

PEOPLE



Bryan Foss

Each issue of the newsletter will feature an interview with an active non-executive director, who can give readers the benefit of their experience within the role. In this issue, it is the turn of Bryan Foss, an independent board level adviser and non-executive director.

Bryan Foss had already had two careers by the time he started a third as a portfolio non-executive director – the first was a technical career with IBM followed by a career in marketing. He has experience in both commerce and the public sector, and is currently a non-executive director for the Department for Work and Pensions, consultancy firm, Customer Essential, and an online market research company, The Halo Works.

Bryan reached the stage in his working life where he knew he didn't want to carry on as an executive but wasn't quite sure what he did want to do. He knew he wanted to wind down towards retirement and felt that having a variety of roles would be interesting and fulfilling. He also wanted to use his experience to help other people to succeed. He did consider becoming a consultant, but prefers the non-executive director role because he wanted continuity. In his experience, major decisions in a company don't happen quickly. It can take many months of board meetings spent discussing an issue before coming to a final decision and he wanted to be part of that decision-making process from start to finish. 'I wanted to work on a long-term basis, building a relationship with each company, helping the board to achieve their best and maximise their potential, not telling them what to do and then disappearing and leaving them to get on with it,' he explains.

So, how did Bryan go about getting his first role? A business contact mentioned to him that another business was looking for a non-executive director. Bryan looked on the web, found the firm and the details of the job and applied. He is a great advocate of the web for finding roles – he says he looks at it most Sundays to see what's out there. He got short-listed for the role and met the Chair and CEO, but they decided not to appoint anyone from that shortlist. 'They didn't really know what they were looking for and it wasn't until they saw the calibre of candidates who applied for the position that they understood they needed to do some more thinking themselves about what they actually needed.'

Boards are getting better at evaluating the skills they currently have, looking at where the gaps are and thinking about what type of person they need, but this is still an obstacle which sometimes needs to be overcome. More often now, boards will be looking for a specific skill, such as finance, IT or marketing but personality is also important. A good non-executive director must be able to challenge intelligently and rigorously, but must also be able to be part of the team and be able to make challenges in a way which will not

alienate other board members. It is important that the chemistry on any board is right and that everyone works well with each other and with the senior management. A good description of the role of a non-executive director is as a 'critical friend'.

Bryan didn't let this initial setback put him off – another one of his tips for those taking their first steps towards being a non-executive director. Be prepared for rejection and just keep trying. Getting professional advice on whether or not the CV gets across the right message is another thing he thinks is important, but not as important as making sure your covering letter is perfectly tailored to the position. Any advertisement will contain a list of criteria, and it is essential that the covering letter with any application clearly addresses how the applicant meets not only the 'must have' criteria but also the 'nice to have' criteria. Bryan says it can take a good hour to write a properly tailored letter – time well spent. This also means it's worth doing the research to make sure that applications are only sent to companies where their requirements are a close match for the applicant's individual skills.

In Bryan's experience, he has had more success when the Chair or the CEO has done the initial sift themselves. However good a recruitment consultancy or a human resources professional is, they can only judge a CV against a set of pre-ordained criteria. They cannot have that additional subliminal knowledge which enables them to read through the information presented in an application and think that it would be worth meeting a candidate, not because their CV ticks all the boxes but because something unexpected in that application has rung a bell indicating that the applicant might well be a good appointment.

One thing it is important to remember when joining a board is that, regardless of what the non-executive director's main expertise is, they will be expected to challenge on any issue. Every director, executive and non-executive, is jointly liable for every decision made by the board. It is important to have a sufficient breadth of business experience to be able to challenge in any area, not to be solely focused on one area. For example, Bryan sits on an audit committee and says that although it is important for an audit committee member to have a strong financial background, increasingly the audit committee is concentrating on risk. What are the risks for the company? Is there an adequate risk plan? What measures are in place to prevent problems arising?

