

STANFORD CLOSER LOOK SERIES

WHEN DIRECTORS NEED DIRECTION

WHOM DO BOARD MEMBERS GO TO FOR ADVICE?

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INTRODUCTION

The way CEOs improve their leadership style and decision-making is a subject of considerable interest. For many years, the *Wall Street Journal* ran a series of articles profiling the people CEOs turn to for personal and professional advice.¹ *TechCrunch, Inc., Fast Company*, and other startup-focused websites routinely profile founder-CEOs and the advice networks that inform their strategic choices.² The interest in CEO development is understandable, given their professional success, wealth, power, economic influence, and dynamic personalities.

Yet from a governance perspective, the board of directors is also critical to the trajectory of a corporation. The board is required to select, motivate and evaluate the performance of the CEO, review and approve strategic decisions, ensure proper risk management, and serve as counsel to management on a variety of leadership, organizational, cultural, and geopolitical topics. While directors are specifically recruited with these skills in mind, it is unlikely that any one individual begins or completes their tenure having full knowledge to resolve the issues they will face. Where do directors go for advice? Whom do they turn to for perspective, to develop their thinking and test ideas before bringing them to a boardroom setting?

From an economic perspective, these questions are important because directors operate under significant information constraints. They are expected to exercise informed judgment on issues ranging from strategy to risk management despite spending only a limited number of days each year with the company. Informal and formal advice networks may therefore serve as mechanisms through which directors acquire information, expertise, and outside perspectives that are otherwise costly to obtain.

Recently, we researched these issues through a survey of corporate directors.³ We find corporate directors are active consumers of personal and professional advice, regularly tapping into a network of trusted advisors to inform their thinking on leadership, oversight, and boardroom matters.

We also find directors distinguish the advice they receive from professional (paid) coaches and informal (nonpaid) advisors and access these individuals for discrete purposes. Directors occasionally rely on paid advisors for tangible on-the-job training—particularly in their early years of experience—to answer fundamental questions as they learn how best to oversee management and function in a boardroom setting. By contrast, they commonly turn to unpaid advisors—various friends, acquaintances, and colleagues they have accumulated over a lifetime of personal achievement—to formulate viewpoints on big picture questions of strategy, culture, and governance. Directors apply the best of the insight they glean from their advice networks to improve corporate outcomes, leveraging their experience and expertise for the benefit of management and the company.

DIRECTOR COACHING AND KITCHEN CABINET ADVISORS

We surveyed 79 directors of public and private corporations to understand the size, composition, and contribution of the individuals—paid and unpaid—that directors rely on to inform decision making and improve performance.

We find widespread use of information networks. Viewed through an economic lens, these networks can be understood as a form of external human capital. Just as firms invest in consultants, research, and technology to improve decision-making, directors invest in relationships that expand the information and expertise available to them. The prevalence of these networks suggests that important knowledge relevant to board oversight resides outside the boundaries of the firm and cannot be fully replicated through formal board processes alone. We find that ninety percent of directors rely on paid coaches or informal “kitchen cabinet” advisors to gain perspective on corporate matters.⁴ The composition of these advisors skews heavily toward unpaid rather than paid advisors. 86 percent solicit advice on work-related issues from personal friends and acquaintances, while only 18 percent receive coaching from a paid professional to support their

development as a director.

Coaching reflects a continuous learning mindset

We find directors are much less likely than CEOs to use paid coaches. As mentioned, only 18 percent of directors use a paid coach, compared with 58 percent of CEOs. The difference is not one of accessibility but of mindset. Directors join boards to add value through their accumulated professional experience. To some, hiring a professional coach seems unnecessary. To others, it is counter to expectation that a director recruited to provide advice would themselves require advice. We believe that the best directors have a desire for continuous improvement, coupled with a degree of humility, and are motivated to commit to structured learning. Those who retain a paid professional tend to do so of their own volition (see Exhibit 1).

Coaching is most valuable in the ramp-up phase

We find heightened use of paid coaches in the early period of a board member's first directorship. Two-thirds of directors who use a paid coach begin working with them either before or when they first become a director. Relative to being an executive, the role of director requires a different style and approach, with new skills. A director is expected to advise and guide rather than lead and execute. They are not decision makers but decisions influencers, serving as both sounding board and overseer. Many first-time directors discover this is not a natural role to play, particularly those with operating backgrounds used to having the final say.

The use of coaching may also reflect differences in the expected return to acquiring board-specific skills. While executives accumulate expertise in operating organizations, the director role requires a distinct set of capabilities related to oversight, monitoring, influence, and governance. Coaching can therefore be viewed as an investment in specialized human capital that increases a director's effectiveness in a role for which prior executive experience is only an imperfect substitute. They therefore look for help through the transition phase as they settle into their new role, to acquire and practice the skills needed to be effective in the boardroom.

