

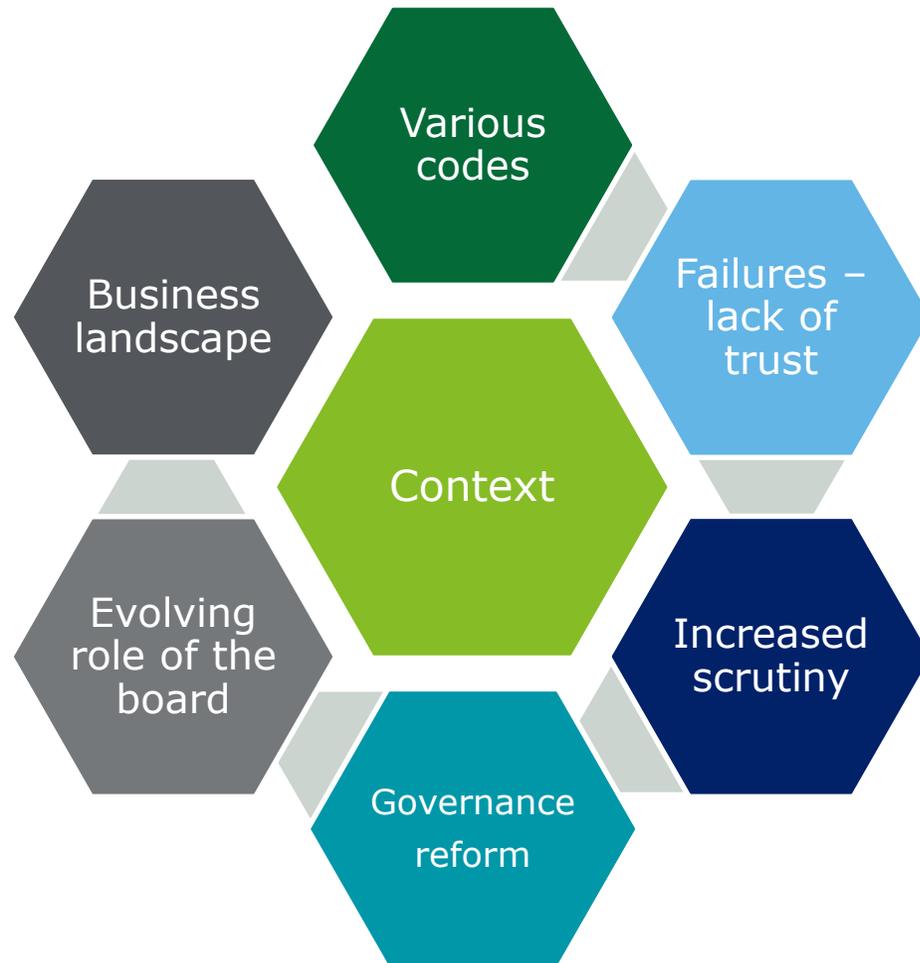
Build your own board potential

What it means to be a board

April 2018

Introduction

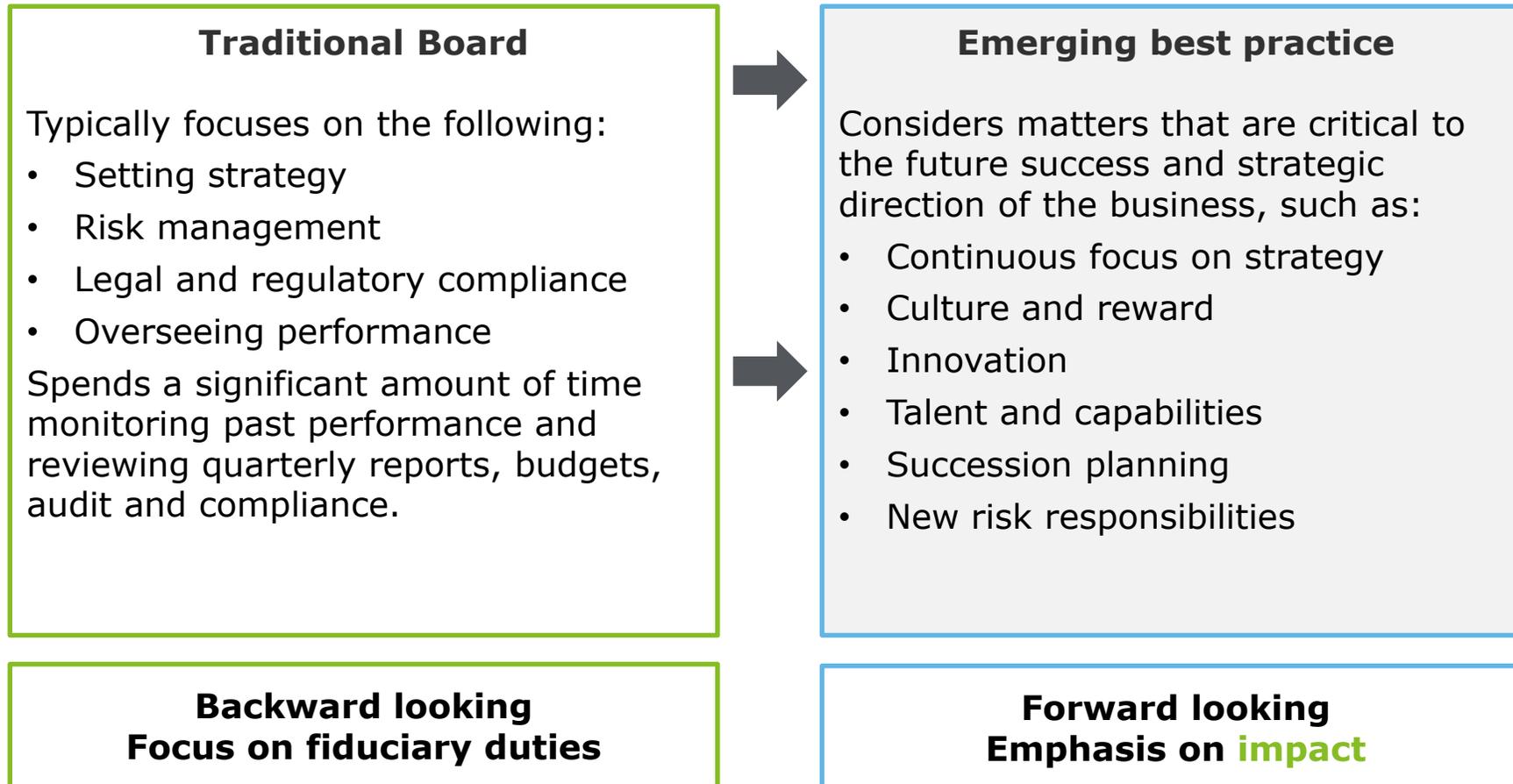
The need for boards to demonstrate that they are effective has never been higher



"The performance of any Board is a function of the character of the individuals that comprise the Board. No structural remedy can overcome poor judgment or apathy."

