

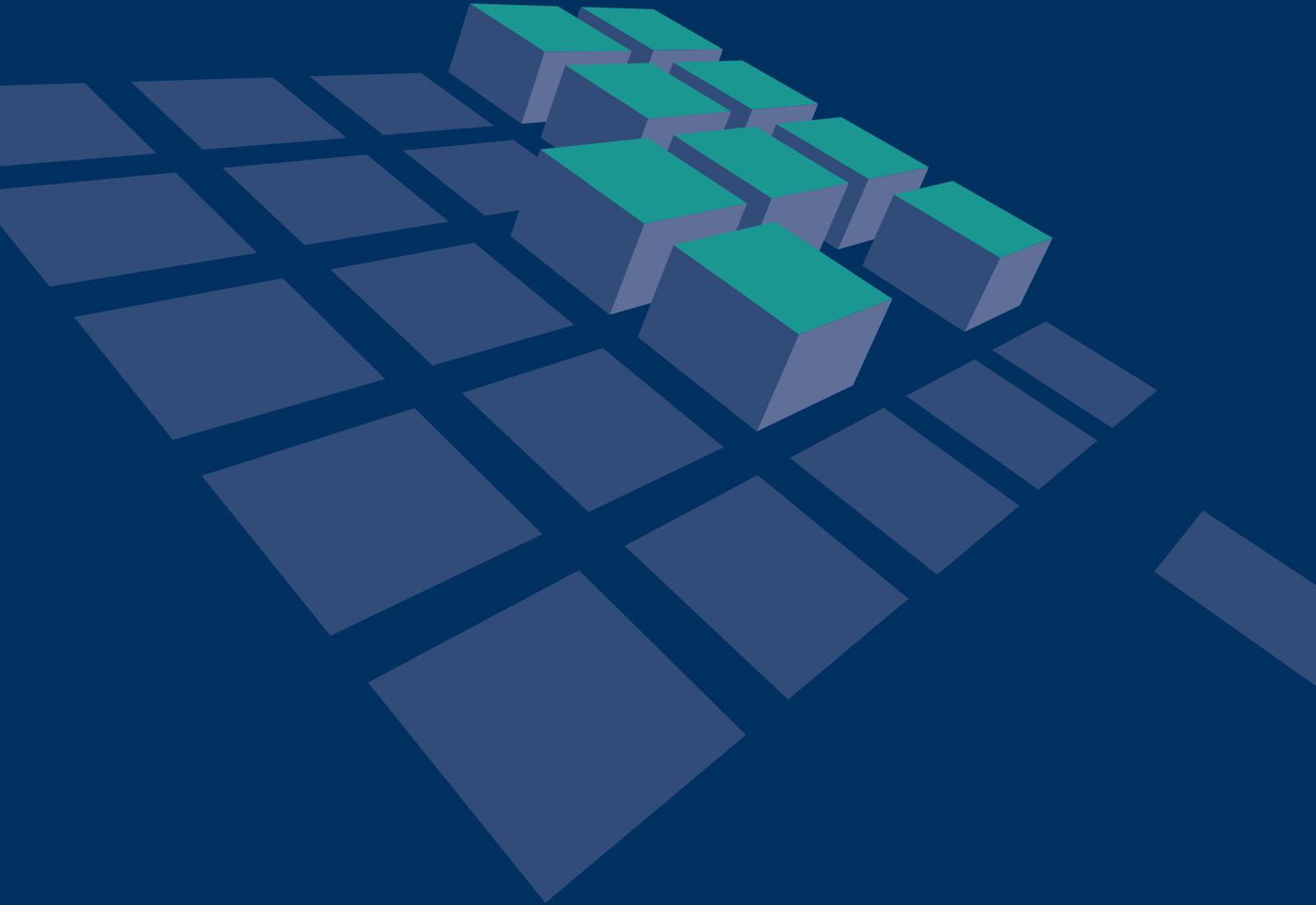
Stepping up

A guide to getting your first non-executive director role



Our Commitment to Candidates

We invest in building non-transactional partnerships with our candidates outside the search process. Our focus on a constructive candidate experience means that you can trust our advice throughout your executive career.