Their education with paid coaches during this time is a personal one. Only 22 percent of directors who use a coach ask the coach to solicit feedback from their fellow board members for inclusion in their development plan. Directors are pleased with the results. A full 89 percent express satisfaction with the training they receive from their coach (see Exhibit 2).

Informal advisors are the true support system

The vast majority of directors (86 percent) rely on a kitchen

cabinet of trusted advisors as their primary support network. The relationships directors have with these individuals span decades and are built on trust, shared history, and common understanding. A typical kitchen cabinet includes between three and five trusted advisors, with some groups numbering more than ten. Their backgrounds are varied: fellow board members at unaffiliated companies (72 percent), former colleagues (60 percent), executives of other companies (30 percent), and friends through professional associations (26 percent). They also include former paid advisors, classmates, and friends through social clubs, nonprofits, and volunteer activities (see Exhibit 3).

The interactions a director has with informal advisors are less transactional and more relational, reflecting often deep connections that have formed over many years. The words a director most frequently uses to describe their kitchen cabinet are competence, strategic, experience, candor, character, and discretion—reflecting both the business expertise and personal integrity of these individuals. These are important attributes for people who serve as a sounding board for complicated or sensitive issues. These relationships also solve an important economic problem: credibility. Advice is often most valuable when it concerns uncertain, strategic, or sensitive issues for which objective answers do not exist. In such settings, trust accumulated through repeated interactions can substitute for formal contracts, allowing directors to obtain candid assessments that may be difficult to procure through market transactions alone.

Perhaps not surprisingly, the composition of this group holds steady over time, with 36 percent of directors relying on mostly the same individuals as they originally did when they first sought outside advice, and 58 percent relying on a mix of individuals that is somewhat the same and somewhat different. Three-quarters (71 percent) have relied on informal advisors for more than 10 years (see Exhibit 4).

Directors distinguish “on-the-job” and “big picture” topics in their advice network

Directors take a portfolio approach to their advice network, directing questions to the individual or individuals best situated to address them. This pattern is consistent with the idea of comparative advantage. Professional coaches possess specialized expertise in boardroom practices, governance processes, and director effectiveness, while informal advisors contribute accumulated industry knowledge, strategic perspective, and independent judgment. Rather than relying on a single source of information, directors appear to construct a portfolio of advisors whose expertise is complementary. With professional coaches and paid advisors, directors are more likely to discuss “on-the-job”

issues, like satisfying their role as director and overseer, managing boardroom dynamics, and interfacing with management.

By contrast, they turn to their kitchen cabinet for “big picture” questions of strategy, risk management, dealing with stakeholders, and company reputation. In these matters, they appear to prefer the counsel of long-time acquaintances who have gone through similar experience and with whom they can discuss nuanced and sensitive topics with trusted confidence (see Exhibit 5).

Directors leverage their networks to help their companies

Directors use their advice networks to support management and fellow board members through introductions and referrals, in addition to information flows. Approximately half of directors (44 percent) refer a coach to another director for their professional development. The same percentage (44 percent) refers a coach to the CEO.

Directors leverage their advisory networks to solve an average of 7.5 issues for the benefit their companies, and a quarter (26 percent) leverage their networks more than 10 times.

This demonstrates that directors create value not only through their individual expertise but also through access to broader networks of information and relationships. In economic terms, part of a director’s contribution may derive from social capital: the ability to mobilize knowledge, contacts, and specialized expertise residing outside the firm when needed (see Exhibit 6).

CONCLUSION

How corporate directors use professional coaches and informal advisors is a greatly underexplored area of research. Advice networks—both formal and informal—can be viewed as governance mechanisms that supplement the information available through official board processes. They allow directors to acquire knowledge, reduce uncertainty, and access specialized expertise that may improve oversight and decision-making. The widespread use of such networks suggests that effective board governance depends not only on the human capital directors bring into the boardroom, but also on the external relationships through which that human capital is continually refreshed and expanded.

Paid and unpaid advisors are both important elements of these networks. First-time directors, in particular, rely on paid coaches for guidance through the transition from operating executive to corporate overseer. Coaches help them to acquire new skills and grow in influence, repackaging years of experience into a new setting and role.

Unpaid advisors serve as a far more expansive, longer-term reservoir of information that a director taps into repeatedly

throughout their tenure. The individuals in these informal networks reflect a lifetime of personal achievement—the byproduct of workplace, social, and personal interactions that comprise an expansive career. The breadth of knowledge and diverse experience of these advisors contribute to the value a director brings to the firm in addressing governance matters.

