO on the board can have an impact higher than fair share.

"One of the top challenges that boards and CEOs are dealing with is creating growth," Whitler said. "The knowledge that capable marketers bring to the board - such as how to create organic growth to drive profitable revenue - helps complement the more efficiency, compliance and monitoring competencies of the people who dominate boards (e.g., finance, accounting, operations, etc.).

**Boards that include marketers have a financially proven competitive advantage.
They can use their demand-generating knowledge
to help think about growth strategies and resource allocation.**

There, the first hard proof. But let's not be naive. As we saw in the gender case, these first data will not sway board and nom/gov chairs skeptics overnight. No case addressing deeply entrenched beliefs is ever won that easy. Naysayers will argue that 3% TSR is nice, but small, even if it is statistically significant. More academic longitudinal studies will be welcome, as more CMOs get on more boards.

In the meantime, the data are clear though: the relationship between the presence of MEBMs on boards and revenue growth is established. Any board chairs interested in creating a winning board of the future better take these results seriously, because the CMO impact is likely to grow, rather than to decline.

The reason? How investors increasingly link *in*tangible assets on the balance sheet to long term value creation.

The Rise of Intangibles

Look back 60 years. The five most valuable companies in America were characterized by the scale of the physical assets that underpinned their business models – General Motors, Exxon Mobil, Ford, General Electric, US Steel. Now, four of the five most valuable companies in the world are notable for their relative lack of physical assets – Apple, Microsoft, Alphabet – with Saudi Aramco as the sole example of "tangible asset heavy" businesses.

Investors will add to the hype, waxing lyrical about the returns of *FAANG* or *The Magnificent 7*. Forget the funky names. What are the new types of assets these companies rely on? In simplified terms, global marketing-finance expert *Jonathan Knowles* suggests we think of the resource base of a modern-day business as consisting of three main types: 1) what it owns (tangible), 2) what it knows (intangible), and 3) who it matters to (intangible).

1. **What it owns (tangible capital):** These are the *tangible* assets (fixed and working capital) that represent the productive capacity of the business. Classic financial statements do a good job of recording these. They include equipment, machinery, buildings, vehicles, inventory, land, cash, etc. You can *touch* these items.
2. **What it knows (intellectual capital):** This is the knowledge base and human expertise on which a company draws to develop products, services and business models that allow it to supplement and leverage its tangible capital in ways that generate an excess return on capital. This includes brands, trademarks, copyrights, IP, patents, software, R&D, managerial skills, licenses, goodwill, etc. You can *sense*

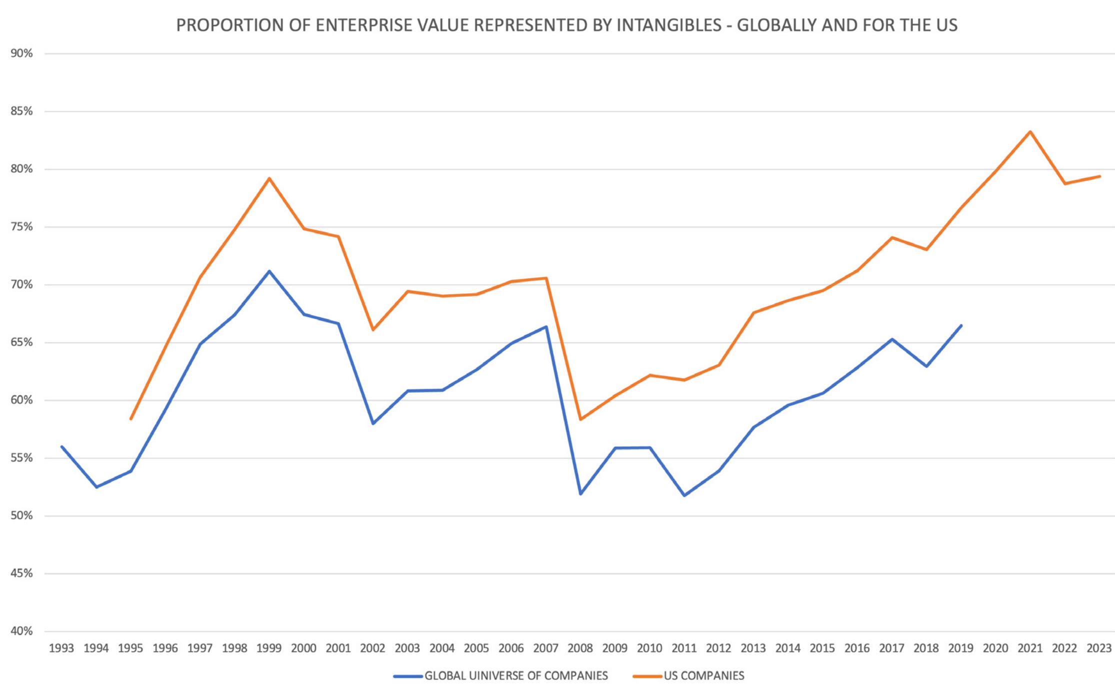
their importance, but *you can't touch them*. They also are notoriously more complex and difficult to value.

