The shift from shareholder value to stakeholder value as the measure of what a company should do accelerated markedly through 2020. Boards are among the corporate leaders that are having to juggle a more complex and often contradictory group of priorities.

Much of the drive behind these changes is an evolving societal understanding of corporate responsibility and the role organizations play in solving problems such as climate change and social injustice. Even 18 months ago, it was common practice for organizations to not get involved in current events. Now, more and more, customers and employees expect organizations to take a stand and leverage their political power; boards and CEOs are therefore required to actively choose where and how to engage, or not. Both getting involved and not getting involved can be met with varying degrees of backlash.

One thing that will help corporate boards make better and faster decisions in these situations is greater expertise in both specific issues and in managing broad stakeholder networks: directors comfortable navigating the current sociopolitical climate, experience working with activists, and ESG fluency—can be valuable.

As societal understanding of corporate responsibility and the role organizations play in solving problems such as climate change and social injustice evolves at unprecedented speed, nonprofit expertise—comfort navigating the current sociopolitical climate, experience working with activists, and ESG fluency—can be valuable.
Clearly define the expertise the board needs

We are in the early days of this evolution, and many boards are in uncharted territory. However, boards can work to clearly define what new expertise they need most. One key area of expertise many organizations are looking for is diversity and inclusion—particularly through the lens of social and racial justice. But the definitions of such skill sets are still shifting, and in order to attract the right candidates, the role and how it aligns with the overall organizational strategy should be well understood by the entire board.

Boards can begin their considerations by asking themselves questions such as the following:

- Where do we see the most quickly changing stakeholder expectations?
- Which issues do we expect our stakeholders to take the most interest in over the next three years?
- Are there any issues that our organization plays a particular role in? (For example, energy and paper and packaging companies have important contributions to make toward sustainability.)
- Are there inconsistencies within our organization between our purpose and our actions that we need to address? (For example, do our company’s stated values align with its political contributions?)

Tap a rarely sought source of expertise

Executives of nonprofit companies have not typically been seen as obvious candidates for corporate boards. Indeed, previous corporate CEOs and CFOs remain the most frequent additions to boards. In the United States in 2020, for example, 51% of the new directors on Fortune 500 boards were former CEOs or CFOs.¹ But in today’s context, nonprofit executives offer clearly useful and differentiated expertise.

First, they are, by definition, not focused on profit in the short term; the ways they measure their successes are far more complex than financial gains or losses. As a result, these leaders are far more comfortable than most corporate executives balancing varying and often contradictory priorities, working in the complex ecosystem all organizations now find themselves in.

In addition, nonprofit leaders typically have expertise in issues that have become more important than ever before. Depending on the areas their work has focused on, this can range from climate and environmental sustainability to racial and social justice to healthcare. Finally, nonprofit leaders have networks many corporate leaders don’t, to which they can reach out when the board may need more specific advice on how to handle a certain issue; these leaders can make introductions to leading nonprofits or activist organizations and make quick connections between organizations.

Consider how best to attract those candidates

Even with a well-defined role and a clear need for their expertise, nonprofit executives may still be undecided about joining for-profit organizations. Some may worry about the scrutiny or backlash they will face from their employees or communities they serve. Others may be concerned about being seen as window dressing, bringing their credibility to a board but not having any real influence.

It is important for organizations seeking to attract these candidates to be authentic in their intentions and be prepared to honestly and openly answer candidates’ real questions. We have seen some candidates walk away from boards because they don’t believe companies are genuinely interested in making a positive social impact. Above all, potential directors need to know they will be supported by their new fellow board members. Board chairs in particular will also have to work to integrate these experts into the board, ensuring that they are supported and listened to.

As societal understanding of corporate responsibility and the role organizations play in solving problems such as climate change and social injustice evolves at unprecedented speed, boards and CEOs are being required to actively choose where and how to engage, or not. Nonprofit expertise, those comfortable navigating the current social landscape and political climate, with experience working with activists and fluent in ESG, can be valuable. By clearly defining the expertise the board needs and considering how best to attract those candidates, boards can increase their chances of finding and attracting the talent they need most.

¹ Board Monitor US 2021, Heidrick & Struggles, on heidrick.com.
About the authors

**J.J. Cutler**
is a managing partner of the Social Impact Practice within the CEO & Board Practice and a member of the Healthcare & Life Sciences and Marketing, Sales, and Strategy Officers practices; he is based in Heidrick & Struggles’ Philadelphia office.

jcutler@heidrick.com

**Jackie Zavitz**
is the partner-in-charge of the Philadelphia office and a member of the Social Impact Practice within the CEO & Board Practice.

jzavitz@heidrick.com
Heidrick & Struggles’ CEO & Board Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients’ most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise, combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital, enables us to provide sound global coverage for our clients.

Leaders of Heidrick & Struggles’ CEO & Board Practice

Global

Bonnie Gwin
New York
bgwin@heidrick.com

Jeffrey Sanders
New York
jsanders@heidrick.com

Nancie Lataille
Toronto
nlataille@heidrick.com

Paulo Mendes
Sao Paulo
pmendes@heidrick.com

Lyndon A. Taylor
Chicago
ltaylor@heidrick.com

Juan Ignacio Perez
Mexico City
iperez@heidrick.com

Americas

Aysegul Aydin
Istanbul
aaydin@heidrick.com

Sylvain Dhenin
Paris
sdhenin@heidrick.com

Nicolas von Rosty
Munich
nvonorrosty@heidrick.com

Tuomo Salonen
Helsinki
tsalonen@heidrick.com

Aysegul Aydin
Istanbul
aaydin@heidrick.com

Marie-Hélène De Coster
Benelux
mhdecoster@heidrick.com

Roger Muys
Amsterdam
rmuys@heidrick.com

Veronique Parkin
Johannesburg
vparkin@heidrick.com

Flavio Zollo
Milan
fzollo@heidrick.com

Stafford Bagot
Dublin
sbbagot@heidrick.com

Luis Urbano
Madrid
lurbano@heidrick.com

Europe and Africa

Alain Deniau
Dubai
adenaia@heidrick.com

Stafford Bagot
Dublin
sbbagot@heidrick.com

Aya Inuma
Tokyo
aiinuma@heidrick.com

Sylvain Dhenin
Paris
sdhenin@heidrick.com

Linda Zhang
Shanghai
lzhang@heidrick.com

Veronique Parkin
Johannesburg
vparkin@heidrick.com

Asia Pacific and Middle East

Jeffrey Sanders
New York
jsanders@heidrick.com

Aya Inuma
Tokyo
aiinuma@heidrick.com

David Hui
Hong Kong
dhui@heidrick.com

Gauri Padmanabhan
New Delhi
gpadmanabhan@heidrick.com

Lyndon A. Taylor
Chicago
ltaylor@heidrick.com

Fergus Kiel
Sydney
fkiel@heidrick.com

Hnn Hui Hii
Singapore
hhhi@heidrick.com

Copyright © 2021 Heidrick & Struggles International, Inc. All rights reserved. Reproduction without permission is prohibited. Trademarks and logos are copyrights of their respective owners.