



Being a good executive is no guarantee of success as a non-exec. Our experts give their top tips for honing your boardroom skills

8 COMMANDMENTS FOR NON-EXECUTIVES

YOU HAVE plenty of experience in the front line in your industry, and you've got some board experience under your belt.

Combined with your CA qualification, surely you have everything you need to succeed as a non-executive director?

Perhaps. But executive and non-executive roles are different, in important ways. We spoke to seven CAs (see panel) with a wealth of non-executive experience between them, to gather their tips on making the transition a positive one. What were their lessons?

1. LEARN THE TRADE

There are ample opportunities to start honing your boardroom skills, even before taking up a non-executive role.

John Anderson explains: "I made it my business to learn the non-executive's trade. I took voluntary positions with a number of not-for-profit organisations, while I was still working in practice, to understand the role of the board, and I got to know people at the Institute of Directors."

Andrew Dougal says: "I was the finance director at Hanson, the Anglo-American conglomerate, then CEO at one of its demerged companies. Watching how the non-executives on our boards operated was important, so when I became one myself I more or less knew how I wanted to approach it."

Even if your main job is an executive role, experience on the board of another company or not-for-profit organisation can bring valuable insights.

Training is also important. Judy Wagner notes that practical training can be hard to find. Her firm has launched a programme with the University of Edinburgh Business School, with experienced speakers covering real-life boardroom dilemmas.

2. DO YOUR HOMEWORK

Even in a non-executive role, a board position comes with serious responsibilities and it is crucial to make sure, as far as possible, that the role and the organisation are right for you.

Norman Murray advises: "Before joining a

board, complete as much due diligence as you can on the people and the organisation, and even then do not expect any guarantees!"

Jann Brown agrees: "You need to be comfortable that this is an organisation whose values you share. Strategies can change over time but if you do not share values with the rest of the board you will not thrive there. Speak to auditors, advisers, employees and major shareholders (if possible) as well as other board members to make sure."

3. UNDERSTAND YOUR ROLE

What is the organisation looking for, from you? That partly depends on its size and nature – for example, a large listed company might stress governance while a smaller, ambitious start-up might be looking for experience and contacts.

John Anderson stresses: "You should be clear about what's expected of you. Are you there to help with business development or to provide wise counsel? If you don't understand the industry well, especially a regulated industry, you should think carefully about whether you are the right person for the job."



“Non-executives must at all times act in the interests of those who have an interest in the company”

Judy Wagner

Judy Wagner says: “Non-executives must be independent of other stakeholders, and at all times act in the interests of those who have an interest in the company – customers, employees, clients, shareholders and the wider public.”

Robert Dick advises: “Recognise that you will work hard to contribute to the organisation’s success – but it is not your day-to-day responsibility, and you will not always be able to implement your ideas and proposals, and you must not be frustrated by that.”

4. DON'T TRY TO RUN THE COMPANY

The role of the non-executive is not to second-guess the executive directors.

Andrew Dougal says: “You need to have an independent mindset... you need to get close to the business, while remaining independent of the management. Some former chief executives can find it difficult keeping their hands off the tiller.”

Jann Brown says: “A non-executive must be able to stand back and allow the executives to shine; to input into strategy and key decisions without getting bogged down in the details. It is the difference between action and reflection.”

5. GET OUT OF THE BOARDROOM

Board meetings are important, of course, but meetings are not the beginning and end of the non-executive’s role. It is important to understand how the business operates, and hear the views of management and staff at all levels.

Alison Loudon says: “Non-executives must be able to communicate across the whole company, and feel no restriction as they ensure the business model is aligned at all points of the delivery of its strategic plan.”

John Anderson adds that the job of the chair, in particular, includes one-on-one conversations with the chief executive outside board meetings.

Andrew Dougal advises: “Go on site visits, meet line managers, sometimes unaccompanied by senior management. I’ve always done that. You have to be careful, however, not to be seen to be undermining the executive management.”

6. CRITICISE CONSTRUCTIVELY

One of the biggest tasks for a non-executive is to strike the right balance between supporting the management and challenging them, in a constructive way.

Alison Loudon says: “While non-executives have to build successful relationships... they must also have an almost ‘prod-the-bear’ argumentative discourse in order to make sure the debate ‘sense checks’ the right way forward at key moments. Discord should not be seen as negative, it should be seen as healthy and always carried out in a positive way.”

Andrew Dougal advises: “Constructive challenge is a good thing, but not every five minutes. Pick your themes and pick your moments. You might also be able to take some discussions up with management outside the board meeting.

“Keep your cool! Discussions can become heated, but disagreements aren’t necessarily a bad thing as long as they can be resolved constructively.”

Norman Murray says the non-executive needs to be able to see the whole picture “and challenge and support decisions as appropriate”.

7. REMEMBER TO HAVE FUN

That may seem an incongruous idea, but if you are not relishing your role, your contribution is not likely to be positive.

“Make sure you are doing something you enjoy, otherwise you will not be effective,” says Robert Dick.

Alison Loudon agrees: “The best companies have a lot of fun doing it, so remember to have fun out there.”

THE PANEL

John Anderson CA is head of SME engagement at Strathclyde Business School and chairman of Gabriel Investments. He is a non-executive director with a number of companies.

Jann Brown CA is co-head of business development at SOCO International and audit committee chairman with Wood Group. She is past president of ICAS.

Robert Dick CA is a non-executive director of EPIC (Ediston Property Investment Company) and a business mentor with Edinburgh Chamber of Commerce.

Andrew Dougal CA is former CEO with Hanson and is currently audit chairman at two businesses. He is an ICAS Council member.

Alison Loudon CA is an investor and non-executive director with experience in a range of sectors.

Professor Norman Murray CA is chairman of the ICAS Ethics Board and chairman of Edrington.

Judy Wagner CA is a director of executive recruitment consultancy FWB Park Brown, and has held non-executive roles in businesses and not-for-profit organisations.

8. KNOW WHEN IT'S TIME TO GO

If you have a portfolio of board positions, it’s important not to spread yourself too thin.

Andrew Dougal says: “What seems at the outset like a manageable commitment can become very demanding if, for example, the business becomes involved in a takeover or a challenging situation, especially if you are the audit chair, or chairman.”

As Norman Murray stresses, the non-executive must ultimately be prepared to resign, if necessary, on a point of principle. **CA**

MAKE YOUR PROFESSIONAL DEVELOPMENT COUNT

Visit icas.com and search ‘Professional Development’ to find the range of opportunities available.



ICAS