

Governance For What's Next

PART 3 | NED hiring



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Leaders For What's Next

The ideal board is a well-built railroad, running seamlessly into the future. In reality, gaps in the tracks are putting many boards at risk of derailments.

Too close to home, board succession planning is low on the priority list. The growing workload and risk exposure of the NED role are causing some outstanding candidates to hesitate.

And as overboarding continues to be a problem, the safest hands may well be occupied elsewhere.

Furthermore, whilst boards may be tempted to seek new colleagues within their trusted network, the approach can backfire.



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In this series, Amrop Partners and members of the Amrop Board Services Practice deliver insights from the frontlines of boardrooms.

When appointing new members, how can boards balance fresh thinking with stability?

How to reassure wary candidates in the current climate? Is it time to seek younger profiles or specialists? And what are the hiring no-no's?



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Insights to keep NED hiring on track.

1

Mind the gaps in succession planning.

“

A contingency plan is nice. But in many cases the list is no longer working. Nor does it extend to the board.”

2

Expect NED nerves in the current climate.

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The consistent message from NEDs outside the FTSE 100 is: I don't want another publicly accountable board in my portfolio.”

3

Watch out for NED overboarding.

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A professional board career involving several positions in listed companies can make board searches problematic.”

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Beware the known network.

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Even potentially excellent people are aligned with and beholden to the founder. What relationship can they build with the CEO and management?”

5

Remember that age comes with experience.

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I want people who've had to stand in front of investors and deliver. A board is not a learning arena or playground.”

6

Stay clear of the specialism trap.

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You'll fall out of the conversations during the annual board wheel. You need to understand what it's like driving a company.”

7

Disqualify ethical errors. Every time.

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There's a difference between a learning fail and an ethical fail. Ethics are your decision-making framework which rarely changes after the age of 35.”

8

Aim for the sweet spot.

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Often someone in his or her fifties who just left an operational role, such as a CEO. Not too far away from the floor, but still with the experience and time for a board role.”

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Others just want to get on with the business, work with the CEO and have their arms around the growth plan. It's just a matter of people finding the right homes.”

