

The Case for Global Boards

By Susan Shultz, Founder/CEO of The Board Institute, Inc., President and Board Practice Chair of SSA Executive Search International/INAC Global

In the largest and wealthiest market in the world, businesses in the United States have had the luxury of choosing whether or not to go global. No longer.

More than 37 percent of the revenue generated by S&P 500 companies now comes from international sources. Only 28 percent of S&P companies generate all of their revenue in the United States. Nearly three-quarters of all S&P companies report international revenue. And the velocity of globalism is accelerating.

When a company is invested in a particular market, it can gain significant advantage by bringing on board members who know that region. Yet only 7 percent of company directors are foreign nationals, and only 14 percent have meaningful international work experience. Even in companies that generate 50 percent or more of their revenue from non-U.S. sources, only 20 percent of directors have meaningful global experience¹.

Why the disconnect? One reason is that we tend to be most comfortable with people just like us, especially on our boards. Another reason is that too many boards take an ad hoc approach to recruiting board members, so they simply don't know about potential global candidates.

Yet, as borders blur, nothing is more important than being able to trust the financial integrity of companies we do business with; nothing is more important than being able to have confidence in the leadership of these companies. The importance of global boards for Fortune 500s is increasingly recognized.

“Joining Global Chamber has been our best business decision this year.”

—Bill Papazian, Lightstone Solutions



Until now, the boards of mid-sized and small, private services, closely held, and/or pre-IPO companies are particularly non-global. Yet every company, regardless of size or complexion, can recruit board members precisely to meet critical global needs and add value — because strategic boards impact an organization.

Why do strategic global boards matter? What advantages does your company realize from them?

Gain unique global market insights.

- Add expertise and strategic perspective at the highest levels.
- Increase transparency and accountability that is now expected and required by constituencies — shareholders, insurers, bankers, investors, employees, partners, suppliers, customers and the Street.
- Benchmark more strongly against other companies across borders. The board is a common denominator, a universal metric.
- Leverage and access global connections at a powerful level.
- Identify investment.
- Gain global validation of your company.
- Avoid crises — the wrong acquisition, a corrupt partner, the compromised strategy, etc.

- Reach out and partner across borders with your board to customers, partners, etc.
- Gain oversight and embed ethics and integrity.
- Enable diversity of thought, expertise and gender in order to be responsive to your constituencies.
- Focus on the future to deflect risk and optimize opportunities.

Global boards are the future. Not only are our best companies recruiting board members to carry them into global markets, the best global non-U.S. companies will increasingly seek Americans on their boards.

The opportunity is to recruit proactively and use boards as a critical success factor in the global environment.

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1. 2014, Harvard Business Review, “Boards Aren’t as Global as Their Businesses”