Candidates



Colleagues

Clients



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Hands up if you want to be a non-executive director.

Well, of course you do. Serving as a non-executive director can be a rewarding, challenging way to contribute to a company's success.

For those still in an executive role, a complementary non-executive position can help broaden knowledge, horizons and networks. For others, a portfolio career can provide a fascinating opportunity to capitalise on their experience for the benefit of a range of other organisations.

But let's be clear. Getting on to your first commercial board is no easy task. It's a comparatively small market, board turnover is typically slow (roles are drip-fed into the market, they don't come in a flood) and competition is intense.

The better news is that a considered, consistent, proactive and strategic approach to finding your first role will maximise your chances of success.

Finding the right appointment in this competitive marketplace is a matter of getting your qualifications noticed by the right people. Prospective directors must identify, articulate, and market their credentials.

This guide explains how.

PART ONE

Background

THE RISE OF THE PROFESSIONAL BOARD

But first, a little background. Go back a few decades, and the role of independent director was almost comedic in its lack of definition and rigour.

In a 1929 novel, an Agatha Christie character comments on the joys of a new board position: “Very good business for me – nothing to do except go down into the City once or twice a year... and sit around a table where they have some very nice new blotting paper. And I can tell you, you often get a jolly good lunch out of it.”

Or this from novelist Anthony Trollope: “The chairman of the Great South Central Pacific and Mexican Railway Company would never sit for more than half an hour. [The chairman] would speak a few slow words

always indicative of triumph, everybody would agree to everything, somebody would sign something, and the board meeting would be over.”

(While we’re here, as a description of board groupthink, ‘everybody would agree to everything’ is pretty hard to beat).

Such lack of purpose existed not just in fiction, but in real life as well. In the 1960s, a serial non-executive director told *Fortune* magazine about his experience of board service. He said: “No effort of any kind is called for. You go to a meeting once a month, in a car supplied by the company. You look grave and sage. If you have five of them, it is total heaven, like having a permanent hot bath¹.”

¹We are indebted for these quotations to ‘Corporate Governance’ by Robert A.G. Monks and Nell Minow (Wiley, 2011)

“ [The chairman] would speak a few slow words always indicative of triumph, everybody would agree to everything, somebody would sign something, and the board meeting would be over. ”





AMATEUR HOUR

The amateur tradition persisted for a few decades more. As late as 1990, for example, only half of the top 250 UK companies had an audit committee, and even fewer had either remuneration or nominations committees. In one survey from that period, less than a third of non-executive appointments were made as part of a professional process, and less than a quarter prepared a job description for the role. Only one third of directors received a formal letter of appointment and two-thirds said they had a poor understanding of what was expected of them in the position.

In 2001, two spectacular corporate failures prompted the London Stock Exchange to review the UK governance of quoted companies and kick-start the process of reform. A committee, chaired by Sir Adrian Cadbury, the godfather of modern corporate governance, drew up a statement of good practice that has set the standard for boards of quoted companies – and a wide range of other organisations – ever since.

The professional board was born.

THE RECRUITMENT PROCESS TODAY

This history and context matters because it informs what boards are looking for today, and how they look for it. Hanging about the golf club bar in the hope that a chairman pal or two might invite you on to their board is no longer a winning strategy (if it ever was).

The vast majority of non-executive appointments are made via a rigorous, professional process based on a considered role specification. It follows that candidates should think carefully about the specific skills and experience they have, and the sorts of companies, sectors and business situations where they are likely to be attractive.



THE NED MARKET: A BROAD WATERFRONT

What the market for non-executive directors lacks in size, it makes up for in variety. For some, the only roles of interest will be those among the largest FTSE 100 or 250 companies. Under the UK corporate governance code, these companies are obliged to use an independent and professional process to identify and recruit non-executive directors, ensuring that your relationships and contacts with the search sector will be to the fore.

But beyond the realm of large quoted companies is a broad range of other opportunities – all offering complexity and challenge, and all needing effective non-executive directors to contribute.

Within the commercial sector, there are board roles to be found among smaller quoted companies, those backed by private equity, or family owned. Advisory boards and subsidiary boards are further seams to be productively mined.

