



From military service to board service

The generals and admirals on S&P 500 boards

KPMG Board Leadership Center

As the responsibilities for board oversight expand, the risk landscape intensifies, and company strategy shifts more frequently, boards must refresh their composition to keep pace. Director skills and experience in cybersecurity, emerging technologies, global affairs, and risk and crisis management have become especially valuable amid the current threat environment.

According to the [2024 KPMG US CEO Outlook](#), CEOs cite geopolitics and political uncertainty, supply chain, and operational issues as the greatest threats to growth over the next three years. And CEOs ranked the cost of living, cybercrime and cybersecurity issues, and talent as the top trends that could negatively impact their prosperity.

Given this backdrop, corporate boards may consider bringing former top ranking US military officers into their boardrooms. Senior military officers—notably retired general and flag officers (GFOs)—have spent their careers making quick decisions in a high-pressure environment. Their experience overseeing vast budgets, expensive military resources and equipment, and thousands of personnel¹ in regions around the globe draws many parallels to the experience of a seasoned corporate executive.

In this article we explore current trends around retired GFOs serving on boards, the skills and experience they offer, how they can best approach the transition to board service, considerations for nominating and governance (nom/gov) committees, and investor perspectives.

What is a general and flag officer?

General and flag officers—known as GFOs—are the most senior military officers in the US Armed Forces. In the Army, Air Force, Marine Corps, and Space Force, they are known as “general officers”; in the Navy and Coast Guard, they are known as “flag officers.” These officers span the paygrades of O-7 (one star) to O-10 (four stars).

GFOs represent 0.063% of the total active-duty force.² So, while about 6% of US adults are veterans,³ it’s worth noting that retired GFOs only represent a small fraction of our overall US veteran population.

While this article provides data and insights specifically around GFOs, there are many former military officers who are providing invaluable service to corporate boards.

¹ See the U.S. Department of Defense, Multimedia Experience, Military Units, for more information about how many service members GFOs in each service branch oversee.

² Congressional Research Service, General and Flag Officers in the U.S. Armed Forces: Background and Considerations for Congress, March 8, 2024, p. 1.

³ Katherine Schaeffer, The changing face of America’s veteran population, Pew Research Center, November 8, 2023.



GFOs serving on S&P 500 boards

Currently GFOs hold 1% of S&P 500 board seats, and 8.8% of all S&P 500 companies have at least one GFO on the board, based on KPMG Board Leadership Center (BLC) analysis of BoardEx data. This is up only slightly from 2019 when 0.8% of S&P 500 board seats were held by a GFO and 7.2% of S&P 500 companies had a GFO as a director.

“Aerospace & defense and government contractors writ large have the largest GFO representation, as one might expect,” said Jerry Gorss, a principal at executive search firm Heidrick & Struggles. “Boards within [these sectors] often require one or several retired GFOs on their boards.”

Gorss, who is also a US Army Reserve officer and former unit commander and helicopter pilot in Afghanistan,

suggests fewer GFOs serve boards in other industries in part because there is a smaller pool of potential candidates but also because nom/gov committees are often unfamiliar with the experience and value GFOs can bring to their boards.

“Nom/gov committees that have awareness of the value GFOs bring, either through experience on other boards or through word of mouth, often have retired GFOs as a profile of consideration when filling a board seat,” said Gorss. Otherwise, search firms might offer GFOs as a category of director for them to consider.

Gorss notes that Heidrick & Struggles is seeing more demand for GFOs across industries as boards become increasingly aware of the need for the specific skills GFOs can offer.

S&P 500 board seats held by retired GFOs, by industry	
Industry	Percentage
Aerospace & defense	21%
Insurance	11%
Banks	7%
Electronic & electrical equipment	7%
Engineering & machinery	7%
Oil & gas	7%
Transport	7%
Software & computer services	5%
Construction & building materials	4%
Pharmaceuticals & biotechnology	4%
Utilities	4%
Automobiles & parts	2%
Beverages	2%
Business services	2%
General retailers	2%
Household products	2%
Leisure & hotels	2%
Real estate	2%
Specialty & other finance	2%
Steel & other metals	2%

Source: KPMG BLC analysis of BoardEx data, August 2024.