These benefits, however, must be weighed against potential costs. Reliance on a stable group of trusted advisors may reduce exposure to diverse viewpoints and reinforce existing beliefs. Advice obtained through personal networks may also be shaped by experiences that are not transferable to a firm’s particular circumstances. More generally, directors face a tradeoff between expanding their information set and preserving confidentiality, independence, and accountability in decision-making.

The existence of an advisory network not employed by a corporation can create friction with official leadership, especially when their advice runs counter to the established position of the board. In the extreme, the board might perceive advisors are infringing or undercutting their authority. The possibility also exists that informal advisors can breach confidentiality by recomputing sensitive issues to third parties. Directors should use caution in selecting the individuals who participate in their networks and discretion in deciding what issues to discuss with them.

WHY THIS MATTERS

1. Traditional governance models typically view directors as independent experts who bring their own skills and experience to the boardroom. The evidence here suggests a more nuanced view: directors may function as nodes in broader networks of information and expertise. To what extent is director effectiveness determined by the knowledge an individual possesses versus the knowledge they can access through their professional relationships? How should researchers think about the value of a director’s network as a form of social capital? Under what circumstances do these networks improve decision quality, and when might they create risks of groupthink, conflicts of interest, or information leakage?
2. The survey data in this Closer Look suggests that only a small subset of directors rely on paid coaching to improve their performance as a board member. Nevertheless, it appears that those who elect to receive this coaching benefit from structured training as they shift their career from corporate practitioner to corporate advisor. Why do so few directors recognize the value of professional coaching? Should more companies encourage or require this of first-time directors? Should this be an initial part of on-boarding new directors? How different are the roles

Corporate Governance at Stanford University. For more information, visit: <http://www.gsb.stanford.edu/cgri>.

of executive decision maker and corporate overseer, and is professional coaching effective in navigating this transition? What mindset is required of a director to accept this training?

3. Almost all corporate directors rely on a kitchen cabinet of informal advisors for advice and information. They value these individuals for their knowledge, connections, and discretion, which contribute to the value a director brings to a firm. Do boards consider the size and quality of a director's personal network when evaluating candidates for open director seats? How can they better assess the quality and potential contribution of a candidate's network? How can researchers better measure how a director's network quality contributes to the quality of the board discussion and the overall performance of the organization? ■

¹ See *The Wall Street Journal*, "Personal Board of Directors" (2018 to 2024), available at: www.wsj.com/news/types/personal-board-of-directors.

² With the term "advice networks," we do not include consulting and advisory firms (legal, accounting, strategy, etc.) that come into the boardroom at the request of directors.

³ See David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, "2025 Director Coaching and Kitchen Cabinet Survey," (September 2025), available at: www.gsb.stanford.edu/faculty-research/publications/2025-director-coaching-kitchen-cabinet-survey.

⁴ The term "kitchen cabinet" was originally employed as a term of derision by opponents of U.S. President Andrew Jackson to describe the informal advisors that the president relied on instead of his formal, Senate-approved cabinet.

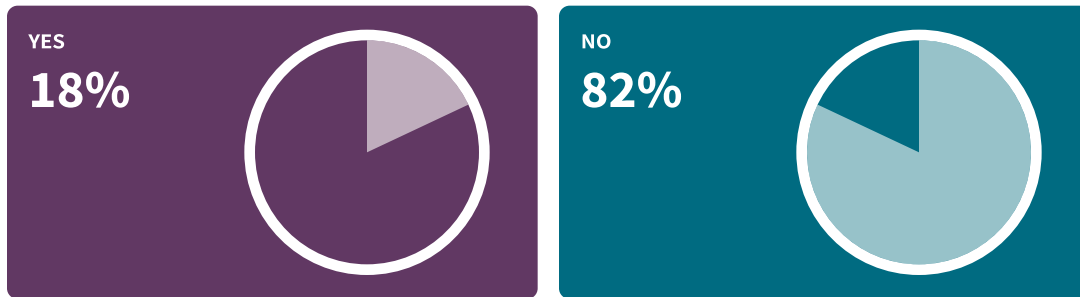
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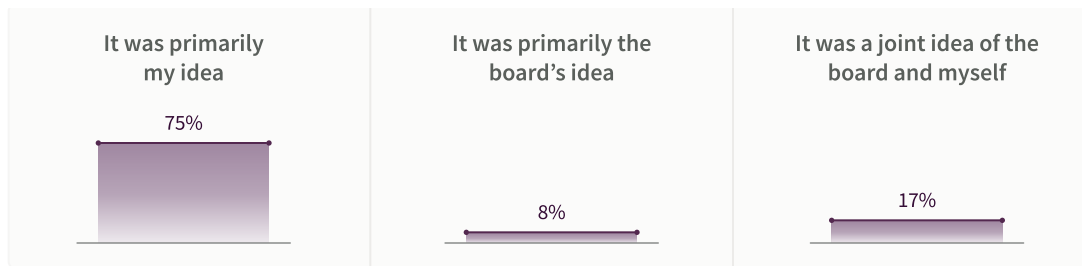
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EXHIBIT 1 — DIRECTOR USE OF PROFESSIONAL COACHING