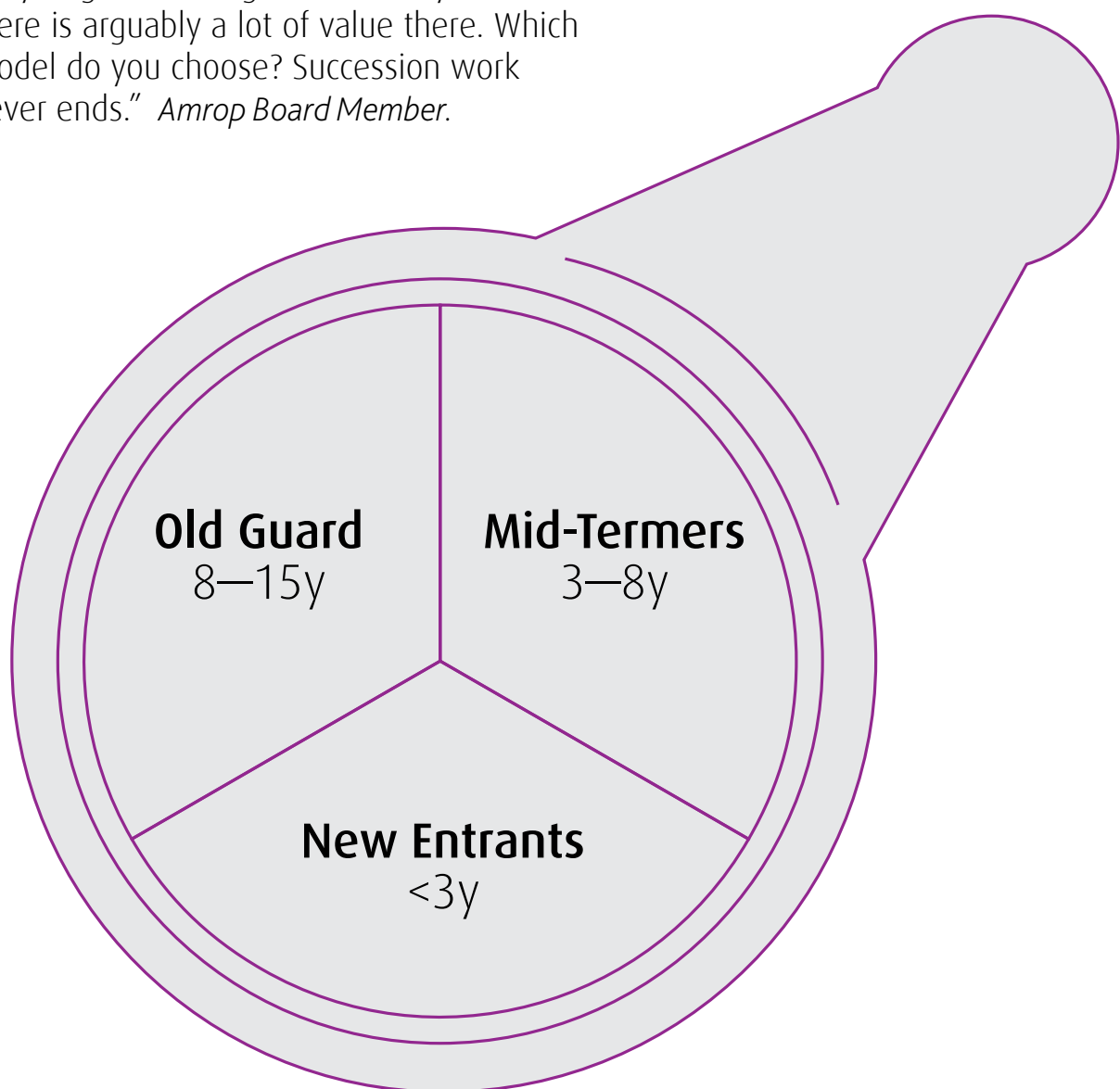


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The Chair and Nomination Committee need to be long-term train spotters.



According to the latest thinking, one third of the board is new — with a tenure of less than three years. The middle third is medium term — between three and eight. And a third are the old guard, the continuity. They might be at eight to fifteen years. And there is arguably a lot of value there. Which model do you choose? Succession work never ends.” *Amrop Board Member.*



Governance For What's Next | NED hiring insights

1

Mind the succession gaps.

Succession planning has long been a weak spot for boards. Admittedly, things are improving: "It is becoming more structured and scenario-based in medium and large sized companies, especially for chairs and committee leads," says this Amrop Partner. An Amrop Board Member has also seen change. "25 years ago, succession wasn't on the cards. 10 years ago, CEO succession started to emerge. 5 years ago, during Covid, eyes turned to ExCo succession.

He highlights three zones of succession — and a problem. "Priority number one is still the CEO. Priority two is the ExCo." Priority three is a board's own succession. "They're having to talk about themselves. And this needs uplifting."

Just as trouble on the tracks can throw out a railway timetable, a succession list may be unreliable. "The intended successor may change their mind, leave, retire, suffer depression, stop performing. In many cases the list is no longer working. Nor does it extend to the board."

The Chair and Nomination Committee need to be long-term train spotters. "According to the latest thinking, one third of the board is new — with a tenure of less than 3 years. The middle third is medium term — between 3 and 8 years. And a third are the old guard, the continuity. They might be at 8 to 15 years. And there is arguably a lot of value there. Which model do you choose? Succession work never ends."

An Amrop Partner sees a gap between founder and executive team. "The founder becomes the poster child for success. People start to defer to them, and boards exist in a sensitive balance between stewardship and governance of the CEO and C-Suite. The knowledge gap is huge. The shareholders don't want the founder-CEO to go, but he or she might be ill, or want to move on. The vacuum between founder and exec team is hard to fill."

2

Nerves in the waiting room.

Mind bending reporting. Busy committees. Black swans. Information overload. Insufficient or opaque information. Changing goalposts. All under the glare of a 24/7 spotlight and activist shareholders. The NED role is intensifying.

Whilst some brave candidates are stimulated by a high-profile board role, the attraction isn't universal. "The rising workload of an NED is making board search more difficult," says this Managing Partner. An Amrop Board Member also sees a mixed picture: "Some definitely want to be visibly involved in large cap, multinational decision making. They eat governance for breakfast." Others are repelled. "They just want to get on with the business, work with the CEO and have their arms around the growth plan. It's just a matter of people finding the right homes."

Personal liability is also breeding hesitancy. "The consistent message from NEDs outside the FTSE 100 is: *I don't want another publicly accountable board in my portfolio. I want a private equity board,*" he says. Whilst NED accountability is nothing new, spiraling technicity and ambiguity mean that they may not know what they are signing off on. In one case in Luxembourg, a firm's NEDs were each fined €3 million after a regulatory breach. "If you lack information, refuse to sign the document and revert to the executive team: *We can't make a decision on this basis,*" says an Amrop Partner.



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How can candidates be reassured? An executive search consultant must 'sell' the strategic interest and level of the position to a candidate, as well as the need for due diligence. This Amrop Partner advises: "Do a thorough assessment on what you're getting into. Not just the strategy, financials, and your fellow board members, but whether you can represent this company. What risks should you be ready to take on?"

Other keys, as seen in our previous articles,^{1,2} lie in board governance. Balancing risk-averse and innovative board members. Ensuring technical literacy (or access) to surface the unknowns. A tech-savvy NED, a Tech and Innovation Committee (where appropriate) and education via briefings, external speakers and immersion sessions. Committees dedicated to audit (at minimum) and risk (where appropriate).