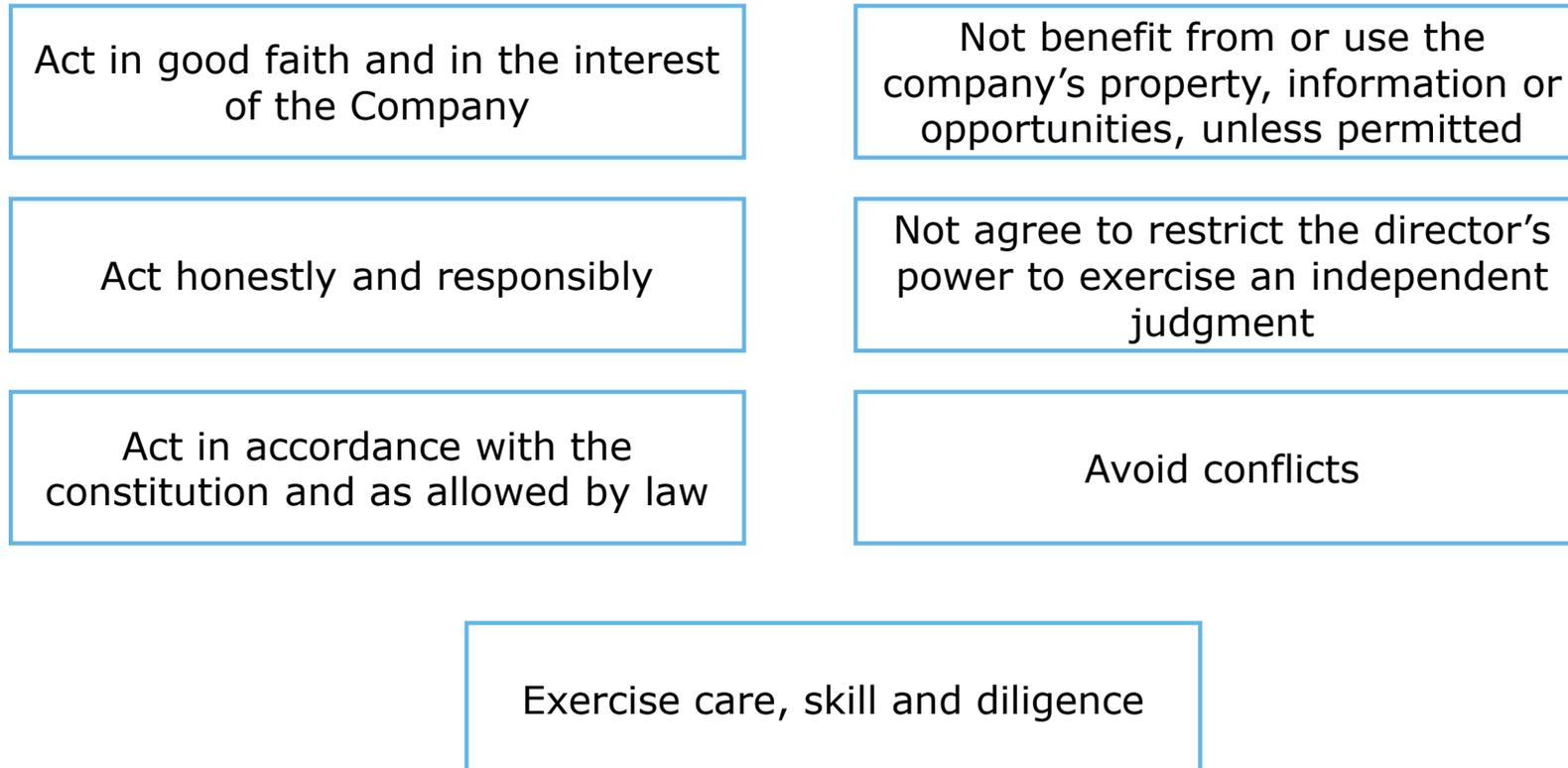
Daily and Dalton (2003)

The evolving role of the board



Directors duties under the Companies Act 2014

There is **no legal distinction between executive and non-executive directors**. As a consequence, NEDs have the same legal duties, responsibilities and potential liabilities as their executive counterparts.



The role of Non-Executive Directors

*"Essentially the non-executive director's (NED) role is to provide a **creative contribution** to the board by providing **independent oversight** and **constructive challenge** to the executive directors."*

- Institute of Directors

Key functions

NEDs are appointed to bring:

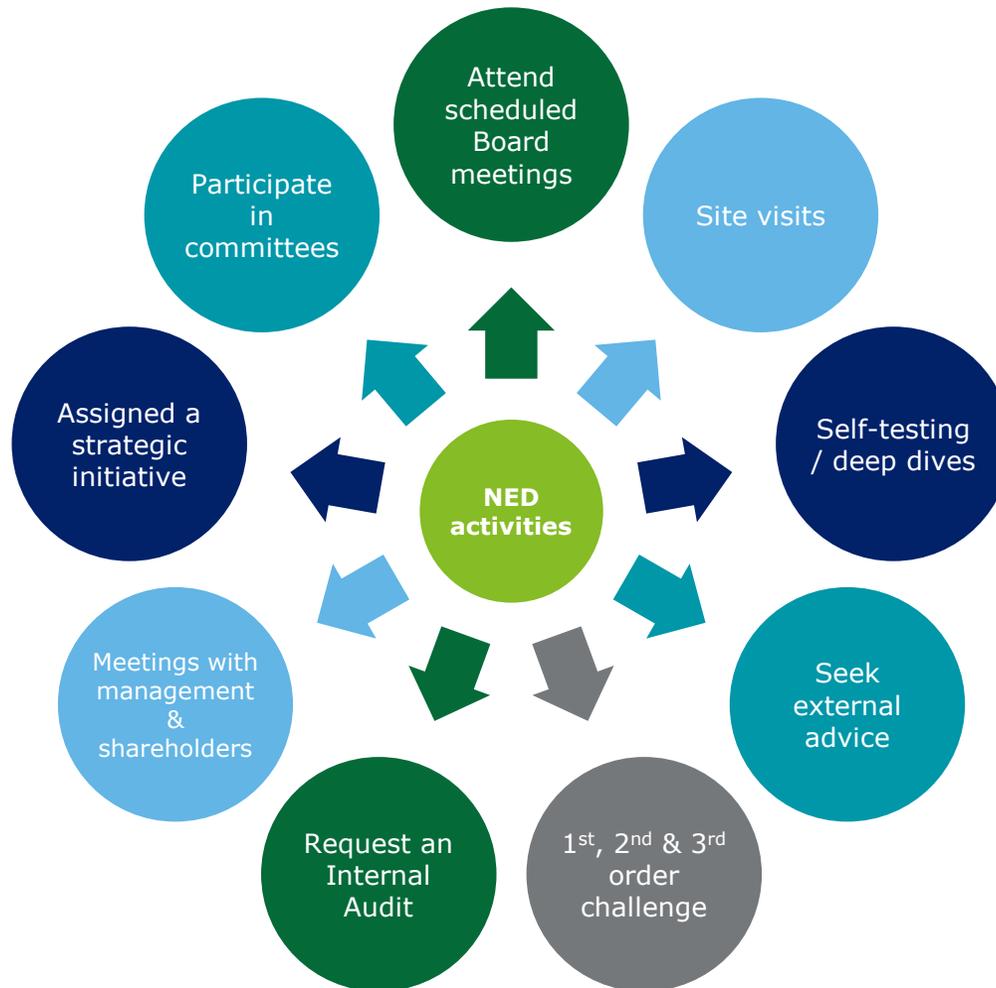
- Independence
- Impartiality
- Wide experience
- Special knowledge
- Personal qualities

Responsibilities

The key responsibilities of NEDs include:

- Providing strategic direction
- Monitoring performance
- Determining remuneration
- Audit
- Providing networks and connections
- Shaping culture and talent
- Taking into account stakeholder views