HAVE YOU RECEIVED COACHING FROM A PAID PROFESSIONAL TO SUPPORT THE PROFESSIONAL DEVELOPMENT OF YOUR POSITION AS DIRECTOR?



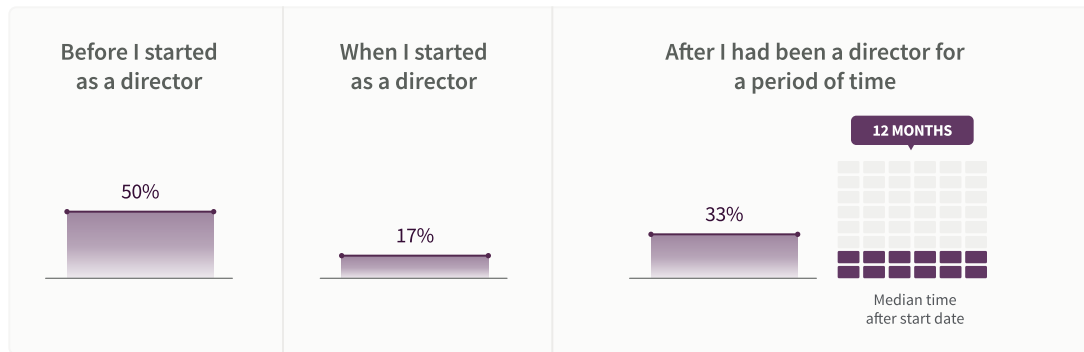
WHOSE IDEA WAS IT FOR YOU TO RECEIVE THIS COACHING?



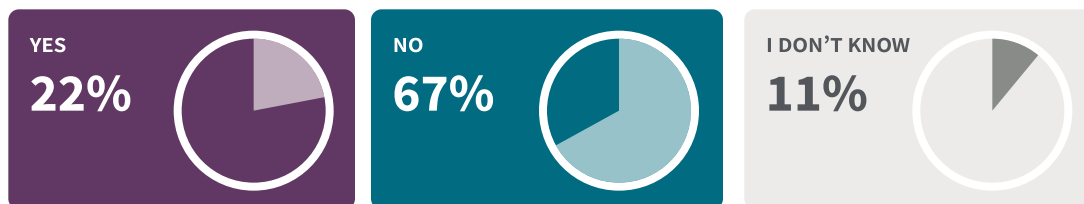
Source: David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, "2025 Director Coaching and Kitchen Cabinet Survey," (September 2025), available at: www.gsb.stanford.edu/faculty-research/publications/2025-director-coaching-kitchen-cabinet-survey.

EXHIBIT 2 — DIRECTOR USE OF PROFESSIONAL COACHING

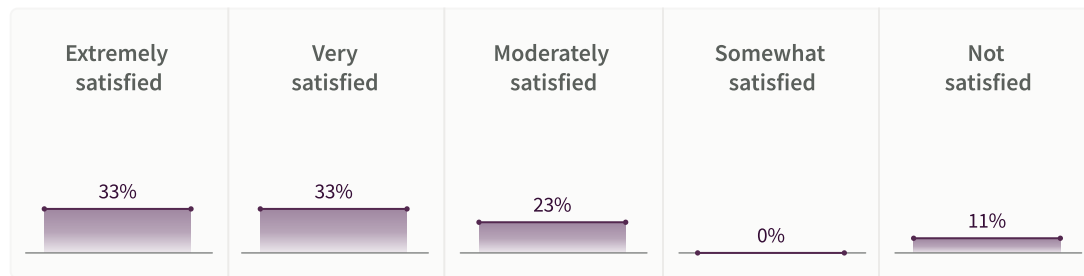
WHEN DID YOU FIRST BEGIN COACHING SESSIONS WITH THIS INDIVIDUAL?



DID YOUR PROFESSIONAL COACH SOLICIT FEEDBACK FROM YOUR FELLOW DIRECTORS TO INCLUDE IN YOUR DEVELOPMENT PLAN?



