



Becoming a Non-Executive Director
The Sam Allen Associates Guide





Advice for first time Non-Executive Directors

The role of the Non-Executive Director has never been more vital to advise, support, challenge, and guide organisations. Not only this, but Boards are also changing and are increasingly keen to recruit NEDs with an ever-widening variety of skills and backgrounds, offering a multitude of opportunities for Executives. SAA recognise that at any point in your career it is important to have access to the right information and guidance. Whether you are looking to secure your first NED role along with your Executive career, or you are looking to retire and build a portfolio, we thought it may be helpful to outline some key steps that could help you on this journey.

SAA has an extensive network and we have taken the opportunity to speak to current Chairs and NEDs to get their advice on how to build a successful Non-Executive career. These are the themes that emerged:

As a NED it is essential to gain the necessary governance knowledge and maintain it.

Boards are coming under increasing scrutiny, both from regulators and institutions so it is crucial that all NEDs understand their legal responsibilities as a director of an entity and are also well versed in the latest Corporate Governance requirements.

The key areas that all NEDs need to be confident in are:

- Knowledge and understanding of the latest **Corporate Governance Code and requirements**. Understanding the responsibilities and functions of the Board and its committees.
- It is important to **keep current in your specialist knowledge and skills**, as this is likely to have been the key reason for your appointment to the Board and will be your main contribution.
- All NEDs are required to thoroughly **understand the business and contribute to reviewing and giving feedback on its strategy, as well as oversee its performance**. To help with this, every NED, regardless of their specific areas of specialism, would benefit from being fluent in all areas of financial reporting (if this is not their discipline), as well as gaining deep knowledge and understanding of the business, the industry and the regulatory environment (if appropriate).

To help with the above, we have put together a list of links containing some key reading for NEDs (see Appendix 1). There are also a number of NED courses that will provide you with the necessary theoretical knowledge (see Appendix 2).

First time NEDs will need to consider how they will transition to the new role.

There are key differences in how NEDs operate compared to their counterparts on the Executive team, and a number of the characteristics of effective NEDs that differ from effective Executives:

Personal style: NEDs are appointed to offer insight and share their experience with the Board. They need to advise and support the executive and constructively challenge where necessary. NEDs advise rather than direct; ask questions rather than set out action plans. The ability to gain credibility quickly, as well as form strong and open relationships with the other Board members will be key to success. It is the quality (rather than quantity) of the NED's contribution that matters, so good listening skills are a must have for successful NEDs.

Time commitments: NEDs should be willing and able to put in the time and effort necessary to scrutinise and understand the information provided prior to Board meetings, ensuring they understand the key issues and ask the right questions. It is important to keep in mind that time commitments may increase significantly due to a variety of circumstances (M&A activity, IPO, macroeconomic disruption etc.) and be prepared to accommodate the increase in time commitments.

Selecting the right first NED role or forming the right portfolio is crucial to a successful plural career.

Notwithstanding the fact that NEDs can hold multiple roles at once, it is still crucial to make sure you pick roles in industries / brands / businesses which you are passionate about. Keep focussed on your key skills and what your main contributions to a Board will be and select a sector / company where you can add value. Other key things to do:

- **Do your due diligence.** It is crucial to understand the journey, ambitions, and strategy of the business before joining. If your role will involve sitting on or Chairing a committee, make sure you have a thorough understanding of the challenges and history. You may want to ask for a call with the company's auditors before formally signing the contract.
- Pick a business with a **well-regarded Chairman and a collegiate Board** so you can learn from your colleagues and contribute effectively.

- **Be mindful of conflict** – every NED role you accept is likely to rule out or severely restrict the possibility of accepting further roles in the same sector, so it is important to choose carefully.
- Ensure there is a **balance of benefits** – you should get as much from the board in terms of experience and learnings as you give to the board by sharing your own expertise.

Securing your first NED appointment can be challenging and can take time. Here are some things that may help:

Build and maintain your network. A lot of first time NED roles are secured through recommendations rather than through headhunters, so make sure you have a broad and current professional network. It would also be useful to make sure you build and maintain relationships with regulators, banks, and auditors. Having a ‘mentor’ who has a successful plural career can be very helpful.

Create a visible profile – engage in conferences, give speeches, and write articles where appropriate.

Identify and contact the Executive Search professionals that handle NED roles which you would be interested in and make sure you are on their radar (for a list of headhunters specialising in NED appointments, see Appendix 3).

Invest the time to prepare in advance – taking a course or participating in a seminar will allow you to gain crucial knowledge. It will also demonstrate your commitment to succeeding as a NED. (for a list of seminars and courses, see Appendix 2).

Maintain outstanding knowledge and performance in your specific field or executive role. Being able to demonstrate your ability to deliver, as well as continuously learn and improve will be key.