Discharging non-executive responsibilities in practice



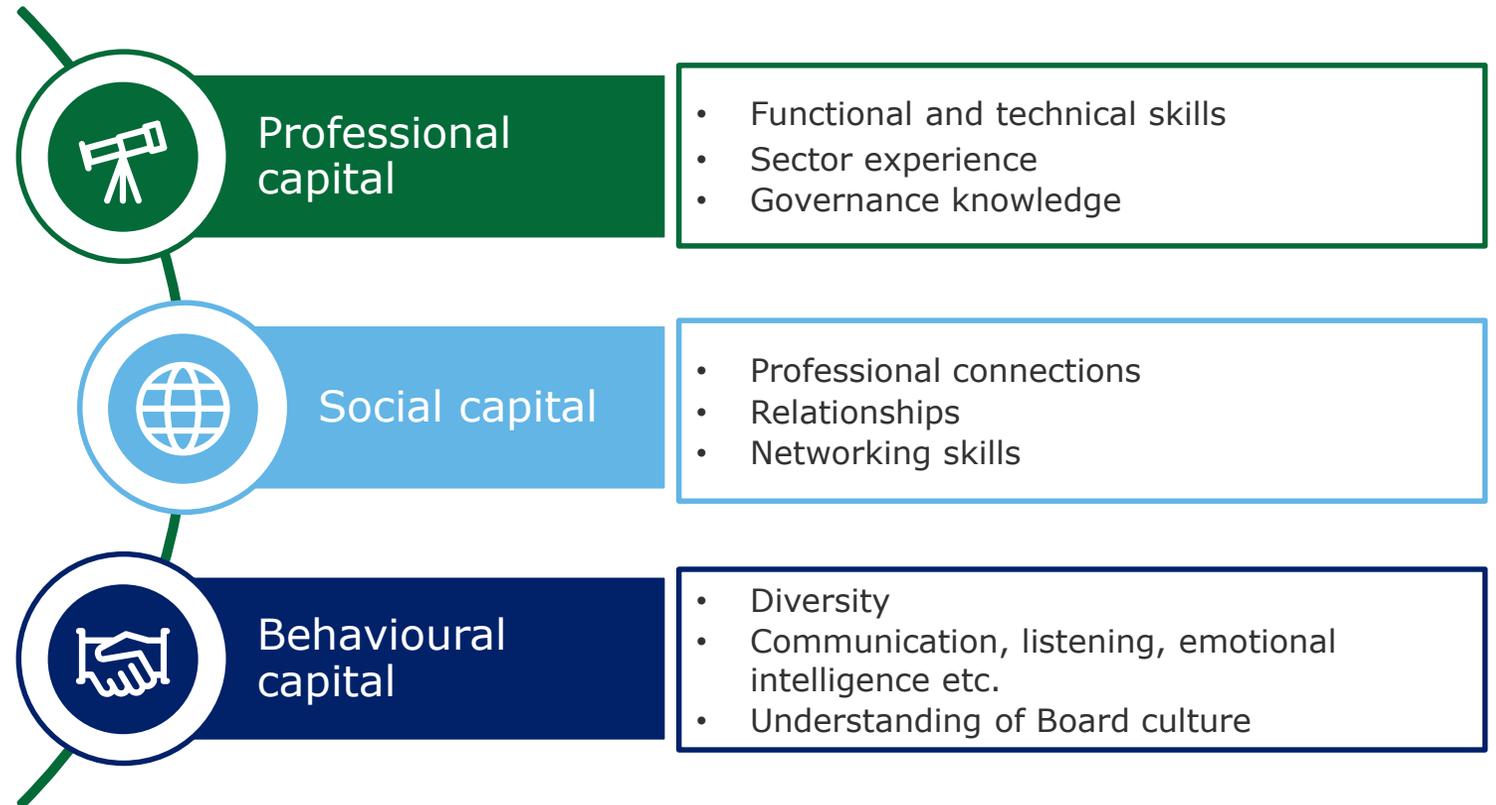
Challenges

Key challenges NEDs face in discharging their duties include:

- Time commitment
- Number of directorships
- Straying into exec territory
- Understanding the business and key risks
- Keeping up to date with regulatory changes
- Greater accountability

Skills and experience required

The perceived professional and social capital directors can bring to the Board is usually considered when looking at the skills and experience of the Board - what is often absent is behavioural attributes



What makes a good Board member?

Good Board members...



Focus on the bigger picture



Bring different perspectives to the table



Show strong command of issues relevant to the business



Take collective ownership for decisions



Are disciplined, committed and dedicated



Exercise independent and objective judgement



Challenge constructively, probing and bringing secondary challenge



Show openness, tact and the ability to listen



Offer support to management

Practical tips

Things to look out for



Ensure that you have a comprehensive and tailored induction



Partner with an executive director



Visit operations and talk with senior and middle managers in these areas and talk with non-managerial members of the workforce



Make sufficient time available to discharge your responsibilities effectively



Devote time to developing and refreshing your knowledge and skills, including softer skills



Insist on receiving high-quality information sufficiently in advance



Seek clarification or amplification where they consider the information provided is inadequate or lacks clarity

Board impact can be described as the **effect** of the governance structure and processes, and contribution from Board members, which helps **shape different** and more **positive outcomes**

Further information

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