3. **Who it matters to (relationship capital):** These are the relationships the business created and nurtured over time with customers, suppliers, distributors, regulators, and with employees. These relationships create a preference for doing business with the company.

Globalization and digitization have dramatically increased the scale of importance of intellectual and relationship capital by allowing for the emergence of "platform" models that allow businesses to have access to tangible assets without needing to own them.

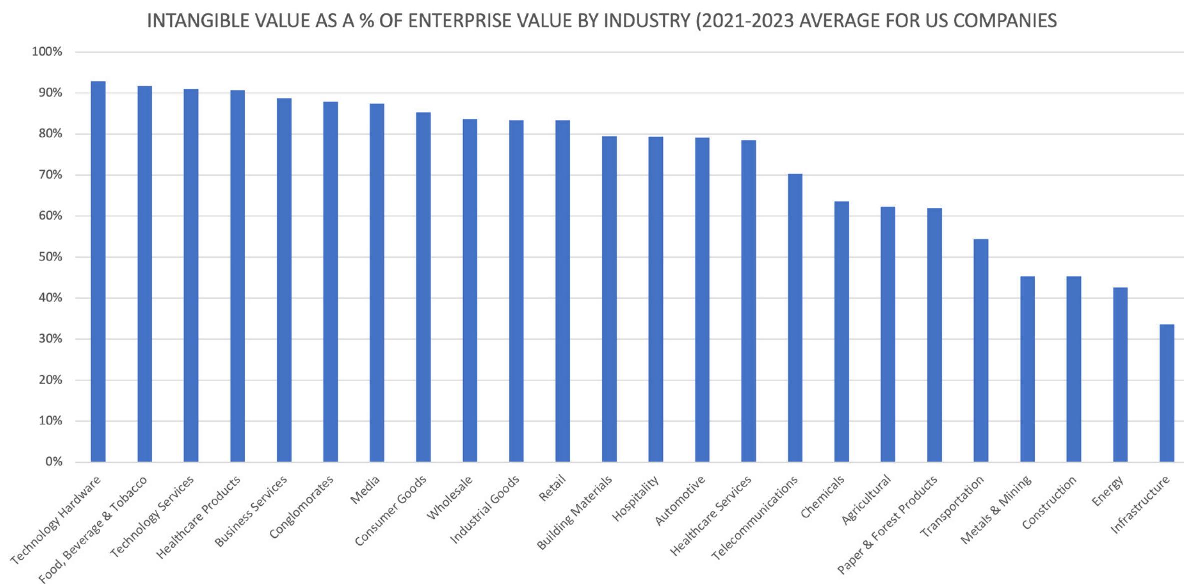
_In_tangibles are the new tangibles.
Intangibles eclipse tangibles in terms of their role in value creation.

Jonathan's most recent analysis (2023) shows that intangible assets account for nearly 80% of corporate value. To be precise, tangible assets account for only 20.6% of the value of the 2,000 US companies with revenues and market capitalization greater than $100 million; and for 19.0% of the 420 companies with revenues and market capitalization greater than $5 billion.



The chart above shows Knowles' 30-year time series on the proportion of intangible value for US companies and for the global universe of publicly traded companies with revenues and market capitalization above $100 million (nearly 15,000 of them in 2019). Because tangible assets are measured at historical cost but compared to real time enterprise value, the proportion of business value represented by tangible assets is lowest just before a market correction (see 1999 and 2007) - this says more about the frothiness of the market than any change in the importance of tangible assets.