Appendix 1

Key Reading



Corporate Governance Code



The Chartered Governance Institute – Director’s Duties



The Institute of Directors – Good Governance Publications



Corporate Governance and Reporting – EY’s guidance and thought



KPMG – Hitting the Ground Running – Becoming a Non-Executive



The Chartered Governance Institute Report: A View at the Top: Boardroom Trends in Britain’s Top 100 Companies

Key Reports on Board Diversity



Hampton Alexander Review



Parker Review



The Institute of Chartered Accountants in England and Wales – The Higgs Report: Review of the role and effectiveness of Non-Executive Directors

Appendix 2

NED Programmes, Networks and Seminars 2020

Organisation / Business School (click organisation for link)	Programs / Events
The Financial Times	The Financial Times NED Diploma (June, September & November 2020)
Cranfield Business School	The Non-Executive Directors' Seminar (October 2020)
Cass Business School	Professional Development Programme for Aspiring Non- Executive Directors (October 2020)
The Non-Executive Directors' Association ('NEDA')	Individual Training and Courses; New NEDs Training (June, July, September, November and December 2020)
Institute of Directors (IoD)	Role of the Non-Executive Director (June, July, October, November and December 2020); Role of the Company Chairman (June 2020)
ICSA: The Governance Institute	Non-Executive Directors' Programme (November 2020)
Institute of Chartered Accountants in England and Wales (ICAEW)	Events and Training; Webinars; NED Group
IMD Business School	High Performance Boards (HPB) (October & November 2020)
Non-ExecutiveDirectors.com	Talks; Networking; Vacancies; News Updates
INSEAD, Chair INSEAD, Owners	Leading from the Chair (December 2020 and June 2021); Value Creation for Owners and Directors (November 2020 and April 2021)
KPMG Connect on Board	Connect-on-Board is a platform designed for current and aspiring Non-Executive Directors (NEDs) looking for NED roles and organisations who are seeking candidates for NED positions.
https://www.nurole.com/	Nurole connects leaders across more than 100 countries to roles that match their interests. Nurole enables individuals to put themselves forward, and recommend others, for career positions with public and private companies, as well as exciting VC-backed start-ups and pro-bono roles in government and not-for-profit organisations.
https://www.womenonboards.net/	Women-on-Boards is a global membership organisation and community of women corporate directors, which spans in the UK and other international locations.
Chapter Zero	Chapter Zero is the Directors' Climate Forum. It is a network of company chairs, and NEDs, committed to developing knowledge of the implications of climate change for UK business; as well as helping shape an effective response.

Appendix 3

Leading Consultants within Executive Search firms in the UK for NED Appointments

Firm	Address	Tel	Contact	Email	Title
Director Bank www.directorbank.com	41-44 Great Queen Street, Covent Garden London WC2B 5AD	+44 (0)207 255 7940	Graham Jones	g.jones@directorbank.com	Founding Director
Egon Zehnder International www.egonzehnder.com	Nova South 160 Victoria Street London SW1E 5LB	+44 (0)207 943 5900	Jill Ader David Kidd Ashley Summerfield	jill.ader@ezi.net david.kidd@ezi.net ashley.summerfield@ezi.net	Senior Partner Practice Group Lead Partner
Heidrick & Struggles www.heidrick.com JCA Group www.jcagroup.net	40 Argyll St London W1F 7EB	+44 (0)207 075 4000	Will Moynahan Kate Rankine Sandrine Roseberg	wmoynahan@heidrick.com krankine@heidrick.com sandrineroseberg@jcagroup.net	Partner Partner Consultant, Board
Inzito www.inzito.com	35 Grosvenor Street London W1K 4QX	+44 (0)203 327 2030	Carol Leonard	carol.leonard@inzito.com	Head of the Board Practice
Korn/Ferry www.kornferry.com	Ryder Court 14 Ryder Street London SW1Y 6QB	+44 (0)207 024 9000	Richard Emerton Doug McAllister Oliver Pawle Dominic Schofield	richard.emerton@kornferry.com doug.mcallister@kornferry.com oliver.pawle@kornferry.com dominic.schofield@kornferry.com	Managing Partner Senior Client Partner Chairman, Board Senior Client Partner
MWM Consulting www.mwmconsulting.com	12 Charles II Street London SW1Y 4QU	+44 (0)207 484 1050	Anna Mann Michael Reyner	anna.mann@mwmconsulting.com Michael.Reyner@mwmconsulting.com	Founding Partner Partner

Firm	Address	Tel	Contact	Email	Title
<p>Odgers Berndtson www.odgersberndtson.co.uk</p>	<p>20 Cannon Street London EC4M 6XD</p>	<p>+44 (0)207 529 1111</p>	<p>Kit Bingham Virginia Bottomley</p> <p>Susanne Thorning-Lund</p>	<p>kit.bingham@odgersberndtson.com virginia.bottomley@odgersberndtson.com</p> <p>susanne.thorning-lund@odgersberndtson.com</p>	<p>Head of the Chair & NED Practice Chair of Board Practice</p> <p>Partner, Chair & NED</p>
<p>Russell Reynolds Associates www.russellreynolds.com</p> <p>Zygos www.zygos.com</p>	<p>Almack House 28 King Street London SW1Y 6QW</p>	<p>+44 (0)207 839 7788</p>	<p>Patrick Johnson Jim Hinds Rae Sedel</p> <p>Hetty Pye Julia Budd Laura Sanderson</p>	<p>patrick.johnson@russellreynolds.com jim.hinds@russellreynolds.com rae.sedel@russellreynolds.com</p> <p>hetty.pye@russellreynolds.com julia@zygos.com laura@zygos.com</p>	<p>MD, Board Services MD, Consumer Boards MD, TMT Boards MD, Industrial and Infrastructure Founding Partner Partner</p>
<p>Spencer Stuart www.spencerstuart.com</p>	<p>16 Connaught Place London W2 2ED</p>	<p>+44 (0)207 298 3333</p>	<p>Katherine Moos</p> <p>Tessa Bamford Catherine Bright</p>	<p>kmoos@spencerstuart.com</p> <p>tbamford@spencerstuart.com cbright@spencerstuart.com</p>	<p>Co-leads the Board Practice Consultant Head of Private Equity Practice</p>