

SpencerStuart

2018 United States
Spencer Stuart
Board Index

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ABOUT SPENCER STUART BOARD SERVICES

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 57 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

For more than 30 years, our Board Practice has helped boards around the world identify and recruit independent directors and provided advice to board chairs, CEOs and nominating committees on important governance issues. We serve a range of organizations across geographies and scale, from leading multinationals to smaller organizations. In the past year alone, we conducted more than 600 director searches worldwide, and in North America one-third of those assignments were for companies with revenues under \$1 billion.

Our global team of board experts works together to ensure that our clients have unrivaled access to the best existing and potential director talent, and regularly assists boards in increasing the diversity of their composition. We have helped place women in more than 1,800 board director roles and recruited more than 600 diversity executives around the world.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing the *U.S. Spencer Stuart Board Index (SSBI)*, now in its 33rd edition, is just one of our many ongoing efforts.

Each year, we sponsor and participate in several acclaimed director education programs, including:

- » Next-Gen Board Leaders (NGBL), an initiative designed to foster a community of current and aspiring directors to spark discussion around the challenges, opportunities and contributions of a younger generation in today's boardrooms
- » The Global Institutes, sponsored by the WomenCorporateDirectors (WCD) Foundation
- » The Corporate Governance Conference at Northwestern University's Kellogg School of Management
- » The New Directors Program, a unique two-year development program designed to provide first-time, non-executive directors with an exclusive forum for peer dialogue on key issues and "unwritten rules" of corporate boards, produced in partnership with the Boston Consulting Group, Frederick W. Cook & Co., Davis Polk, Lazard and PricewaterhouseCoopers

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Spencer Stuart Perspective for 2018

New faces are increasingly joining U.S. boardrooms. But the chronic low rate of director turnover is bringing about only gradual shifts in the overall complexion of U.S. boards. And the modest pace of change is likely to persist, yielding a continued incremental evolution of corporate boardrooms.

Faced with a variety of forces — including an increasingly complex business environment with an unprecedented pace of change and disruption; a growing number and variety of business risks; and intensifying investor focus on the composition, diversity and quality of the boardroom — S&P 500 boards are gradually reshaping.

Recognizing the strategic imperative for new perspectives and experience in the boardroom, boards are increasingly adding directors with backgrounds in tech, digital, consumer marketing and other areas of emerging importance. They are casting a wider and deeper net to identify director talent who are available and interested in taking on board roles.

Experience as a CEO or on a public company board is no longer a must-have credential. One-third of the incoming class are serving on their first public company board, and only 35.5% of the new S&P 500 directors are active or retired CEOs and other CEO-level leaders, down significantly from a decade ago.

Financial talent remains a priority. Boards continue to be more focused on recruiting financial experts with experience as CFOs/finance executives or investment professionals, and less interested in accounting and banking backgrounds. Tech savvy, “digital” directors are also in high demand, and boards are increasingly tapping younger, “next-gen” candidates with these skills.

For the second consecutive year, women and minorities composed half of the incoming class of S&P 500 directors. But progress on the diversity front was mixed. Female directors made real strides, while male minorities saw their advancement in the boardroom slow. Ongoing low turnover in U.S. boardrooms continues to slow down the advancement of women and minorities on boards.

Though the boardroom evolution is modest at an aggregate level, the 2018 *U.S. Spencer Stuart Board Index* finds progress on many fronts. Here are highlights from our analysis.

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