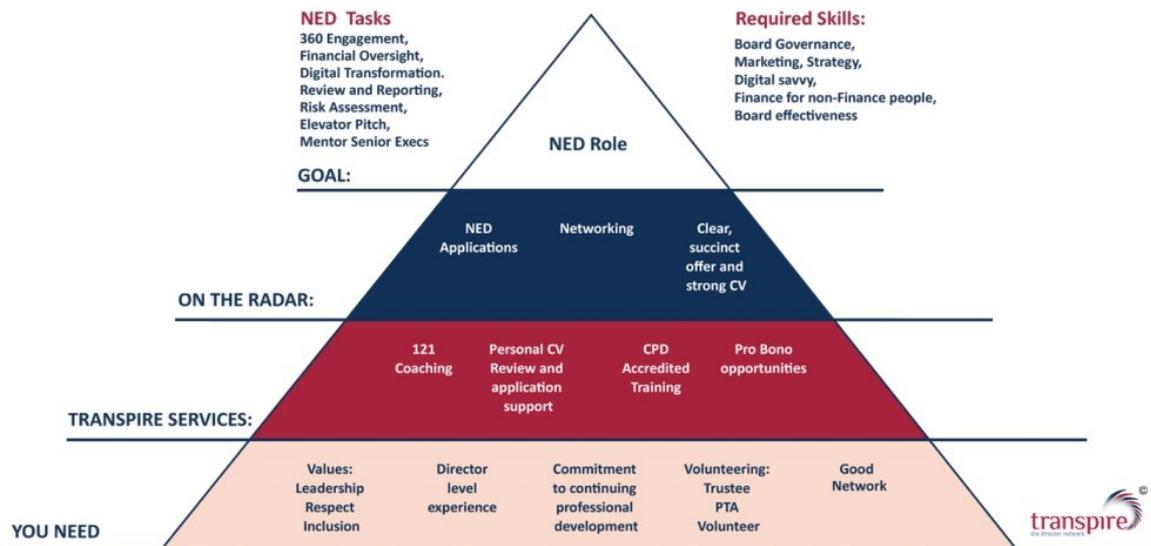


## Transpire Guide to becoming NED



### Background

The last 10 years has seen a growing interest in role of the Non-Executive Director (NED). Growing numbers of businesses and not-for-profit organisations are appointing NEDs to improve the effectiveness of their boards.

The relentless and increasing pace of change in market conditions means that every sort of organisation needs to constantly review the range of skills on their boards.

These trends and the attendant increased focus on the professionalism and training of NEDs has led to an explosion of opportunity for professionals seeking to secure NED roles.

Understanding of the role of the NED remains limited both by individuals seeking to become NEDs and businesses and other organisations seeking to hire NEDs; the NED recruitment market is particularly informal and underdeveloped in smaller businesses and organisations.

The principal reason for the establishment of Transpire – The Director Network is to increase the transparency and efficiency of this market, helping individuals to find the right roles to sit within their wider portfolio of engagement and businesses/organisations not only to find the right NED but also to answer their own questions about how developing a professional board can increase the growth and success of their activities.

We do this in two main ways, which mirror the two key questions those people seeking to assemble a portfolio of NED roles need to be able to answer – for themselves as much as in the process of trying to secure roles:-

- **Why You?**

Offering your services as an Independent Director means that you are operating a business in which the product/service is **you**. In order to be successful in any market you need to be crystal clear on why any client or customer would choose you above anyone else. Transpire's One to One Programme helps you to define and articulate your offer; Simon Sinek's TedX talk "[Start with Why](#)" also provides a useful starting point

- **Is Your Network appropriate/where do you go for practically useful networking?**

A critical part of Transpire's One to One Programme is to help you to identify the key people in your existing network, with suggestions for filling any gaps. Your network is highly likely to be instrumental in securing a first NED role, as a majority of NED roles are never advertised. Both as an aspiring and an established NED you need to keep in touch with the key people in your network so that you're "front of mind" when any opportunities come across their desk. Transpire's CPD & Networking events provide opportunities to further expand your board level network and as an accredited Member, speaking at one of our events will further increase your board level profile.