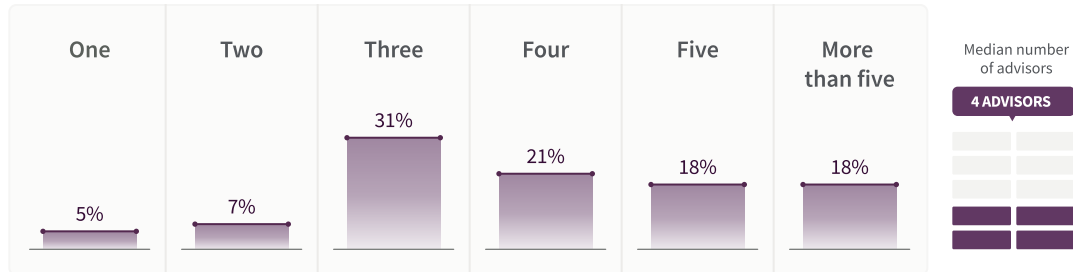
HOW SATISFIED ARE YOU WITH THE ADVICE YOU RECEIVED FROM THIS PROFESSIONAL COACH?



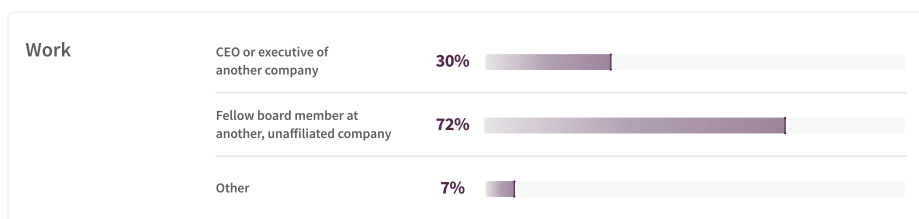
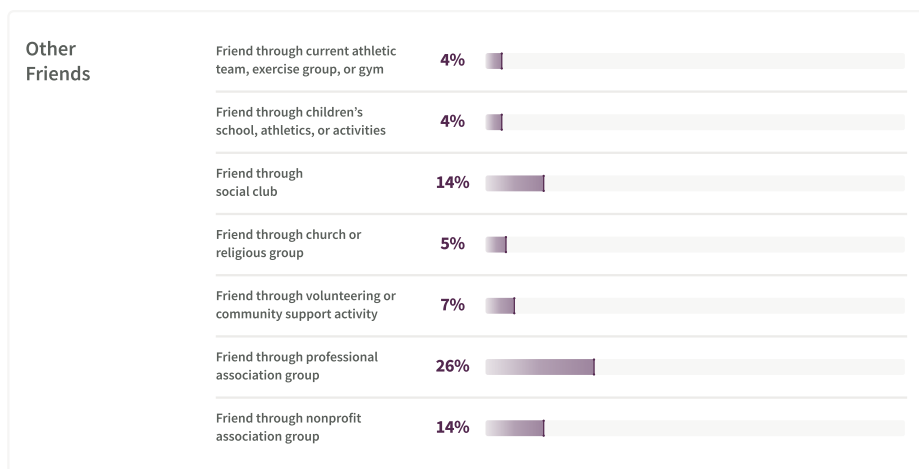
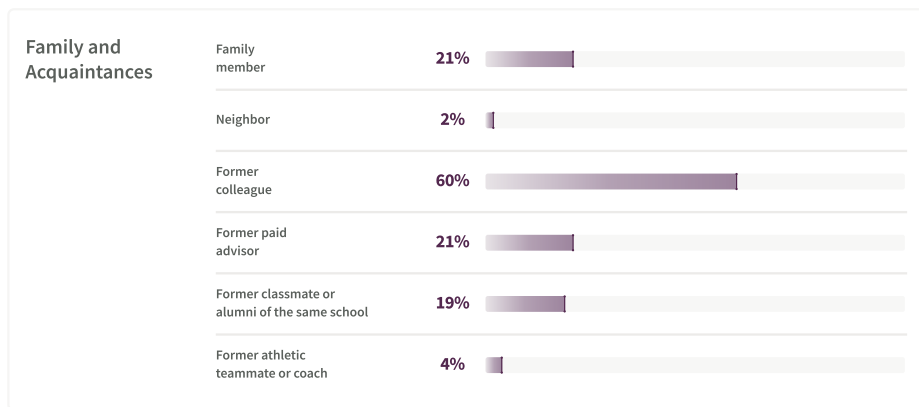
Source: David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, "2025 Director Coaching and Kitchen Cabinet Survey," (September 2025).