Who are the retired GFOs serving on S&P 500 boards?

56%

are four-star generals or admirals.

28%

are retired three-stars.

40%

served in the US Navy.

26%

served in the US Air Force.

21%

served in the US Army.

33% are women.

67% are men.

77% are in their 60s. The median age is **68**.

58%

serve on more than 1 public company board.

73%

have been on their boards for less than 5 years.

Source: KPMG BLC analysis of BoardEx data, August 2024.



How GFOs contribute to the work of the board

In our review of S&P 500 proxy statements and interviews with directors, investors, and other stakeholders, we find the following as the top skill sets and values senior military officers offer to the boards they serve:

Leadership

“The leadership skills GFOs have are helpful to the board,” said KPMG BLC Senior Advisor Stephen Brown, who also participates in NACD’s Battlefield to Boardroom program preparing retired and soon-to- retire GFOs for board service. “GFOs know what motivates [their troops] and how to lead them. It’s not simply their rank.”

Among military leaders, leadership skills are honed through extensive and repeated trainings, combat experience, large amounts of responsibility (held even among more junior ranks), and a commitment to self-sacrifice and service. Unlike in the corporate world, military leaders must motivate their teams to willingly enter a life-threatening combat situation.⁴

Colonel Herman Bulls (USAR Retired), a 30-year US Army veteran who serves on several public and private company boards, was asked to join the board of a large energy company as chairman specifically for his leadership skills. “I came into an industry I knew nothing about and helped

take the company public. As chairman, your goal is to get the best of the other eight to ten people around the table,” said Bulls.

Ethics

Military officers continue to rank among the top five professions that Americans consider to be most ethical and honest.⁵ The military spends a lot of time reinforcing its expectations for ethical behavior, and the stakes for noncompliance are high.

Bulls recounted how, on one of his boards, he and other former military officers emphasize ethics and integrity in decision-making with their senior management team: “Even if there’s only a one in a million chance that something could come to light, why take a risk that could eat away at the ethics and integrity of your organization? I ask myself, ‘How would this look on *60 Minutes* or the front page of *The New York Times*?’”

One investor advisor recounted feeling concerned about a lack of independent oversight at a controlled company with

a combined CEO/chair role. However, after an engagement with the lead independent director—who was also a retired GFO—she felt reassured that his military experience would lead him to hold frank discussions in the boardroom and challenge the CEO and management team with strong, independent oversight.

Risk and crisis management

GFOs are renowned for their “uncanny ability to assess options quickly and make sound decisions based upon smart input and due diligence,” according to NACD President and CEO Peter Gleason. “Boards are stewards of the enterprise they serve and that’s exactly what’s in these battlefield veterans’ DNA. They can handle what’s in front of them and also see long term, looking over the horizon at future risks and what’s coming around the bend—or over the ridge—adding to an enterprise’s preparedness in multiple ways.”

It’s no surprise that nearly one-fifth of S&P 500 GFOs serve on boards in the insurance or banking sectors, which are often required to have a risk committee. And nearly 40%

⁴Tom Kolditz, Why the Military Produces Great Leaders, Harvard Business Review, February 6, 2009.

⁵Lydia Saad, Military Brass, Judges Among Professions at New Image Lows, Gallup, January 12, 2022.

sit on a board committee related to risk, cybersecurity, and/or technology—skills acquired in their military occupational specialties.

“The military, in general, is very good at making assessments of what they see before them and putting a number to it, an estimate,” said Brown. “For example, when they give you a risk profile, they’ll say, ‘There’s a 30% chance of X happening.’ Inside the boardroom, you’ve got to be able to quantify risk [when reviewing the company’s risk profile with management].”