The public/private sector offers another large category of roles. These are organisations owned by or reporting to government, including major infrastructure operators (Network Rail, Highways England), the NHS, regulators, advisory bodies, museums and other arts institutions, region-specific organisations in Scotland, Wales and Northern Ireland, and a host of other quangos beside. These roles are paid (though typically at lower rates than might be expected in the commercial world).

Better still, these roles are all advertised and have an accessible and transparent applications procedure. To tap into this world, visit the HM Government Public Appointments website, a link to which is found at the end of this paper.

Finally, do not ignore the not-for-profit/charitable sector. A charity trustee role (while unpaid) is similar in many ways to that of a non-executive director and helps to develop an individual's network and board skills. Many charities offer substantial scale and complexity, and can be particularly rewarding in non-monetary terms.

“ Beyond the realm of large quoted companies is a broad range of other opportunities – all offering complexity and challenge, and all needing effective non-executive directors to contribute. ”

PART TWO

Important Considerations





SKILLSET. AND MINDSET

As you think about your 'offer' as a non-executive director, it may be helpful to think in terms of both 'skillset' and 'mindset.'

'Skillset' can roughly be defined as an individual's professional roles and accomplishments. In other words, what specific commercial skills do you potentially bring to the board?

It helps to be specific. While boards typically expect candidates to bring a broad sweep of commercial experience, they will also seek 'spikes' in terms of specific strengths and attributes. These may include financial skills (for the

audit committee), or ones relating to overseas markets, customer engagement, digital transformation, culture change, restructuring, or City-facing skills, to name but a few. But don't try to be all things to all people.

There is a natural temptation for candidates to try and demonstrate the broadest possible range of skills, which is not only confusing, but also serves to flatten the 'spikes' that will help you stand out.

We recognise that no one likes to be pigeonholed, but ask yourself: where do you fit? A headhunter's research process involves digging into a few specific pigeonholes

that match the brief we have received from our client. Non-executive director candidates are better advised to demonstrate real depth in a few key areas than try and spread themselves too thin.



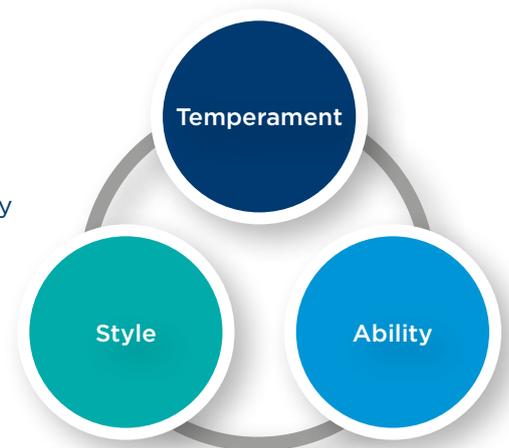
CRUCIAL DIFFERENCES

If it is your skillset that gets you noticed for a board position, it is the correct mindset that will make the difference in terms of a successful first appointment. Subtle differences of temperament, style and the ability to absorb knowledge and challenge constructively are what divides a successful candidate from the runner-up.

Of course, there is no single mindset that guarantees success. No board should be made up of stylistically-similar people. Successful boards rely on the creative tension that comes from assembling a group of people who think, feel and react in different ways.

But there are some common traits and behaviours that are shared by most successful independent directors. Good non-executive directors demonstrate their motivation by investing time to understand the business, travelling to operating sites and taking an interest in people at all levels who work for the organisation.

They are not afraid to articulate and defend their opinions, forcefully if necessary, but always respectfully. They have good interpersonal and influencing skills, are 'socially savvy' and able to flex their style depending on with whom they are engaging. Most importantly, they listen and are capable of adjusting their views when the evidence so demands.



“Most importantly, they listen and are capable of adjusting their views when the evidence so demands.”



WHAT TO AVOID

Another way of looking at the mindset of successful non-executive directors is to identify those behaviours that truly wind up board colleagues. Here are the 'seven deadly sins' to avoid:

1 THE CHATTERBOX

The non-executive in love with the sound of their own voice, who absorbs more than their share of airtime, sucks the oxygen out of the boardroom and is rarely heeded by colleagues.