### **Is the Non-Executive Director role for you?**

The prime purpose of a NED is to provide independent and constructive challenge, while supporting the management team in achieving its strategic objectives.

A NED is not appointed *instead* of a consultant or permanent member of staff, rather they are brought in to supplement the skills of the board, bringing with them their wider perspective, network and potentially access to funding. A NED appointment can form a critical element of succession planning at board level.

A NED role gives an opportunity to apply your existing skills and experience in a wider context, operating with a broader perspective, and with more strategic responsibilities, which can be immensely satisfying. Developing and delivering NED roles will necessitate the acquisition of new skills and the development of your board level network; both activities can be very enjoyable and rewarding in their own right. NED roles often work well when balanced with interim/consultancy roles. Finally, taking on NED roles is a great means of personal development and a way of developing your Board CV whilst still in a corporate role.

**However**, the NED role is not for the faint-hearted:-

- It carries onerous legal responsibilities – equivalent to those of the executive directors who are working in the business every day
- It will require you to discuss and make decisions on a wide range of issues, across a number of different disciplines
- Do you have sufficient available time available to do the role the justice it deserves? This is a particular issue when the role forms part of a wider portfolio of NED and/or interim/consultancy roles in which there will inevitably be conflicting demands on your time
- You should never be reliant on the remuneration from NED roles to "put food on the table". If this were to be the case, this would potentially compromise your ability to be an independent voice in the boardroom, the most important aspect of the role.
- Success in the role will require the deployment of your skills in challenging, advising and influencing rather than instructing and leading. You may be more comfortable in an executive role!

For many people, the potential positives of successfully transitioning into portfolio NED will far outweigh the above:-

- Your status is enhanced, your network broadened and you acquire new and varied skills.
- Your CV is strengthened, potentially leading to other appointments and career opportunities.

- You potentially have more independence, variety, flexibility and work-life balance.
- A NED role can be a great way of 'giving back'

### **What kind of NED role?**

Consider the following when deciding which type of role you wish to target.

- Sector – private or public, charity, academic institution or professional body, all of which will have different cultures, regulations and functions.
- Ownership and Size/Scale – listed or unlisted, family-owned or partnership, large or small will each require a very different approach.
- Are you the first/only NED/Woman/BME/Disabled person on the board?
- Stage of business – start-up, scale-up, high growth or mature
- What is the culture of the business or organisation of which you're seeking to join the board? Will you need to adapt your personal style?
- What particular challenge have you been brought in to overcome? Competition, market change, growth, move into international markets, merger or acquisition, funding, exit?
- Regulated businesses e.g. housing associations or financial services have their own particular challenges and requirements for their NEDs.

### **Due Diligence!**

Your reputation is at risk as soon as you accept a NED role, flattering though it is to have been invited for interview or offered a role. Stepping down early might damage your future prospects plus it will naturally limit your ability to have been effective.

You **must** therefore carry out as thorough due diligence about the role as possible especially in the following areas:

- Business & sector. Strategic future, competitors, regulation, profitability.
- The reputation of the Chair and other NEDs. Do their skills/competencies complement yours and/or compensate for your weaker areas?
- What is the executives level of integrity, understanding of the business, future commitment?
- Legal and regulatory status. Roles in some sectors, e.g. financial services carry increasingly onerous personal liabilities.
- Terms and conditions (contract/letter of appointment) and protection available to you especially D&O cover. What is the time commitment (ask the other NEDs if there are any), what are the travel requirements, fees & expenses policy, is there an induction programme and/or any ongoing training, if you needed to engage external professional help in order to satisfy your challenge would this be paid for?

This again is an area Transpire can directly help with as our wider network can invariably generate conversations with Chairs/NEDs in competitor companies and/or who have experience of working with Directors at target companies/sector

Your learnings from due diligence will also enhance your effectiveness as a NED if/when appointed.

### **It doesn't stop there!**



We live in an increasingly fast-changing world. Transpire is here to offer ongoing support to you as you develop and deliver your NED portfolio, on a one to one basis, through CPD and networking and with the wider peer group support of fellow Transpire Members.

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