Going overboard.

In today's volatile environment, many boards seek tried and tested NED profiles. Unfortunately, the safest hands are already full. Sitting on several boards broadens one's perspective. But it can lead to superficiality: a lack of preparation time and an inability to dive deeply into the business or cultivate vital relationships.

Unsurprisingly, guidelines have emerged. Research by Henley Business School has suggested a maximum of four board seats.³ "Limits vary by country and sector, but a general rule of three to four substantial roles is widely accepted," this Amrop Partner confirms. Other guidance extends to six.

One approach suggests assigning a maximum of four points to a board member: one for a listed board seat, two for a chair. An Amrop Board Member supports this rule of thumb. The chair, for example, has a "more extensive role dealing with the CEO and leading an institution. Their preparation, knowledge, detail, subcommittee attendance and so on are far more onerous than for an average NED." The 4-point guideline is a control mechanism that limits the over-dominance of a select few, especially in smaller markets. "It brings in fresh talent all the time."

But the guidance doesn't eliminate the risks. "Overboarding is a very real factor," says this Amrop Partner. "A professional board career involving several positions in listed companies can make board searches problematic. I don't believe that you can add value to ten or fifteen different boards."



Do a thorough assessment on what you're getting into. Not just the strategy, financials, and your fellow board members, but whether you can represent this company. What risks should you be ready to take on?" *Amrop Partner*



Agenda conflicts are another factor, says this Amrop Board Member. "Today's board members need to be in mutually exclusive, non-conflicted roles. Consider the board cycle. You chair an Audit and Risk Committee, sitting on five boards. How do you attend the Audit Committee meetings? Ensure the financials are on time? Attend two AGM's on one day? A multi-sector approach presents another problem. "You're sitting on the boards of a bank, a mobile telco, a mining house and a manufacturer. It will increasingly be difficult to find a further board that doesn't conflict with these."

An Amrop Partner cautions against complacency for new hires: "Boards assume: *he or she should know about this*. But how, when you are new to a unique context?" Onboarding is vital. "Even for senior people, this is a fresh role. They must understand the business, industry, and board dynamics." Skipping a thorough induction "risks slow integration and lost momentum. I can't stress enough the importance of the chair's role and individual conversations with the board members. This is often neglected, even in large companies."



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Amrop Board Member

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Unsafe networks.

Given the stakes of a new board hire, founders in particular will be tempted to hunt inside their network. But this will likely compromise relationships with executives and engender groupthink.

"Even potentially excellent people are aligned with and beholden to the founder. What relationship can they build with the CEO and management? An independent search consultant will say: you had preconceptions. We conducted rigorous questioning. We brought you four candidates. You picked the best one. You must use a neutral partner to bring you top of breed, putting merit first."

An Amrop Partner emphasizes a structured and objective process: "A competency matrix tied to the company's strategy and goals. Whilst chemistry matters, "Great NEDs are not just likable, they bring judgment, courage, and fresh perspective. Clear evaluation frameworks and behavioral interviews can help uncover their contribution in real-life scenarios."

5

Too little, too young.

Overboarding. Echo chambers. The quest for diversity. To refresh the talent pool, should we relax the age criteria for board membership? Let's recall the three core roles of an NED cited in the first article of this series (The Great Reset): *governance*, *advisory* and — where absolutely necessary — *supervisory*.

"The median age remains between 55 and 75," says this Amrop Partner, even if some minds are slowly opening to lowering the bar. An Amrop Board Member adds: "Now, if we include a few candidates in the 35 to 45 age range, the client will say: '*Nice entrepreneur, they could bring a good perspective.*' But unfortunately, it won't be realized in many cases."

Understandably so. Age and experience go hand in hand, says this Amrop Partner. "When you sit on a board, you have a huge responsibility. If you haven't reached a certain point in your career, you won't have been sufficiently exposed. It's hard to be 39, to have been a CEO for many years, and be ready for a board position for a mid or large-sized company." He often dissuades enthusiastic young candidates, recommending that they return when they have more mileage on the clock.



He is not alone. “In your 30s and 40s, you think you can change the world,” says this Amrop Board Member. “In your 50s, not so much. In your 60s, you realize the world is going to change you: you’re a grain of sand. Furthermore, at a young age you seek change through supervisory decision-making.” As a board member, a tech billionaire in his 40s will use the same directive techniques as he applied to his own business, he warns. “Too many young NEDs follow a governance program and imagine they’ll be a valuable board member. Yet they’re merely a handbrake. *‘The governance says this risk is too high.’* If you’ve made a few mistakes and learned you’re probably going to be wiser. I want people who’ve had to stand in front of investors and deliver. A board is not a learning arena or playground. People who’ve been business leaders for 10 to 25 years have endured several black swans.”