2 THE MUTE

As flawed as the director who speaks too much is the director who says nothing. Directors are invited to join a board because of the contribution they can make. But even the sharpest strategic insight or operational nous can't add value if it remains buttoned up inside. So speak up. (Just not too much.)

3 THE STUCK RECORD

Nothing frustrates board colleagues more than an independent director who has never escaped their executive career. Comments that start with the words, 'in my day', prompt muffled groans around the board table.

4 THE GRANDSTANDER

A board operates on the basis that executive and non-executive members work collectively to set strategic direction and solve problems. But there's a breed of non-executive director who just wants to show how clever they are. These directors do not enjoy long and successful portfolio careers.

5 THE LAZYBONES

It is immediately obvious to board directors which of their colleagues has read, digested and thought about the board papers. And which have skimmed them on the way to the meeting. Don't be the latter.

6 THE NO-SHOW

"Actually, would it be okay if I joined the June board meeting by phone?" No, it really wouldn't. If you can't make the meetings, don't take the job. Woody Allen once said that "80 percent of life is showing up". For independent directors, make that 100 percent.

7 THE FAIR WEATHER FRIEND

At times of crisis, good boards pull together. Bad boards fall apart because individual directors are more concerned with the consequences for them and their reputation. Great directors put the business first. Bad ones think about themselves.



KNOW THYSELF

As described opposite, writing your CV is a process of identifying and articulating what you are uniquely good at. But also, think about your mindset as a potential non-executive director.

Are you a good motivator, a willing listener? Where are these skills most evident in your career? Talk to peers, employees, and current and former bosses. Think back

over the highlights and lowlights of your appraisals – what do they say about you as a person and potential board colleague.

This process may be neither simple nor comfortable. It involves a good deal of honest self-analysis. But knowing yourself is an essential precondition to knowing where you fit.



PART THREE

Practical Preparation

YOUR CV. WHAT MAKES YOU SPECIAL?

You've done the self-analysis. You know what you're good at, and you've familiarised yourself with the temperament and style of constructive challenge that defines the best non-executive directors.

Now it's time to articulate it in your CV.

CVs, resumes or bios are the tools of the headhunter's trade. Take time to write one, make it consistent with your LinkedIn profile, and ensure it defines the sorts of companies, sectors and business situations where you can make the best contribution.

Think of your CV as your marketing brochure – what is your offer, what is your 'unique selling proposition,' how are you differentiated from the competition? You should seek to express your achievements clearly, and think about what metrics you can deploy (KPIs, P&L, staff numbers, revenue growth etc) that underscore them.

A strong CV and cover note will clearly express the sectors in which you are likely to make the greatest contribution, the size/scale of the organisation, and the kinds of challenges that an organisation will be going through where you can help.

A note on 'gaps' or 'problem areas' in your CV. Few business careers are a story of unalloyed triumph. There are likely to have been glitches, humiliations or failures along the way. Do not try to hide the existence of these potholes – a thorough interview and referencing process is likely to uncover them later, by which time you may have lost ownership of the narrative.

An open and honest approach to the times and places where things went wrong is likely to serve you well. Be ready to explain the tough times, and ensure that your referees will give a similar explanation.

Most chairs and boards want directors with some scar tissue, and will not be overly concerned that you have suffered reverses. They will be much more interested in hearing what you learned from them.

We have gone into the nuts and bolts of writing a good CV and managing your online reputation in a separate guide. You can find it on our [website](#).



YOUR NETWORK

At the early stages of your non-executive search, your most powerful asset is your network of contacts, colleagues, mentors and friends. Who has seen you in action, and rates your potential as a non-executive director? Who do you know who is already a chairman, non-executive director or board member? Are there non-executive directors of your own organisation who you can approach for informal advice, or even a longer-term mentoring relationship?

Extend your contact base to those in the advisory community. Bankers, brokers, accountancy firms and lawyers may often be sourced for ideas as to potential non-executive directors. Be sure they are aware of your interest.

Let's fast forward, and assume you have been shortlisted for a role or even offered the position. A standard part of any headhunter's process will be to take up references. Think hard at an early stage about who those people might be.

Non-executive director candidates need them batting on their behalf at the earliest possible stage as endorsers, promoters, door-openers and mentors.

In short, put your network to work. It is an asset that you need to sweat.

