



Attracting and Retaining Talent of the Future for the Boardroom and C-Suite.

October 13, 2016

The Chicago NACD's 2016 – 2017 season continued with a panelist discussion moderated by Deb DeHaas, Chief Inclusion Officer of Deloitte LLP. Panelists Beth Birnbaum, Former Senior Vice President, Product of GrubHub Inc.; Steve Cerrone, Executive Vice President and Chief Human Resource Officer of SunEdison Inc.; and Dennis Eidson, Chairman and Chief Executive Officer of SpartanNash Company discussed the types of talent companies and boards should be thinking of attracting, how to retain its talent, and also how the board can be better prepared for CEO-succession.

Ellen Costello kicked off the program by introducing the panel and each individual's passion, noting that their respective passions have shaped their career and viewpoints. DeHaas then started the program by welcoming questions from the audience throughout the program. What ensued was a lively conversation between the panel and the audience around the following areas:

1. Disruption as a trend, and board composition of the future;
2. Board and CEO-succession planning; and
3. Cultivating the relationship between the board and management.

DeHaas directed her first question regarding how boards should be thinking about technology and disruption to Birnbaum. Birnbaum challenged the panel and the audience with the fact that technology disruption is a reality that affects every industry. Instead of thinking that disruption is a phase and will blow over, boards need to think about deepening their perspective on technology and how it can, and will affect the company's long term strategy.

An audience member then asked how to best incorporate technology expertise on its board. Several options were discussed and given by both the audience and the panel, including:

- requiring the board to have a technology expert, similar to a designated financial expert;
- hiring third-party technology consultants, similar to hiring actuaries to help with compensation;
- establishing an advisory committee; or
- expanding the board by adding a CIO or someone with a similar background.

Eidson also brought up that disruption is more than technology; there is also generational disruption. He shared how his industry has been changed by the younger generation of millennials and their concerns. Specifically, issues such as GMOs and animal welfare were not a concern ten to 15 years ago, but are now top of mind.

DeHaas then pivoted the discussion to board and CEO-succession planning, inquiring how the board thought about diversity and the make-up of their boards. Both Eidson and Cerrone mentioned that board composition and evaluation is a natural outcome of the company's strategy, and that the board should be highly engaged in the development of the company's strategic plan. Eidson provided the example of how diversity on his board was a priority due to the strategy of the company and its customer base. Cerrone affirmed Eidson's comment, stating that once the board and management have laid out their strategic plan for the next five years, board and CEO-succession is clear because you have a foundation to map out the skills needed in the next generation of board leadership.

Discussion then naturally flowed to board evaluations, and best practices for completing this necessary but difficult task. The advice from both the panel and the audience was to consider using a third-party consultant, and allow for open-ended commentary.

The discussion then turned to management succession, and best practices in planning for and executing CEO-succession. The theme was similar to board succession planning, which is that it must start from the strategy of the company. Cerrone further emphasized that the board must have three plans in place: immediate (hit by the

bus scenario); medium term; and long term. The key is to develop plans, which can take more than a year, and then diligently review the plans at least twice a year.

In terms of retaining talent in the pipeline to properly prepare for CEO-succession, Birnbaum emphasized the importance of communication. Simply telling a talented individual that he or she is in the pipeline for succession is a motivating factor for the individual to stay. Additional advice from the panel included, having more candidates than less in the pipeline, going deeper into the talent pool, and ensuring the board has multiple touchpoints with the candidates.

The conversation then pivoted to the relationship between management and the board. Eidson emphasized the importance of the relationship, and gave examples of how he developed his relationships with his directors. Specifically, he holds one-on-one conversations with each director on a quarterly basis to talk about the key issues of the company. He also believes the more transparency and access the company gives to its board, the better. How directors choose to use that access is their prerogative, but he believes the more touchpoints the board has, the more engaged the board will be, resulting in a better strategy for the company.

The panel wrapped up with closing thoughts from its panelists:

- Birnbaum re-emphasized that the world is changing, and change is only accelerating. Boards are going to need a very robust and potentially different set of skills and perspectives than it has today;
- Cerrone brought up the importance of how everything is integrated, that the strategy of the company drives everything, and that talent development is important and should not be the last item on the board's meeting agenda; and
- Eidson reiterated the importance of the interaction between the board and its management team. Transparency and trust needs to be cultivated, because once trust is established, decisions are made more quickly.

President-Elect of the Chicago NACD Chapter, Paul Williams closed the event by thanking everyone for coming, and announcing the chapter's next event on November 17 – M&A: Successes and Failures: Talks (and Advice!) from the Trenches.