



The New Director's Chair

Conversations with business leaders about changing board dynamics in an age of disruption.

Boards Should Be Like A Swiss Army Knife, Able To Solve Complex Problems

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Anastassia Lauterbach, a veteran leader and board director, shared smart insights with me and David Reimer, CEO of The ExCo Group. I'm also proud to call Anastassia a colleague, now that she's joined The ExCo Group as an executive mentor. [Subscribe here](#) to receive all our interviews with board directors.

Reimer: What has been a key insight that you learned about serving on boards?

Lauterbach: In 2017, I became chairwoman of a software company, and what happened there was a defining moment for me as a director. Two and a half months after joining the company, I received a call from some minority shareholders who said that they suspected there was fraud in the company.

We started our investigation, and we did discover problems. So I had to fire the CEO and the CFO, appoint an interim team, and recapitalize to get it back on solid ground. After a new owner took over, I stepped down.

But this kind of experience is under-appreciated by many people who want to serve on boards, because they may think it's just about meeting four times a year to listen to some presentations. They might think it's

not much of a commitment of time, but in all my work on boards, I've found it to be hugely intensive work. And the workload can be very unpredictable.

Bryant: The usual due diligence before you join a board won't turn up the kind of problems that surfaced at that software company you mentioned.

Lauterbach: You can read all kind of materials from the analysts, but you are completely dependent on the information that the company provides you. And if they decide intentionally not to disclose something before you join the board, you might face a very different animal than what you expected.

Most directors are very seasoned, experienced executives. So they know how to lead, and they know how to problem solve. But when a crisis hits, they have to call on all their skills and make decisions quickly with information that is not complete or compromised.

Reimer: What are other factors that you consider before joining a board?

Lauterbach: I look really deeply into the backgrounds of all the directors and look for patterns. There might be too many first-time directors, or the board might lack diversity in terms of backgrounds and experience. If I see those kinds of red flags, I immediately say no.

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The complexity of serving on boards is so high nowadays. The fiduciary responsibilities are growing. There's no limit to the liabilities. You have limited information and limited time. Frankly, with the increased scrutiny of boards, I wonder whether, with the current compensation structure, there will be any directors left ten years from now.

I talk a lot to headhunters about this. Why should people serve on boards? There is huge exposure. If you just advise businesses or coach leaders, you're not liable. But in the boardroom, you are. And bad boards might impact your reputation.

Bryant: When you're recruiting new directors to your boards, what qualities are you looking for?

Lauterbach: I would never recruit a board member without crisis experience nowadays, but personal resilience is so important. Just look at what happened in the last year a half with the pandemic. People needed to problem-solve in the moment, and the ability to stay calm in such situations is so important.

Reimer: How do you get insights into people's personal resiliency in an interview?

Lauterbach: I try to understand how they became leaders they are. I'll ask them to tell me about the worst day or two of their life. For me, I

will never forget the day during my executive career when I walked into the office and one of my VPs told me that one of his direct reports had just committed suicide.

There are no right or wrong answers in those kinds of situations.

I stood there, completely exhausted from being a young mom with a ten-month-old daughter, and I did not know what to do. I called the whole team together and told them what happened. And we sat there for more than two hours, mostly silent. Everyone understood that it was okay not to know how to react or what to do. Eventually, people started asking questions. I immediately hired someone who was skilled in coaching around trauma.

I'm interested in others' stories like this because there are no right or wrong answers in those kinds of situations, and people cope differently. They may share stories about an illness in the family, or being fired. I'm interested in such experiences to understand their perspective. If they were advising a person going through a similar situation, what would they say?

Bryant: What else are you looking for when you are recruiting directors?

Lauterbach: Boards should be like a Swiss Army knife, with every

person representing a different way to solve a problem, whether it's a background in international business development, digital, finance, global markets, or talent management. You need that diversity of background to be successful.

Second, can I laugh with these people? The absence of humor always troubles me. You can only survive with an ability to laugh at yourself and your own missteps, and that demonstrates to me that the person is confident enough to appear ridiculous. I don't want to be psychiatrist in a boardroom to smooth over personal insecurities.

Reimer: When you're considering joining a board, what are the key questions you're asking of the CEO?

Lauterbach: What do you need? What would be helpful for you and for the company to be even more successful? Sometimes the answer is that we just need more or less the same to stay on course, and sometimes the answer might be M&A or to expand into China.

If the CEO does not know, it means that he's not really involved in the process and has outsourced his thinking to headhunters or to the nomination committee. The relationship with the CEO has to be more of a partnership, with a healthy ability to agree to disagree sometimes without being disagreeable. I don't want to serve on any board where I'm not wanted, and I prefer to work with people who I want to work with.

Ultimately, this is about establishing a common purpose, a common set

of values, respect, and a recognition that together we are more than just the sum of us as individuals. True integrity and teamwork requires a lot of self-awareness. And the board needs a sense of calm and a belief that everything is solvable. You have to rely on other people for help, and sometimes you have to make unpleasant decisions to move forward.

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