EXHIBIT 3 — COMPOSITION OF DIRECTOR KITCHEN-CABINET ADVICE NETWORKS

DURING YOUR TIME AS A DIRECTOR, APPROXIMATELY HOW MANY INDIVIDUALS WOULD YOU CONSIDER TO BE INCLUDED IN THIS GROUP OF INFORMAL ADVISORS THAT YOU APPROACH ON A PERIODIC BASIS TO DISCUSS THESE TYPES OF ISSUES?



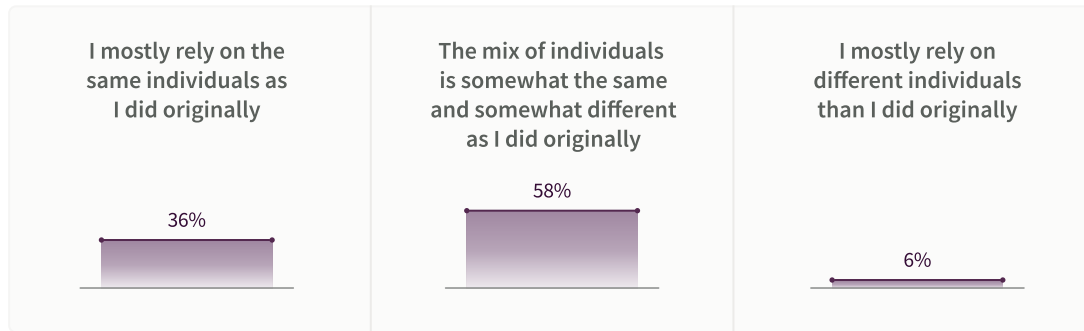
WHAT IS YOUR PERSONAL CONNECTION TO THESE INDIVIDUALS?



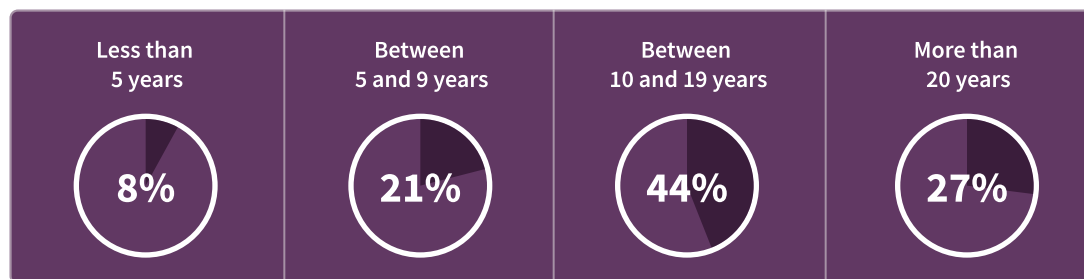
Source: David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, "2025 Director Coaching and Kitchen Cabinet Survey," (September 2025).

EXHIBIT 4 — USE AND CHARACTERISTICS OF KITCHEN-CABINET ADVICE NETWORKS

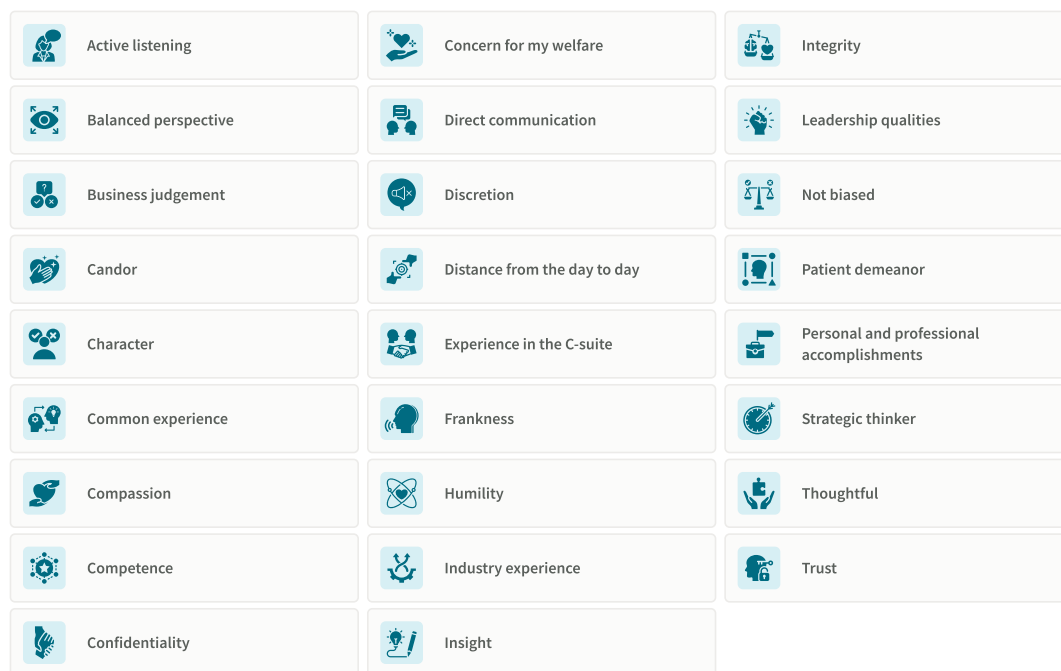
HOW HAS THE COMPOSITION OF THIS GROUP CHANGED OVER TIME?



