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The non-executive learning curve

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As the burdens imposed on the boards of the UK's publicly listed companies increase, the question is – why anyone would even think of applying to be a non-executive director?

But one of the best reasons is that it might do you a world of good.

“The most successful non-executive directors are those who go on the board to teach – but come away learning. And if they still hold executive positions it makes them realise the grass is no greener and no business problem is unique,” says Peter Waine, a former CBI director and co-founder of Hanson Green, an executive search firm.

There are many development courses available for those who would like to know more about what being a non-executive entails – including the FT Non-Executive Directors' Club regular seminars – and many FTSE-100 and FTSE-250 companies are increasingly encouraging their executives just below board level to attend them.

Executive search firm Odgers Berndtson has been running such courses for several years and is now giving them a fresh look and focus, with speaker sessions offering practical and hands-on advice about the remit and life of a non-executive, and informal networking gatherings including lunches with senior industry figures, including FTSE chairmen.

“Companies send executives on these courses because they sense becoming a non-executive director will help them make better executive decisions, and give them breadth in the first instance.

“If, for example, their career has been in the fast-moving consumer goods market they may be quite narrow in background. Transplant them as a non-executive in a different company and it allows them to think outside their own box,” says Kit Bingham, a principal in the board practice at Odgers Berndtson.

A lot of executives at board level also don't understand what non-executives do, and can see them as “outsiders with no experience”. Mr Bingham says: “By going on the course they get a non-executive perspective and a better understanding of the whole board and how it works together. The courses offer them a more strategic, wider view.”

Odgers Berndtson is not alone in offering such courses. The Cranfield School of Management offers a two-day residential Non-Executive Directors' seminar with external speakers to help participants understand the role and responsibilities of a non-executive; the Institute of Directors in London holds day courses, as does ICSA Training in central London; and the FT's Non-Executive Directors' Club offers seminars and workshops covering similar issues.

The point of all these offerings is to ensure that would-be non-executives get a true understanding of both the positive and negative aspects of the role. For example, for those who are already executives elsewhere, a non-executive role can be a huge time commitment, amounting to at least a day a month in terms of physical presence, and the equivalent of 20-24 days a year.

It is typically much more if the role is within the financial services industry or if the non-executive is on an audit committee – or if there is a takeover bid, or other sudden “crisis” event demanding attention.

One headhunter offers anecdotal evidence that it is increasingly difficult for a serving finance director to chair an audit committee for another large company – when the audit committee papers reached his client, he found they weighed 4kgs.

While many courses about the non-executive role will cover legal responsibility, the corporate governance code, the role of the audit committee, the views of institutional investors etc, there appears to be a growing trend to demystify the non-executive role in the UK by providing opportunities for people to interact in a more informal and transparent manner than before. An array of impressive guest speakers provides networking opportunities which are designed to add value for both executives and would-be non-executives.

Many recently appointed non-executives agree that employer support is crucial to both the process of finding out what such a role would entail, and how to go about getting one. Gillian Berkmen, group brand and commercial director for Mothercare, joined an Odgers Berndtson course and also obtained her first non-executive role, with Jacques Vert, through Odgers in November 2009.

She says: “I went to the course, and for a non-executive role, because I really wanted a development piece which gave me a different perspective on the business. I was really encouraged and supported by my chairman, Ian Peacock, and I think that was very important.”

Ms Berkman is the second woman on the board of Jacques Vert, alongside Jessica Burley who is also chief executive of MCHI, a full-service advertising agency.

Asked what the non-executive role has brought to her personally, as well as to her role at Mothercare, Ms Berkmen says: “A broader perspective of the financial world and not just the sector. I come back with not just a functional view but a much broader view of what is out there – which helps me to grow in the overall direction of one day becoming a CEO myself.”

She stresses the importance of making sure that “you set your ambition at the right place” when embarking on a journey of discovery about non-executives and a possible non-executive role, and ensure that the first role is in a familiar sector.

“I am in a retail non-executive role and I am out and about doing my homework in that sector all the time. I was well advised in taking on a known quantity, which means that you can learn but contribute to and design strategy at the same time,” says Ms Berkmen.

The amount of time it can take to get a first non-executive role varies enormously – but for Ms Berkmen it proved a smooth run, with initial contact made in June, and the appointment clinched in November of the same year.

In terms of time spent on meetings and interviews, she estimates it took about four or five days of her time. Alongside other non-executives, she believes a true understanding of the time commitment is an essential first step to considering a non-executive role. “Reading the papers is all about the weekends,” she says.

Vanda Murray, a multiple non-executive, adds: “Time commitment is often underestimated, because apart from board meetings it is all about preparation. For example, in order to talk about succession planning you need to know the people concerned and you can’t do that in a boardroom.

“You also have to remember that in a crisis you have to drop everything and be there for the company.”

Ms Murray, who is a non-executive at Carillon, SIG and on other boards, and is also deputy chair of the NW Regional Development Agency (which is being axed, along with the other RDAs, as part of the government’s austerity measures), believes the non-executive role offers significant opportunities. She says: “After having been a senior executive in industry, if you want to continue to work at a high level on strategic roles facing the business and as part of a team, becoming a non-exec is an ideal role.”

This article was first published on the FT Non-Executive Directors’ Club website at www.non-execs.com

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