When it comes to performing during a crisis, all military personnel have either participated in combat or prepared to be in combat. “I’m handling [crises] every day for some of the boards that I’m on,” said Bulls. “It’s that concept of having been there. It does no good to get excited. Assess where you are, determine the outcomes [you would foresee], and look at the alternatives to get you there.”

Cybersecurity expertise

Proxy statement disclosures of S&P 500 companies studied for this analysis frequently note GFOs as adding cybersecurity expertise to the board. For example, a retired US Navy vice admiral who also served as director of the Defense Information Systems Agency (DISA) now sits on the board of a transportation company and serves as chair of the board’s committee for cyber and technology oversight.

“In my previous experience as an investor, I saw many GFOs who were cybersecurity experts,” said Lyndon Park, a board advisor and head of ICR’s Shareholder Activism & ESG Advisory Group. “They came in with specialty know-how when breaches happened and were able to smooth over the interplay with government agencies. As an investor, that was a relief.”

Global experience

GFOs, particularly at the highest ranks and positions, often have a deep, firsthand understanding of geopolitics, international relations, and diplomacy, said Brown. “That is deeply valued in the boardroom because not everyone understands it.”

For example, a retired US Army lieutenant general is noted in his company’s proxy statement as bringing valuable knowledge of a specific country in which he served to the board of an oil and gas company that has operations there.

According to Bulls, “A senior military officer will have had overseas duties, understand different cultures and customs, and have visited different places and people. We get immediate feedback [in the military] on what’s happening overseas. With the internet and today’s communication, the world is getting smaller.”

Knowledge of government affairs

“In certain industries, I’ve seen some [GFOs] join boards as directors because they have a good relationship with the government. That’s an intangible that boards and management teams do value,” said Park.

As senior military officers advance in their careers, they have increasing exposure to regulation, legislation, and the inner workings of the US government. While this experience may be especially valuable to companies with clear links to the US Department of Defense, GFOs do not sit exclusively on boards in these sectors.

A retired US Navy admiral serving on the board of a beverage company is shown in the board’s skills matrix as bringing experience in regulatory affairs and procurement and logistics to the board, among other skills.



Making a smooth transition from the battlefield to the boardroom

While senior military officers have unique skills to offer America's boardrooms, they must be able to translate these skills and experiences into the corporate context to be a successful director. As Brown puts it: "They were commanding a battleship, not working on Wall Street, but many of the skills they've acquired are comparable to those of an executive."

NACD's Battlefield to Boardroom program, sponsored by KPMG, educates GFOs on the core responsibilities of being a director, the board's structure, finance and accounting skills for directors, how to engage with shareholders, and other areas of corporate governance to which a military officer likely has not been exposed.

The following are some key learnings from the program, which has prepared over 500 GFOs for board service since its inception in 2012:

Learning the corporate lingo

GFOs must be able to speak in "civilian language" and translate what they've done into the corporate context, such as how many people they were in charge of, who reported to them, and equating what they oversaw into dollar amounts.

Gaining industry-specific knowledge

It may take some time to get fully up to speed, including understanding nuances of the industry and how the management team functions.

Understanding the role of the board

Moving from the position of an operator to someone who provides oversight can be a difficult transition for any first-time director. Board members must not only learn to ask good questions but also have a solid understanding of governance processes and directors' fiduciary duties. According to an investor advisor, first-time directors coming from the military may need to learn that their "boss is the investor and not the CEO."

Honing interpersonal skills

The corporate world requires slightly different communication skills than those needed to succeed in the military. Mentoring from a "board buddy" and including more background on board dynamics and culture during the onboarding process can assist with the transition.

Adding a retired GFO to the board

Many considerations for nom/gov committees are similar to those for adding any new director to the board:

Search process

Have we employed an individual or professional firm with expertise in identifying GFO candidates? Most boards may not have enough familiarity with GFOs and their military backgrounds to do this themselves. Boards may request search firms include director candidates with the specific type of diversity they are seeking, such as military experience.