There will be differences by industry (see chart below). However, overall, the US economy evolved fast to *tangible asset light* because it focuses on industries that rely primarily on intellectual property (such as software, healthcare, entertainment and biotech/pharma).



A Brave New Intangible World

Even the most advanced boards (in tech) are struggling as they discover the many facets and the surprising new challenges of this new intangible world (AI impact, anybody?). Board members are 63 on average. Many have grown up in a tangible world. They love to talk about what they can touch and feel. CEOs and CFOs, as well as Wall Street, prefer to talk about tangible assets too. They feel more confident in how to assess and measure them. Tangible assets have their book value, possibly adjusted over time. Intangibles are inherently ephemeral.

Boards and management wrestle with the true value of intangible assets. The (perceived) value of intellectual and relationship capital gives cause for much debate. The analysts and accountants argue how to value them. One thing is sure: it is not what the accountants allow them to be reported on the books. Often, they cannot even be reported as assets at all.

Only in a real sale would a board find out the true value of the intangible assets it has built over time. As per the old saying: *beauty is in the eye of the beholder.* The true value is whatever an external buyer would be willing to pay for them in a transaction, and hence what gets reported under all types of *goodwill* on the buyer's balance sheet.

Even if no sale would ever happen, it is the fiduciary duty of the board to build up and nurture these intangible assets. They will create a sustainable and growing return, both for shareholders (via dividends or share buy-backs) as well as for all other stakeholders (in financial and non-financial ways).

According to a 2021 *McKinsey* report, the *Rise of Intangible Capitalism* is just starting in earnest[32]. The McKinsey Global Institute (MGI) research found that, by 2019, intangibles accounted for 40% of all investment in the United States and ten European economies, up 29% from 1995. Economic sectors that have invested more than 12% of their gross value added (GVA) in intangible assets grew 28% faster than other sectors. If an additional 10% of companies were to attain the same share of intangibles investment and GVA growth as top growers, this could produce an additional $1 trillion in GVA, or a 2.7% increase across sectors in OECD economies.

Companies in the top quartile for growth invest 2.6 times more in intangible assets than the bottom 50% of firms.

The authors concluded: "The digitized, dematerialized, knowledge-based economy is already here and spreading, and offers huge potential value. The real challenge for firms and policymakers is to manage the transition to this learning society in a way that benefits the many and not just the few".

In other words: how can all stakeholders benefit from the rise of the intangible economy? How do boards set themselves and their companies up to win in this future? How can CMOs help these boards to win?

New Humanized Growth Framework

In a rapidly changing global landscape, the concept of business growth has undergone a profound transformation. Companies today are no longer defined solely by their capacity to generate profits for shareholders. Instead, they are increasingly seen as integral parts of a larger societal ecosystem, responsible for creating value for *all* stakeholders: colleagues, customers, communities, and capital (investors).

In 2023, The Institute for Real Growth (IRG), in collaboration with the Future of Marketing Institute at the Said Business School of Oxford University, led the IRG Impact Study to explore this paradigm shift, identify the drivers of Humanized Growth and the roles of the Board and each of the C-Suite functions. Other study partners include the NACD, the Page Society, the ACCA, KennedyFitch, SHRM, the ANA, the UK Marketing Society, the IAA, Yale, and the Chinese Business School CKGSB.

The study identifies five key drivers differentiating overperforming organizations – those driving more Humanized Growth - from their counterparts. These five drivers provide a framework for understanding and implementing strategies that prioritize all a business's stakeholders' interests alongside traditional financial metrics.

1. **Ground: Connecting to Human Stakeholder Reality.** Humanized growth begins with understanding the organization's impact on all stakeholders. It involves aligning with the reality of the world around us and recognizing the importance of stakeholders in shaping a company's success. Overperforming organizations demonstrate an aligned understanding of stakeholders, engage them, and include stakeholder perspectives in strategic decision-making. Transparency is a hallmark of organizations grounded in humanized growth, both in good times and bad.