“ Bankers, brokers, accountancy firms and lawyers may often be sourced for ideas as to potential non-executive directors. Be sure they are aware of your interest. ”





WORKING WITH HEADHUNTERS

We want to help. But remember we are busy working on current assignments, and our ability to meet potential candidates on a speculative basis is limited. (To provide some perspective, Odgers Berndtson can receive as many as 50,000 CVs a year. These are not all for non-executive positions, but still...).

Think about how you make your approach to headhunters a warm one. Existing contacts within search firms are valuable. Even if a consultant does not operate in the non-executive sector, he or she will be able to direct you accordingly.

If you are not well-connected in our industry, then think about those in your network

who are. An introduction from your chairman, chief executive or HR director can be a powerful means of opening the door and differentiating yourself.

We are delighted if you stay connected with us and keep us informed. As your roles or responsibilities change, please let us have a revised CV and contact details. If you secure a non-executive role, let us know. Ensuring that we understand your objectives, the sorts of roles you seek, and your capacity to undertake them is vital intelligence for us and lies at the heart of our work. Please help us to help you.

TAKE YOUR TIME

Securing your first non-executive role can take time. Again, remember it is a relatively small and slow-moving market so don't expect magical results in month one. Think about a realistic 1-2 year programme of networking, headhunter engagement and training/development as appropriate. Success is most likely to come to those who are strategic, methodical and persistent.



PERMISSION AND AVAILABILITY

Assuming you are still engaged in executive life, be sure to have an early conversation with your employer. If you embark on an NED search, make sure that you have that internal support and permission.

As mentioned earlier, senior individuals at your organisation will be important members of your network, and should be mobilised to help you in your quest. More prosaically, make certain that you will be allowed to take on a non-executive role. Nothing is more frustrating for headhunters or their clients than to proceed a long way down the road of a search process, only to find that a particular candidate will be blocked from taking the role.

Some organisations have a flat ban on their senior staff taking paid external non-executive roles; others operate a more flexible policy for individuals in their last 1-2 years of service. Increasingly, however, we find companies positively encouraging their people to take on a non-

executive role as part of their own development, and in the belief that it will help them become a better executive. Either way, ensure you understand the rules at play in your own organisation.

Be sure also that formal permission comes with an understanding of what the role entails, in terms of both time and mental commitment. You may anticipate that you can honour your non-executive duties largely on Sunday afternoons and on vacation days, but that is unlikely. A non-executive role can be demanding, and in times of crisis or stress, all consuming. As a director, you have legal responsibilities that cannot easily be set aside – you cannot simply walk away from a non-executive role

when times get tough.

There is also the additional time required up front, in terms of induction and getting a real understanding and feel for the business that will make you an effective non-executive.

So, in addition to gaining permission, be sure that you have sufficient flexibility and control over your schedule, and internal backup and support, in order not only to attend board meetings, but to be an active and engaged director in between meetings.

A wise non-executive candidate will seek an early sight of the board calendar, ensuring that timetable clashes (particularly in the first year) are manageable.

“ A non-executive role can be demanding, and in times of crisis or stress, all consuming. ”