Cultural fit

Can the individual “take off their rank” and demonstrate an ability to apply their military leadership experience to corporate leadership? “Some military officers have been in this structured environment for 30 or 40 years and are used to having [multiple] aides. Make sure there is a cultural fit and that they have the ability to demonstrate their interpersonal skills,” said Bulls.

Strategic alignment

Do the candidate’s skills and experience align with the company’s needs? “Appointing a GFO just because of their military experience—[which is unique to each individual]—is a good start. Further, they should be considered holistically and against defined criteria that are mutually agreed upon between the board and search firm,” said Gorss.

Education

Have they taken any courses or training to prepare them for corporate board service? “So often it’s just an exercise in education, but boards should know if the candidate already has that or if the board needs to provide or facilitate it,” said Gleason.

Breadth of experience

Does the candidate have the breadth of knowledge to talk about issues outside of their functional expertise? “A board or nom/gov committee should look beyond the résumé to the unseen value,” said Gleason. “If we [ask more about what they’ve been responsible for], we might learn that this individual was overseeing enormous, impactful projects and vast budgets. Ask the questions. Get curious. Listen.”

Onboarding

How can we tailor our director onboarding process to set an incoming GFO up for success? “These folks are not familiar with the corporate world but are often a quick study. Give them a little hand upon entry,” said Gleason.

Shareholder views

Diversity of thought

The investors interviewed for this article emphasized that the true value that veterans can bring to the boardroom is their diversity of thought. Investors look at various factors when assessing a board's mix of diversity, including veteran status in some cases. As only 7% of S&P 500 companies disclose the veteran status of their directors,⁶ more boards may want to disclose veteran status in the board skills/diversity matrix to further increase transparency with investors.

"If you're a veteran of any sort, you think differently than your contemporary who went to Harvard Business School and then went to work at an investment bank," said the head of stewardship for an institutional investor and a former military officer. "You had threats to your well-being and carry a different set of values."

According to another large asset manager, "Diversity is important because it inherently forces you to go outside of your immediate network. [GFOs] are likely outside the social networks of many directors and that's probably a good thing."

It's worth noting that many of the GFOs serving on S&P 500 boards may also bring gender and racial/ethnic diversity. For example, 33% are women.

Director succession planning

Investors also point to the need for more rapid director turnover as strategy shifts in today's volatile operating environment; GFOs may offer skill sets that match the emerging issues companies are facing.

As one investor put it, "We don't want to see a lot of Queen Elizabeths on boards—these are not lifetime appointments. You might be a good director today, or even in the next five or seven years, but that skill might atrophy over time or no longer be necessary."

"A good board should be looking at what do we need today—and for the next three years—and make sure we have a board that meets those needs. I see no reason why this cohort of [senior military officers] shouldn't be considered," said the investor.

Pushing past the comfort zone

Diverse director candidates who have not served as public company CEOs are often overlooked. "Both investors and companies often think, 'We need a former CEO who's led this kind of company before.' But that can be a constricting factor," said Park. "We saw the same thing with women directors who didn't have previous board or CEO experience."

"In terms of creating a diverse board, military experience is next best thing from other board experience," according to one investor advisor.

While the pool of potential candidates is small, there is still room for boards to widen the aperture of the type of candidates they consider.

"An executive who's been a CEO for five years and went to the Stanford Graduate School of Business, that's a safe director candidate with a proven track record," said one institutional investor. "Larger, more mature companies are more open to it, but I don't think we're going to see a massive trend in GFOs moving into the boardroom until we see companies willing to accept more risk and search firms willing to push the boundaries."

As boards continue to reassess their composition and add diverse skill sets to remain fit for future purpose, GFOs—although not part of the traditional talent pool—may prove to be a valuable addition.

⁶ KPMG LLP data sourced from DiversIQ, August 2024. This includes those boards disclosing they have no directors who are veterans.



This article is dedicated to the late Ken Daly, US Army veteran, leader, mentor, and friend of the BLC, and a senior partner at KPMG. His support and guidance were instrumental in the publication of the 2020 edition of this article.

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