2. **Reimagine: Future-Centric Vision and an Aspirational Role for the Business.** Overperformers adopt a future-focused vision that includes utopian and dystopian elements. They reimagine the emerging world and define their role within it. Such companies prioritize long-term thinking, develop a compelling future vision, and articulate a clear corporate purpose. Leaders in these organizations paint a persuasive picture of the future that inspires all stakeholders to rally behind it, aligning their minds, heart, and will with the company's purpose.

3. **Focus: Holistic Strategy with a focus on Adaptive Change areas.** Humanized Growth overperformers develop a holistic strategy and focus on the adaptive change areas. It is OK to prioritize a stakeholder as long as you also spell out how you add value for all their other key stakeholders. Overperformers embrace the complexity of the overall value creation strategy and use this holistic strategy to support short-term decisions in the context of the long-term strategy. Overperforming organizations identify areas of adaptive change (transformative initiatives) and performative change (day-to-day operations) and manage

these differently. They recognize the need to stop initiatives not aligned with their strategy and ensure alignment between strategic priorities and senior leader incentives.

4. **Organize: Driving Systemic Change and Interdependency.** Humanized Growth involves breaking down functional silos and driving systemic change within organizations. Overperforming organizations recognize the importance of driving more interdependencies and collaboration across the business. Empowering employees closer to stakeholders enables quicker, more relevant decision-making. Furthermore, collaboration extends beyond the organization, encompassing partnerships in the entire ecosystem across industry and with NGOs and governments.

5. **Unleash: Role Modeling Da Vinci Humanized Growth Leadership.** Leaders in organizations pursuing Humanized Growth exhibit Da Vinci leadership qualities, encompassing right-brain and left-brain thinking and empathy.

Da Vinci CMO

The Da Vinci Growth Leader Profile below was developed as part of the IRG Impact study along with specialists at Spencer Stuart. It is another argument in our case for more CMOs on boards.

Da Vinci was the master practitioner of *Sfumato*, literally meaning *smoked off* or *blurred*[33]. Sfumato, as per Wikipedia, is a painting technique for softening the transition between colors, mimicking an area beyond what the human eye is focusing on, or the out-of-focus plane. It is one of the canonical painting modes of the Renaissance. Leonardo applied it to many of his works, including in the Mona Lisa.

Da Vinci leaders are people who, like Leonardo, can deal with the ambiguity of an intangible world. They create an environment where employees feel safe to share ideas and collaborate. Unleashing the collective power of the ecosystem behind the corporate vision, these leaders prioritize active listening, vulnerability, servant leadership, and open communication. Their approach fosters an inclusive culture that aligns employees and partners with the purpose.

All leaders of the future on C-Suite and Board level need to drive humanized growth, starting with a superior understanding of the fuzzy intangibles. It bears repeating, CMOs are not the only C-Suite level function heads that could provide a great perspective on intangibles. A da Vinci (former) CHRO may be an excellent pick for a board in companies reliant on very large human capital. However, few C-Suite leaders understand "fuzzy" intangible assets better than a CMO with a da Vinci profile. That is another reason why adding the right CMO to your board is a positive bet, significantly increasing the probability to create a winning board in the future.

The best CMOs are natural Da Vinci leaders.
They have always been about driving Humanized Growth.

Da Vinci CMOs are proven architects of marketing capability, building and nurturing a marketing culture of excellence that 1) drives humanized growth and 2) investors will value. When CMOs talk about *Brand building*, they really talk about intangible asset building. When they talk about representing *the voice of the customer*, or when they discuss *corporate brand reputation*, they really talk about building and protecting intangible assets.

Da Vinci CMOs advise boards and management how they can build brands with *sustainable* pricing power: B2C or B2B Brands with pricing power *and* with purpose. Warren Buffet defines pricing power as a brand's ability to consistently, and ethically raise prices without losing volume or share to competition, or to hurt any stakeholders. It is what separates strong from weak branded models. It is Buffet's number 1 investment criterium. He has repeatedly warned boards that ignoring consistent brand investment will result in contracting profit margins, especially during time of inflation: *"Only when the tide goes out, do you discover who has been swimming naked"*. Intangible assets need to be nurtured on a continuous basis, in good *and* in bad times.