Another Amrop Board Member sees underqualified candidates being presented at the AGM. “Only 1% are rejected by the shareholders. A YouTuber. An Olympic medalist. A former TV anchor. I don’t want to eliminate such people, but we have to scrutinize their qualifications.”

Confirming the age trend towards the lower 50s, this Amrop Partner confirms: “Clients welcome younger people and women as board members — they realize they need help. The problem is convincing people with potential to think about this career.”

Where does the balance lie? “The sweet spot is often someone in their 50s who has just left an operational role, such as a CEO,” says this Amrop Partner. “Not too far away from the floor, but still with the experience and time for a board role.”

6

The specialist trap.

Silos are further pitfall, especially in these technical times. Boards often fail to realize that technical skills are only the entry ticket, says an Amrop Partner. “Choosing the right NED is based on leadership, besides technical skills. Contribution to dynamics and perspective are the backbone of successful recruitment. A technically excellent Head of Audit shouldn’t redo the CFO’s accounting. Technical people risk being very operational. It’s critical to look at how they can add value, rather than pressure, to executives.”

The Chief Artificial Intelligence Officer is a prime example. “A CAIO is not a techie who understands what the algorithm predicts,” says this Amrop Board Member. “Rather, they ask the questions about its ethical validity — caution and put tram lines around the AI prevent it running into areas where we don’t want unintended consequences. Your CAIO promotes and controls AI, probably not as a board member, because the role is quite supervisory concerning AI operating parameters. But as a good interface.”

“We don’t believe in specialists when appointing NEDs,” says this Amrop Partner. “To the other board members, they will feel more like subject matter experts.” Her colleague agrees. “You’ll fall out of the conversations during the annual board wheel. You need to understand what it’s like driving a company.” Another Amrop Partner summarizes: “The board is the epitome of leading a strategic team.”



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7

The no-no's.

Over-supervision. Immaturity. Over-defensiveness. Silo thinking. What else would exclude a candidate from an NED position? A past mistake, for example? Some mistakes can be helpful. "You bought a company, and it failed, or the return wasn't good," says this Amrop Board member. "Did you learn from that error of judgment and can you apply that learning to the new board role? Everyone has failure. It's one of the key sources of learning."

Other mis-steps will disqualify a candidate: *a leopard does not change its spots*. "There's a difference between a learning fail and an ethical fail. Ethics are your decision-making framework, which rarely changes after the age of 35. If you're happy to overstep a line at 27, it's highly unlikely you'll be different at 57. I don't think you get a second chance for ethical errors in judgment."

"We check during the interview stages how the candidate handles difficult situations as an executive or board member — his or her Ethical Quota," another Amrop Board Member confirms. An Amrop Partner summarizes: "What matters is how they handled failure. Did they show accountability? What did they learn?"

Political affiliations also demand interrogation. This Amrop Board Member rules them out — with the possible exception of a university or a nonprofit. "Absolutely no political affiliations, movements or positions." Even more so, as political parties must declare the sources of their donations. "A board member forces the company to donate to a given party. Voters then veto the company's product because they support the opposition. Candidates should always disclose their affiliations." A further risk is when politicians sit on the board of a state-owned enterprise such as energy, telecoms or rail. "They think they're the supervisory decision-maker when awarding tenders. Four years later, they're gone. And often, they're making decisions for other than business reasons."

"In highly regulated or state-sensitive sectors, political ties might raise concerns around bias, legitimacy, or stakeholder perception, says this Amrop Partner. "What matters most is transparency and independence."

In some markets an NED may have equity in the company they serve, or receive a performance reward. A serious mistake, says this Amrop Board Member. "It should always be a fixed fee. You are independent and should have no material benefit in making a self-serving financial decision over your broad advisory and governance portfolio. Then you're invested. And while that might be positive in your mind because you're aligned with the shareholders, you might step over the ethical line."

8

The golden profile.

Outstanding board members combine fresh thinking and gravitas, caution and bravery, depth and breadth, collaboration and assertiveness. But in a tough talent market, they can be hard to pin down. Where does this leave the broad definition of NED profile? Whilst any search strategy is business-dependent, some underlying guidelines apply.

The sweet spot — even if some younger candidates are outstanding exceptions to the rule — is an ex CXO, aged around 50. This, as long as they are able to unlearn any operational, supervisory bias and truly partner with their board and executive team, rather than supervising, controlling or dominating.





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Further reading

¹ Board Governance For What's Next: The Great Reset. (2025). Amrop

² Board Governance For What's Next: Balancing Design. (2025). Amrop

³ So just how many boards can you sit on? The Times. Hannah Prevett, 7 May 2015.



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About Amrop

The Amrop Partnership is a premium leadership and executive search consultancy with 70 offices in 57 countries and a global team of more than 550 professionals.

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