HOW LONG HAVE YOU USED INFORMAL ADVISORS FOR ADVICE?



WHAT PERSONAL QUALITIES DO THESE INDIVIDUALS HAVE THAT CAUSED YOU TO SELECT THEM AS INFORMAL ADVISORS?

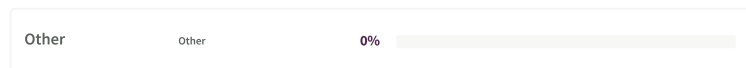
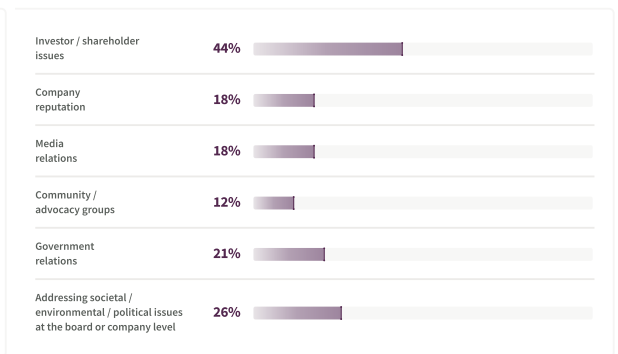
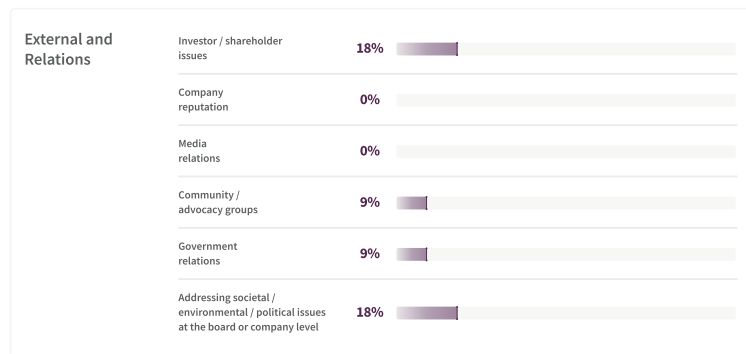
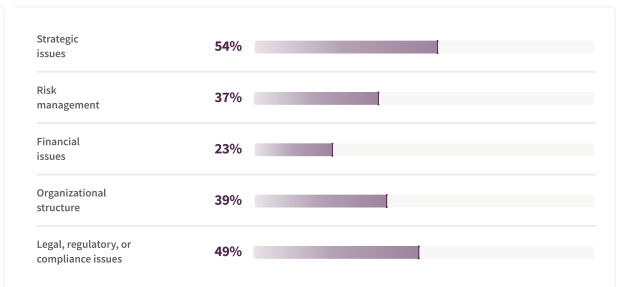
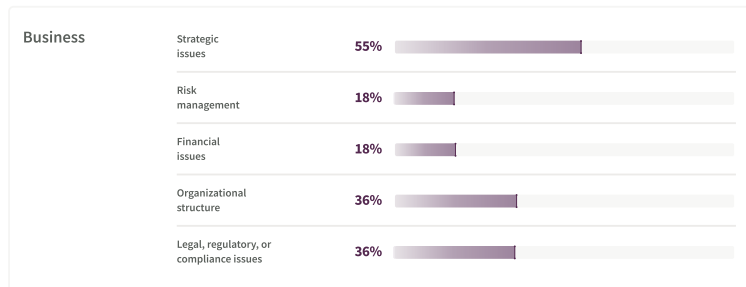
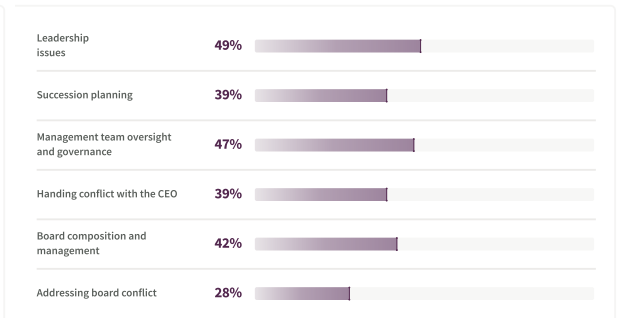
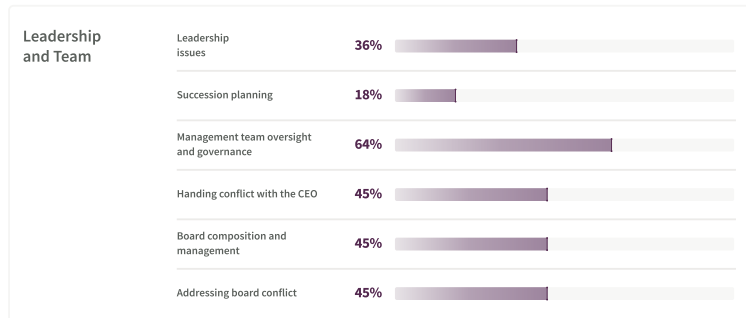
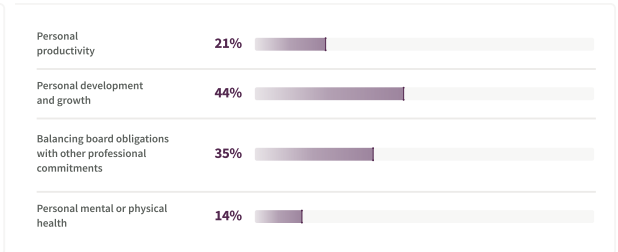
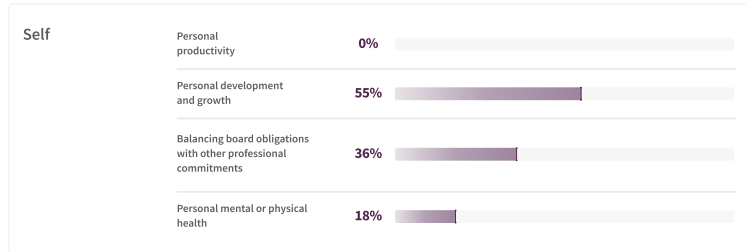