Winning Boards of the Future

Every decade, the NACD completes a major reflection with its members about the *Future of the American Boardroom*[34]. It is not about producing a detailed roadmap to the future, but about offering an updated *Framework for Governing into the Future*, based on a revision of what NACD calls its *Key Agreed Principles*. The Framework is intended for both public and private companies, as well as for investors and advisors interested in strengthening board quality in the coming years. According to NACD:

Boards can only win in the future by becoming better stewards of long-term value creation for *all* stakeholders, not just for shareholders.

NACD does not expect the process will be easy, or lack contention on the *how*, but it is inevitable. As the IRG Impact Study confirmed, it will involve challenging discussions about the purpose of the corporation and the accountabilities of the board. It will entail uncomfortable decisions about board members who are not fit for the future, and it will require difficult changes to reinvent board processes and reshape behaviors and perceptions. It will demand a commitment to continuous and fast learning on new drivers and derailers of value, and to creating room for diverse voices and perspectives.

Today, boards still mostly select former CEOs and CFOs. It is the safe default choice. As I said in the introduction: I am not arguing a case that every board should now suddenly hire a former CMO. What I do argue is that, as they match the board skills matrix versus future challenges, winning boards will be the ones leveraging the proven power of cognitive diversity. They will focus on intangibles to create most long-term value for *all* stakeholders.

The basic added value for the CMOs on the board is to make the connection between their natural areas of expertise and the balance sheet and the P&L. They need to translate their distinctive skillset in the financial language their fellow board members can and will understand. Here are key technical areas they can advise boards on, and coach management on (upon management request):

1. What should be the initial and ongoing investment levels to increase the probability of building strong brands (or strong portfolios) with sustainable pricing power in all key markets;

2. How, and how frequent, should board and management monitor the relative strength and health of its brand assets in an ever-changing competitive context, as a condition for building higher WTP (Willingness to Pay) and lower WTS (Willingness to Sell). Brand health today is top line tomorrow (Brand equity is future cashflow);

3. How to create the sharpest Value Propositions possible;

4. What are best practices in renovation and innovation strategies: how do you allocate scarce marketing investment budgets between core business today, and potential money makers of tomorrow;
5. What are best practices in leveraging technology, and in digital transformation of the company's eco-system supporting its brand promises;
6. What are best practices for the company to attract and retain the best marketing talent (part of overall company brand development);
7. What are best practices to help create an environment of endless curiosity (*curiosità*, the insatiably curious approach to life, as per Leonardo), constantly unearthing actionable consumer/customer/category insights in a (post) AI world;
8. …

However, on top of the technical marketing discussions above, the right *da Vinci* CMO will offer much more insight on the broader intangible conversations. They can add value to many future-centric topics relevant to the board, as we heard from the testimonials in chapter 5.

The evidence shows the best CMOs should feel confident to play that "intangible whisperer", non-traditional board candidate, role. If you are a CMO in the C-Suite and an aspiring board member, think hard about *why* you would like to serve, do your homework, start networking and learning. Understand what you uniquely can give a prospective board, and what you seek to get in return, over an extended time commitment. It is all about building *your* boardroom capital and mindset.

To persuade the boardroom on the right path forward, it is not about slamming hard on the table, nor about shouting loud, nor about monopolizing the boardroom. In an age of consumer centricity and board room etiquette, it is all about being invited in, about influence, about becoming a trusted advisor. It is about combining principled thought leadership with succinct communication, focusing the minds of fellow board members and management on how to drive sustainable intangible asset value in a diverse and multi-stakeholder world. Connecting back to the space analogy of the cover:

For Chairs, a da Vinci CMO can be a real booster in the board cockpit.
For CMOs, scarce seats in that cockpit must be *earned*, the hard way.

In classic marketing speak, it is all about creating *pull*, not *push*. Become perceived by the (nom/gov) board chairs, and by the CEO of that company, as the best *intangible whisperer* they could imagine getting on their board, to help them deliver *tangible results*.

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CHRIS R. BURGGRAEVE

Award-winning global marketer turned entrepreneur, investor, advisor, author, academic, and NACD.DC® certified board member and chairman.

Email: crb@vicomte.com **Mobile:** +1 646 853 3719
Connect: linkedin.com/in/chrisburggraeve/

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