As it happened, Bryan's first role arose out of a chance conversation at a networking event. He was talking to someone he had worked with before who asked what he was up to now, so he said that he was in the process of trying to find his first non-executive role. 'What a coincidence,' said his companion. 'We have decided that we need a non-executive, but we haven't really done anything about it. Would you be interested in meeting our CEO?' Bryan met him two days later, was appointed and started work the following week. Not all appointments are completed that quickly by any means, but it just goes to show the importance of maintaining a good network and that opportunity often appears when least expected.

FOCUS

Each issue of the newsletter will take a look at an area of importance and interest within the non-executive director's sphere. In this issue, we deal with a crucial topic: how to get started as a non-executive director.

Getting started

Why bother?

Despite some of the bad publicity about risks versus rewards and the increasingly onerous responsibilities associated with being a non-executive director, there are still a lot of people who think it is a worthwhile thing to do for many reasons. If you have built up expertise over time, it is altruistic to share that knowledge in order to assist other businesses in becoming successful. It can be very satisfying to feel as if you are making a real contribution and adding value. It also provides a great opportunity to widen your own personal skill set.

If you are still working full time as a practising accountant, taking on a non-executive role will give you a broader perspective and an added insight into the issues which are at the heart of British business – something which can only be beneficial when you are advising your clients. It will give you hands-on experience in a way that is impossible to replicate.

Or, if you are currently working in commerce, taking a non-executive role on another board will give you a broader perspective, expand your knowledge of a new or less familiar business sector and generally give you experience which will be useful in your present role. If you are not already on the board, taking a non-executive or trustee role will help you to develop the skills that you will need to be considered for a board position. That is why a lot of forward-thinking companies encourage their talented executives to look for a non-executive role. They realise that their business will benefit as much as the individual.

If you are in full-time employment, taking on more than one non-executive role is really not to be recommended. The days of the non-executive who is a pal of the Chairman, turned up to attend board meetings and then had a good lunch before disappearing from sight until the next meeting are long gone. Today's non-executive is expected to give sufficient time to really make a difference, to get to know the company and its markets, and to understand its metrics. The amount of time devoted depends greatly upon the individual company and is subject to negotiation, but typically the non-executive director can expect to spend at least 18 days per year for a small to medium-sized company, and significantly more than that as the Chairman. It would be very difficult to carry out more than one role effectively whilst still working full time.

On the other hand, if you are approaching retirement or are looking at your lifestyle and want to build more variety and flexibility into your life, then taking on a number of non-executive directorships in a plural career can be very attractive. This is a particularly good option for parents who want to work in an intellectually stimulating environment but without the extreme

working hours and commitments that come with high-level positions. However, once again be aware of the time commitment involved in doing the job properly and be wary of over-committing yourself.

Why you?

Once you've decided that you would like to be a non-executive, the time has come to take a close look at yourself to assess how well you are equipped for the role. There are many skills you will need to be an effective non-executive director – some more obvious than others, perhaps:

- integrity
- high ethical standards
- sound judgement
- a willingness to challenge
- strong interpersonal skills
- the ability to deal effectively with conflict
- the ability to listen
- excellent communications skills
- sensitivity
- the ability to be persuasive and to influence decisions
- the ability to inspire confidence and respect in others
- critical thinking skills, creativity and strategic awareness
- business acumen
- a willingness to embrace change and innovation
- an enquiring and inquisitive mind
- an ability to assimilate, assess and analyse information, especially financial information
- a strong sense of teamwork
- strategic thinking skills and the ability to see the wider picture
- determination
- a keenness to learn new knowledge and skills
- an ability to identify potential problems and deal with risk
- knowledge of the relevant business sector or environment.

A lot of the above skills could be termed 'softer' skills, however. Being a non-executive isn't all about business knowledge and expertise. As a non-executive director you have collective responsibility for decisions made by the board without having any direct control over the management team. It is therefore even more important to be able to understand the motivations and agendas of other people, to listen and read between the lines, and to be able to persuade, cajole and manipulate rather than direct.

The most important skill, though, is independence. In fact, many other jurisdictions don't use the term non-executive director; they refer instead to independent directors. The whole point of a non-executive is that it should be someone who has sufficient personal experience, combined with a knowledge of the company and its markets to be able to make a positive contribution on a totally objective basis. In order to do that, there must be no personal interest in the company at all.