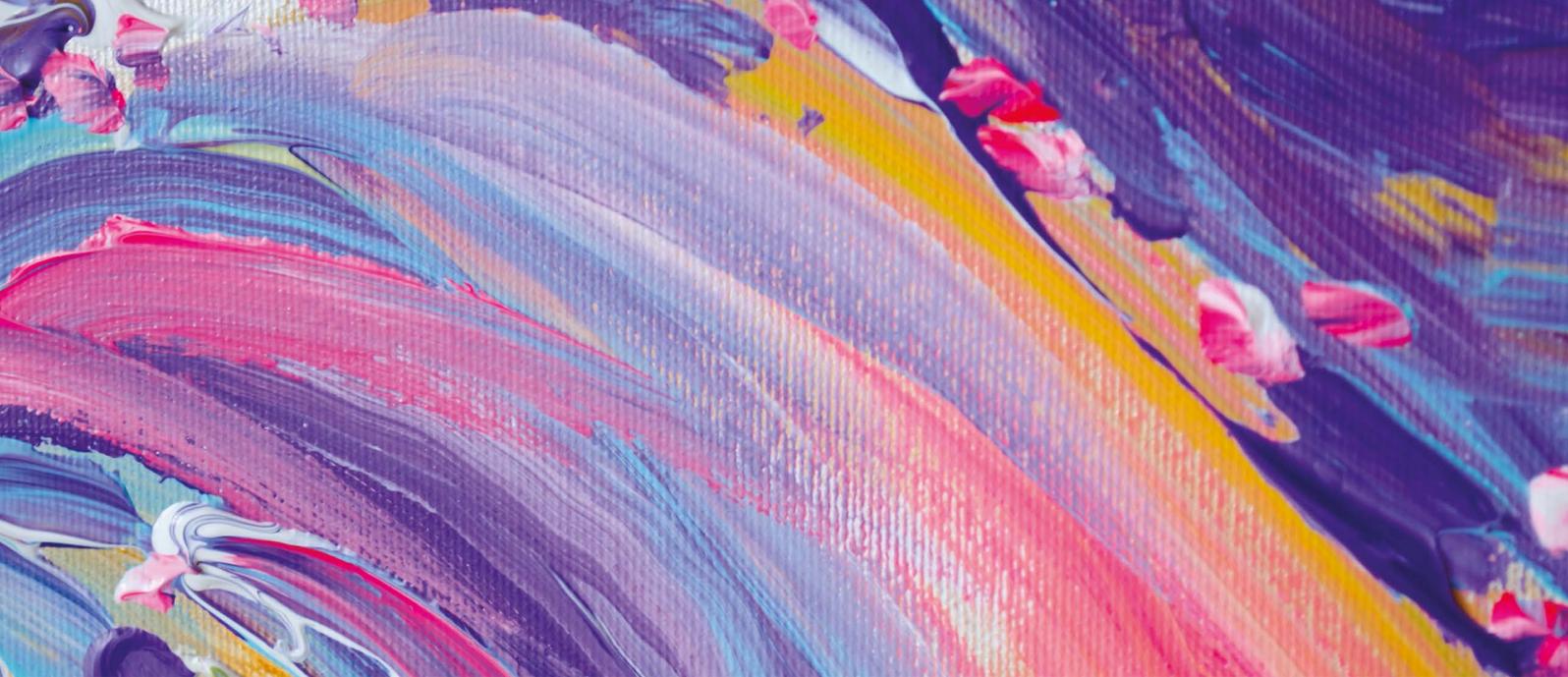
ANY CONFLICTS?

Conflicts also need to be considered. While it is clear that no one can join the board of a direct competitor, take steps to understand whether the future strategy of your own organisation, or that of the board you seek to join, won't potentially bring them into conflict in future.

Equally, a degree of pragmatism is required. Remember that board discussions are typically at an elevated, big picture level. There may be day-to-day operational decisions within the business that could potentially present you with a conflict – such decisions

rarely make it to the board agenda and should therefore be easily managed.





THE POWER OF DIVERSITY

It is universally recognised that the best boards consist of individuals who between them bring a diverse range of skills, experience and perspective to board discussions. Such diversity is protection against board ‘groupthink’ and makes it more likely that the varied opinions of staff, customers and other stakeholders can be effectively understood and appreciated.

‘Board diversity’ has come to be largely synonymous with gender diversity. And the UK has seen good progress in this regard. In 2011, there were more than 150 all-male boards, now down to just four. The FTSE 100 is on track to hit a target of 33% women representation on boards by 2020 while the figure for the FTSE 250 has climbed to over 27%.

Efforts to encourage greater diversity at senior executive level are also bearing fruit, thus ensuring a pipeline of experienced, credible future non-executive directors.

Gender is one vital factor of diversity, but not the only one. The John Parker review has called for greater ethnic diversity on boards, while chairs and nominating committees tell us that they seek individuals whose background, education or life experience equips them to “think independently together” in the boardroom and offer value-adding challenge to the accepted wisdom.

Some aspects of diversity – gender, for example – tend to be straightforward for headhunters to identify. More subtle characteristics may be less obvious, though

the law (and good practice) prevents us digging too deeply or asking questions that may be inappropriate or worse. Which is a long way of saying, please highlight to us any diverse credentials that you are happy to share and which may not be immediately clear to us – it can be useful information when shaping your candidacy.