Source: David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, “2025 Director Coaching and Kitchen Cabinet Survey,” (September 2025).

EXHIBIT 5 — TOPICS DISCUSSED WITH PAID AND UNPAID ADVISORS

WHAT ARE THE PRIMARY TOPICS YOU DISCUSSED?
WITH YOUR COACH?

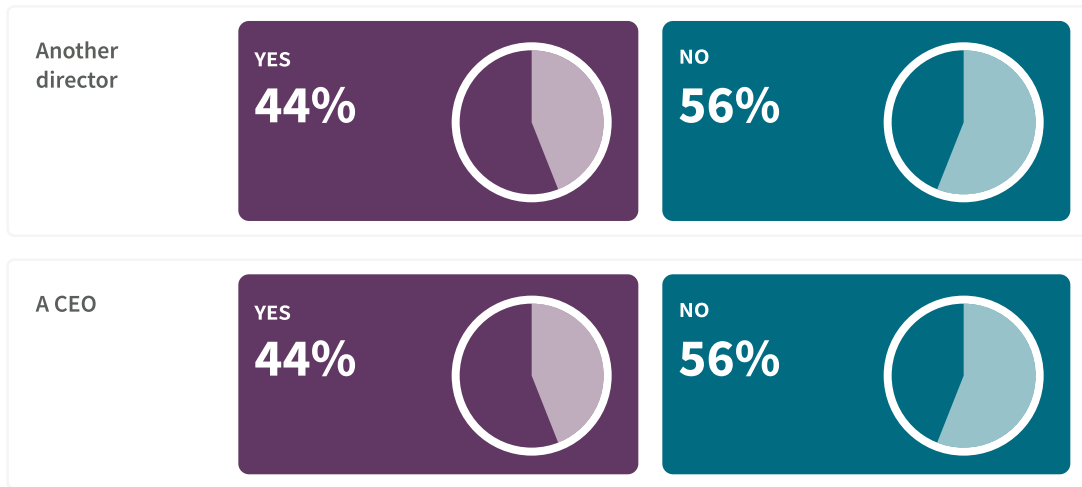
WITH YOUR INFORMAL ADVISORS?



Source: David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, "2025 Director Coaching and Kitchen Cabinet Survey," (September 2025).

EXHIBIT 6 — REFERRAL OF PAID COACHES

HAVE YOU EVER REFERRED A PROFESSIONAL COACH TO THE FOLLOWING?



Source: David F. Larcker, Stephen A. Miles, Amit Seru, and Brian Tayan, "2025 Director Coaching and Kitchen Cabinet Survey," (September 2025).