

The CEO Announces Her Retirement. You are on the Selection Committee.

Shiran Danoch, Ph.D.
Informed Decisions
shiran@informeddecisions.io

Laurence J. Stybel, Ed.D., CMF
Stybel Peabody/Board Options
lstybel@boardoptions.com

You and Fred are independent directors on the ABC Life Sciences Board of Directors, a NASDAQ-listed company.

With the exception of audited financial statements, all the information you receive comes from the CEO or the CEO's direct reports.

The information is all very assuring and reinforces that we are in the right direction. Stock prices are moving in line with expectations for the company's industry and size. In other words, performance is "average" for the sector.

Two weeks ago, you and Fred were having dinner with a Board colleague. She commented that almost all the information the Board receives comes from management. She has no reason to mistrust management, but she expressed the following dilemma: if a board of directors has no chief learning officer, by default, the chief executive officer is the Board's Chief Learning Officer. Isn't that a conflict of interest?

You've been intrigued by the rise of artificial intelligence. How can you and your fellow board members use artificial intelligence to get independent perspective?

This morning Fred received a phone call from the CEO. The CEO informs Fred that she is planning to retire, effective 12 months from now. She and the Chair of the Board would like Fred to lead the Selection Committee.

Later the same day, you received a similar phone call from the CEO.

After lunch, Fred contacted you on the phone and asked if you would serve on the Selection Committee. You agreed.

As you hang up the phone, you know the Selection Committee will retain an independent executive search firm to screen candidates and present the Selection Committee with 3-5 finalists from inside the company and/or outside the company.

Based on your discussions with fellow Board members, you are confident that the Directors will want the next CEO to continue down the strategic path the Board and the current CEO agreed to. You are confident that the Board and the current CEO will want to reassure investors and customers that this is not a turnaround situation.

Assuming the selected retained search firm provides the Selection Committee with 3-4 qualified candidates, how can you utilize AI to enhance the selection process at the Board-level?

A secondary thought is your reaction to the idea that if the Chief Executive Officer is the Board of Director Chief Learning Officer, there is an inherent conflict of interest. Can AI be a resource to the Board?

