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A Director Discusses How the Roles of Public and Private Company Directors Differ

Maggie Wilderotter is chairman of DocuSign and also serves on the boards of Costco, Sana Biotechnology, Fortinet, Sonoma Biotherapeutics and Tanium. She previously served on numerous boards, including Lyft, Hewlett Packard Enterprise and Procter and Gamble. Maggie was CEO and chairman of Frontier Communications and, before that, Wink Communications. Maggie also held senior executive positions at Microsoft and AT&T Wireless.

Q: You've served on the boards of 36 different companies over the course of your career — some public, some private. How have you found board service to be different between the two?

A: I've enjoyed serving on both for different reasons. On roughly half the public company boards on which I've served, I began service when the company was private and then it went public. Service on each can be an enriching experience, but each requires a fundamentally different approach.

For public company boards, the directors' core roles are to hire and fire the CEO, oversee risk — particularly financial risk — and set strategy for the company. The board performs these very core, and important, functions, but should not be in the weeds of running the company on a day-to-day basis; that is management's job.

Private company board service is very different. In most cases, management's expectation is that you'll be a real adviser and often act as a coach to the CEO and management team. Management affirmatively wants a board where directors can bring to bear a variety of different experiences and skill sets to help management in a variety of ways — whether that's making introductions, digging into product strategy or marketing, or whatever is most critical for the company to move forward at the time. There is more a sense of working side-by-side with management to achieve the collective objectives of the company, rather than a strictly oversight and monitoring role. Each role requires a different approach and skill set to be effective, but I find both rewarding.

Q: You were CEO of Frontier Communications for over a decade before it was sold and before that a long-time, hands-on operational manager. Is it difficult to make the transition from sitting CEO to outside, independent public company board member?

A: I don't think it is particularly difficult, at least for me, but it does require that you understand where the boundaries are, be mindful of what the core role of a public company independent director is and, occasionally, exercise some restraint.

Your role isn't to directly manage the company. You may have a great idea, a different way that you would do something, or you'd make a different choice on any one of a number of execution decisions that, ultimately, need to be management's to make. That doesn't mean that you can't raise questions, help management think through the issues or see a different perspective. You can and should do that, and it's a very valuable role to play. But it needs to be done with some humility and some cognizance that, as a board, you're hiring the CEO to make the call, ultimately, on many of these decisions once overall strategy is set.

Another major difference is that no individual director acts as the CEO's boss. The board as whole clearly does, but the board functions as a group. Even when I act as chair of a board, I recognize that, while I have a very important role to play — liaison between the independent directors and the CEO, helping to set the agenda, occasionally acting as the voice of the independent directors to the investor community — I am just one member of the board. And it is important to try to achieve consensus as a board and to make decisions on a collaborative, constructive basis.

The CEO role is very different. While a good CEO will gather inputs from her senior management team and consider different points of view, in the vast majority of cases, the CEO's call is final and is hers alone to make.

Q: Given the very different roles you see for directors of private versus public companies, and your experience serving on the boards of private companies that went public, how do you manage that transition? Can that be a difficult transition?

A: It's really a key part of the IPO process. One of the key sets of issues for any private company board in that process is making sure you've got the right people in the right seats on the bus. And that applies equally to the senior management team and to the board. You have to make sure you've got the right people in all those positions.

It's not at all unusual to make senior management changes in connection with an IPO. The same is, and should be, true for boards as they transition from the adviser and coach role to one of oversight. Many times at the board level that's a relatively easy transition to execute. Many board members do not want to continue to serve on a public company board — at least not beyond a transitional period. And many VCs will want to come off the board at some time fairly shortly following an IPO.

Other times, it will require a tough, or at least more delicate, conversation. Sometimes the answer might be to expand the board in the first instance to accommodate directors with different, public-company-oriented skill sets, and then later shrink it down again to get to a more workable, manageable board size. That's often a good way to go as well in order to have some continuity as the board transitions along with the management team and company itself. The board itself needs to be clear-eyed and focused on how it can best position itself for life as a public company board when that day comes. And the IPO window is open once again!

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