

The Transition from Executive to NED

By Jeff Beacham, Director & Owner – Authentica Resourcing

During my time as an Executive Search Consultant, I have spoken to numerous Executives who describe that becoming a Non-Executive Director (NED or NXD) would be the pinnacle of their future career aspirations. A portfolio career can be richly rewarding and the source of variety and fresh challenges. The opportunity to make a difference by paying something back and transfer deep, rich knowledge, is highly attractive. There are challenges along the way, however. The road to becoming a NED can be a long and difficult one, particularly if the journey is not mapped out and understood fully before commencement.

I've undertaken research into the role of a Non-Executive Director and how the transition from Executive to NED can be navigated. This is in response to the recent question posed to me - How do I become a NED?

Firstly, what is a Non-Executive Director?

Well, the NED is a member of the board of directors within an organisation, but not a member of the executive management team. NED's have the same legal duties, responsibilities and potential liabilities as their Executive counterparts, but are not Employees of the organization. They are paid a fee for their service and work on a part-time basis, typically one or two days per month, depending on the circumstances of the business.

Benefits of bringing a NED into an organization are vast as they can draw upon years of experience from different organisations at board level. The fundamental advantages include:

- Specialist knowledge
- Broad experience
- Impartiality and independence
- Personal attributes to complement the existing board

NED's provide an independent view on Strategy, Risk, People, Performance, Standards of Conduct and Hiring. This impartiality is vital, particularly when undertaking a Board evaluation which includes benchmarking against other external businesses, as well as performance versus the needs of the organization itself.

The Essential Steps to Becoming a NED

- Get some board experience. This may be possible as part of your current career path, by way of promotion, or it may come in the form of Pro-Bono Consulting for an external organization. Becoming a Trustee or Board Member of a local school, charity or community organization could also be helpful to support your journey.
- Talk to several Executives who have already made the transition to NED and ask them about the challenges they've had and what advice they would give to make the transition as smooth as possible, based on their own experience.
- Immerse yourself in the required mindset shift that will be required to become a successful NED. You will need to practice being the helpful advisor, devil's advocate, source of knowledge, impartial advice and support, without telling others what they should do. The actual decisions need to be taken by the Board and for some executives, the old habit of making a decision and tactically being involved will not be part of your remit anymore so you need to be comfortable letting that go.

- Seek a Coach or Mentor to support you on your journey. You may need a couple.
- You may need to undertake some additional training to obtain some relevant knowledge or qualifications, e.g., Corporate Governance, Risk, Finance etc.
- Build your own network of NED's, Trustee's and Board Members to share knowledge and discuss opportunities.
- Attend networking events and online Webinars, Seminars etc.
- Follow and connect to Heather White – Boardroom Matchmaker
- Join the Non-Executive Director's Association

I recently spoke with Michael Holt, Executive Chairman at Tufnell's Parcels Express and NED at Smith's News PLC, about the challenges of transitioning from Executive to NED. Here are some of the key takeaways based on Michael's experience:

- Get your head in the game 5 years in advance of becoming a NED
- Make the mental transition so you can effectively manage the Board to manage the business
- Be prepared to watch and advise rather than 'be in the game'
- NED is all about strategy, so be comfortable in 'not doing'
- Be prepared for failure
- Aim for a sector you can add value to – once you know how best to support a Board, you can diversify into other sectors
- Be realistic about where your areas of competency and influence are
- Plan ahead – If you have no prior experience in a required area, do some Pro-Bono work
- Undertake plenty of research and reading to underpin and support your existing knowledge and plug any gaps
- Ensure you are a great listener – if you are talking more than 10% of the time, you are doing something wrong

Michael went on to say "When applying for NED roles, it is important to list the value you can add to a Board, rather than listing achievements as you would for an Executive role.

Today's Boards look for diversity. If you haven't driven or supported diversity, you will be limiting your chances of success."

Here are some useful resources for further information and NED networking opportunities:

<https://www.linkedin.com/company/boardroomready/>

<https://www.linkedin.com/in/heatherwhitenetworkingexpert/> - Boardroom Matchmaker

<https://www.nedonboard.com/>

<https://www.linkedin.com/in/elise-perraud/> - COO - NEDonBoard

<https://nedonboard.easywebinar.live/registration-8> - FREE - How to secure your first NED role

<https://accelerator.nedonboard.com/>