

The
Non-Executive
Director

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ONBOARD**

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Non-exec roles: how candidates and companies can find the right fit

I've spoken many times recently about why we shouldn't underestimate the demands of a NED role. It takes preparation, it requires a transition, and it asks for no small amount of resilience. Shortcuts are ill-advised and, even after gaining decades of experience and receiving non-executive training, the role is not for just anyone.

When it comes to finding the right person for a specific NED role, even fewer leaders are suited to the task. To avoid putting a square peg in a round hole – or, as is often the case, too small a peg in too large a hole – candidates and companies need to set out with the right expectations.

NED's need to be able to push back in the right way

To begin with, companies can afford to have high expectations. NED candidates need to be operating at the right level for the company. Without enough experience of the company's relevant situation – whether it the disruption of M&As, the sensitivities of Family Office politics or the legal difficulties of new financial markets – the candidate will simply have too much to learn.



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There was one large company I completed a search for, and their wealth was being restructured. They needed more than one new executive director and those directors needed to be capable of standing up to executives who were working with billions. Executives will always explore opportunities and growth but there needs to be a sounding board on the side.

Thankfully, this company understood the gravity associated with these roles. They knew they needed people who could be sparring partners with the board, and who could become part of a very strong team that they were building.

You get what you pay for

The same, sadly, could not be said for another public organization I knew. They had a smaller turnover of €300m, so naturally their budget was lower. However, even after researching the remuneration offered by similar sized companies in the stock market, the organization decided to pay less than the average.

Now there are always competing priorities in a company, and I daresay that here, too, other pressing demands were eating away at their budget. That said, there were consequences. The company did not end up with a capable non-executive director, and a little time later, the company was facing serious turbulence that they were not prepared for and did not know how to navigate.

As they say, if you pay peanuts, you get monkeys. There is very little chance of finding a great NED fit for your company unless you're willing to pay what's required. A good non-executive will prevent a lot of crises. And while there are always reasons to save money, it's very hard to put a price on an averted disaster.

When you need more assurances

There should be a certain amount of trepidation around hiring the right NED. The stakes are high, so it makes little sense to rush the process unless you have to.



There are boards that invite non-executive candidates to first be a fly on the wall. They attend NED meetings for half a year perhaps, to get a feel for it before they commit to the role.

One way or another, every executive should be exposed to a number of NED's before they decide they're a good fit for non-executive life. And I don't mean exposure around a board table, or a dinner in the evening before a general meeting.

I've recommended executives who are considering the non-exec path to take a two- or three-hour drive with a non-executive, to and from a meeting. This way the conversation has time to drift into more meaningful territory, and an executive can get a much better insight into the implications of a non-exec role – and whether they are a good fit for it.

Companies will notice the difference when they see it

Let's consider a family office that I completed a NED search for. This company already had its family members on the non-executive board, but they also needed two or three more non-family members with a certain expertise when it came to Family Offices. The owner was in the process of looking for a NED replacement, and needless to say, this was a sensitive issue.

The NED's would need to have experience of a family-led organization and be able to understand this dynamic, even if their experience was of a different industry. That said, the owner was not sure what expertise they needed beyond this – what was the priority? Technology? HR?

Companies need to balance the expertise on their non-executive board. For instance, you may have one NED communication specialist, another who understands legal matters in depth, and another that is well versed in the latest marketing, as well as their PR risk implications, and so on.



I gave them the opportunity to choose from a selection of candidates coming out of different industry and functional backgrounds, and they immediately saw the difference between these options and the people from their own network. They said they'd never seen candidates at this level for non-exec roles. The result was that the owner ended up with very experienced advisors the owner could rely on for good, professional governance.

Often my searches need to be kept below the radar, so there is little chance for a NED to spy the role from afar and prepare for it. But the ones who are the best fit and have prepared the most<link to blog on preparing for an NED role>, are most likely to be found.

Whether you need to find high caliber candidates in a very discreet manner, or you're considering transitioning to a NED role, get in touch with me to start bringing your way forward into focus.

Eelco van Eijck
Managing Partner Amrop

✉ Eelco.van.eijck@amrop.nl

☎ +31 20 347 3240

🌐 www.amrop.nl

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