Getting your first role

It is not always easy to get started on a career as a non-executive. Anecdotal evidence suggests that once you have your first role, other roles become much easier to find, but getting that first one can prove tricky.

One major setback can be that, as a general rule, companies tend to want someone who already has board experience. If you don't have existing board experience it might be worth considering taking a role in the not-for-profit sector and gaining experience that way, either in the public sector or with a charity. Charities are always looking for trustees with sound financial skills. If there is a cause close to your heart, why not approach them and ask if they are looking for trustees? All public appointments must be openly advertised, so they are easy to find. There is a dedicated website on which they are all advertised – www.publicappts-vacs.gov.uk. Often such roles do not carry any kind of fee other than expenses, but the experience gained can stand you in good stead when going for a commercial appointment.

It is worth looking at the papers, mainly the broadsheets, and keeping an eye on the web, but in practice not many vacancies are actively advertised. There are a number of job sites where you can register your details and potential employers can search for suitable registrants. If you do go down this route, it is worthwhile making sure that your profile is as up to date and detailed as possible to ensure that you get notified of every possible opportunity.

When you do apply for a position, as this month's interviewee Bryan Foss was at pains to stress, it really is important to put in the groundwork to ensure that your application is as tailored as possible to the advertisement requirements. This does take time, but it is better to spend the time writing a really good application for a few firms you think you would like to work for rather than simply sending out your CV indiscriminately. And don't be put off by rejections – keep trying.

You don't have to wait for positions to be advertised, of course. If there is a firm you think you could offer something to, particularly if it is a small firm which may not have got further than having initial thoughts about having a non-executive as yet, why not contact them directly? And remember the value of networking. Make sure all your contacts know that you are in the market for a non-executive position and attend any events which you think might widen your range of contacts.

Why them?

Once you've decided you do want to be a non-executive director and you are convinced you have the requisite skills, how do you choose the companies with which you would like to be associated?

The importance of carrying out thorough due diligence before taking on a role cannot be overestimated. You need to be certain in the first place that the board has clearly thought through the skills and experience they need and that you are confident you can fill those requirements. You need to be able to assure yourself that the board chemistry will work. You should ask to meet all the members of the board and the company secretary and ideally the non-executive director you

are replacing. In particular, the relationship between the Chair and the CEO is of vital importance in a well-run company.

The company itself will usually make a lot of information available. Often there will be information packs available in paper or on the web to accompany the application form. There are also many sources of externally validated information – such as the published annual reports and accounts for the last three years, press reports and possibly (depending on the size of the company) Rating Agency and Voting Services reports.

It is very easy to be flattered by an offer of a role, and it is difficult to say no, but it is important that you do. If you are not completely happy that the company is one you can add value to, that you would enjoy contributing to, and that it is a sound business, then walk away. A good reputation is one of the non-executive director's most important assets. It takes time to build up but it can be destroyed almost immediately.

INSTITUTE

Anti-money laundering regulations 2007 CD

On 15 December, the new anti-money laundering regulations replaced the previous regulations. The wide-reaching changes will affect every practice, and they include customer due diligence requirements on all clients, and a new 'supervisory' regime.

To assist practitioners further, a second edition of the anti-money laundering procedures and training manual will be available on CD. It can be ordered from the

Institute, and is priced at £60 for members and £94 for non-members (the price includes VAT, postage and packing). Click on www.icaew.com/index.cfm?route=151906 for your copy of the CD.

Client screening to assist anti-money laundering procedures

ICAEW members have access to a service that can be used as part of the compliance procedures and can assist in ensuring that you are compliant with the client identification requirements of the Third Money Laundering Directive. The database checks names against UK and international sanctions and watchlists from bodies such as the FSA, the Bank of England, Companies House and politically exposed persons (PEP). Click on www.icaew.com/library/index.cfm?AUB=tb2i_86307|MNXI_86307 for more information on this service, or contact the Library & Information Service (LIS) on T +44 (0) 20 7920 8620 or E library@icaew.com.

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