“Gender is one vital factor of diversity, but not the only one.”



NON-STOP LEARNING

Good non-executive director candidates are hungry for knowledge and development, no matter the scale of their achievements. Here is a quick list of networks, events, training programmes or other resources that may be valuable.

Please let us know any other useful sites that we may have missed.

The Financial Times Non-Executive Director Programme - <https://non-execs.ft.com/>

See also the accredited qualification run by the FT's NED Programme: <https://non-execs.ft.com/Diploma>

UK Institute of Directors - www.iod.com

KPMG Connect on Board - <https://connectonboard.uk.kpmg.com/>

KPMG Board Leadership Centre - <https://home.kpmg/uk/en/home/misc/board-leadership-centre.html>

Next Generation NED Network - <https://nextgennednetwork.com/>

Women on Boards - www.womenonboards.net

HM Government Public Appointments - <https://publicappointments.cabinetoffice.gov.uk/>



PART FOUR

Talented People are our Lifeblood...

THAT'S WHY WE HAVE A CANDIDATE CHARTER

Whether we approach you about a specific opportunity, or you contact us to share your CV and career ambitions, we want you to have a constructive experience of engaging with Odgers Berndtson.

We recognise that we have a commitment to you, as well as to our client, and we undertake that our dealings with you will be professional, courteous, rigorous and honest.

You can find the details of our Candidate Charter online at <https://www.odgersberndtson.com/en-gb/about-us/candidate-charter>





About Odgers Berndtson

For over 50 years, Odgers Berndtson has helped some of the world's biggest and best organisations find the senior talent to drive their agendas.

We deliver executive search, assessment and development to businesses and organisations varying in size, structure and maturity. We do that across over 50 sectors, whether commercial, public or not-for-profit, and draw on the experience of more than 250 Partners and their teams in 29 countries.

OUR UK CHAIR, BOARD AND NED PRACTICES

In the UK, we work with FTSE and AIM-listed companies, private equity-backed businesses, as well as family-owned organisations, to find, appoint and develop board members to meet their needs. We have a track record of finding a broad and diverse range of outstanding senior leaders for enterprises across the world.

About the Authors



KIT BINGHAM Head, Chair and NED Practice – London

Kit Bingham is a Partner in the Board Practice at Odgers Berndtson, and Head of the Chair & Non-Executive Director Practice. Kit joined after a career in financial journalism and financial public relations. He was Senior Writer at Financial News, a Dow Jones publication, covering both corporates and

the capital markets, with a particular focus on corporate governance reform. In 2007, he joined The Communication Group as a Director of the Financial Practice, with a mix of professional services and financial services clients. He developed and tutored an MBA in board effectiveness at Henley Management College, and graduated from Balliol College, Oxford University, in 1991.



SUSANNE THORNING-LUND Partner, Chair & NED Succession – London

Susanne advises on Board composition and succession of Chairmen, independent Directors and CEOs. Her international client base encompasses Fortune500 and CAC40, to start-ups, multi-generational family-businesses and state-owned enterprises.

Susanne has been helping Boards develop and explore options since 2003, bringing breadth of insights from multiple sectors to her

engagements. Mirroring her early engagements with Odgers in Technology and e-commerce, Susanne maintains a consumer, technology as well as life science and biotech orientation.

A Danish national, based in our London office, prior to executive search, Susanne spent four years as a strategy consultant. She has a first degree in Economics and an MA in International Relations.



RACHEL SLATTERY Partner – London

Rachel Slattery is a Partner in the Chair & Non-Executive Director Practice at Odgers Berndtson. She joined Odgers Berndtson in 2005 as a member of the Industrial Markets Practice before moving into the Chair & NED Practice in 2007, where she specialises in commercial non-executive mandates across sectors, size of business and ownership structure. She has experience

therefore of working with clients from FTSE 100 to AIM-listed, privately owned and international businesses. Rachel began her executive search career in 2000, developing through the research route and is committed therefore to rigorous research and project management throughout the search process. She read Economics at Cambridge before joining Arthur Andersen in their private client services practice.

