



So You Want To Be a Non-Executive Director? Here's How.

NED roles can be demanding, but for many they're hugely rewarding.

– By Hannah Carmichael

Whether planning to create a plural career, heading towards retirement, or adding to an already impressive CV, non-executive directorships are high on the agenda for many executives. This is despite the very real legal liabilities and risks, the demanding workload and, in many Asian countries, relatively low pay. So why are NED roles so sought after and what can executives do to prepare for their journey to the boardroom?

A non-executive director (NED) role can be a rewarding way of staying involved in business once an executive career has come to an end. A NED will use their experience and skills to guide a company

through decision-making in the interests of its shareholders, providing an oversight role, listening, advising and then ultimately leaving the executives to get on with the day job. For a handful of meetings a year, a few board papers to read and reasonable compensation, the appeal is understandable.

“
If you are looking to prepare for the boardroom, a good place to start is working out what value you can bring.

”
The reality, however, can be very different. Meetings can average one a month, but 25 whole day meetings a year is not unusual – and that's just those that are planned. Then there are committee meetings on top. If a company is going through a major M&A deal, or is in crisis, a NED's workload can be tripled, often with very little

notice. Board papers can be hundreds of pages long and require questions and clarity prior to the actual meeting. As for the compensation, according to Willis Towers Watson the median remuneration for a NED in a MidCap company in Hong Kong was just \$217,000 in 2016/17.

However, when you speak to a NED about their role, whilst they will always say it's demanding, they are usually extremely enthusiastic about what they do. A NED position within a company that is the right fit can be hugely rewarding. Ian Stone, independent NED for the US\$500 billion market cap internet company Tencent says: "Being an independent NED for Tencent and part of the company story has been an enormously fascinating and fulfilling experience. Tencent's significant success is down to a visionary, innovative and passionate team and it is a privilege to serve on the board."


If you are looking to prepare for the boardroom, a good place to start is working out what value you can bring. You don't have to be an accountant or lawyer with 40 years of practice behind you. It may be that you have developed expertise in new areas where companies have skill gaps, for example cyber security. According to Heidrick and Struggles Board Monitor Report 2018, directors view cybersecurity threats as one of the top five trends having the greatest effect on their company over the next five years, and only 28% of directors view themselves as having a high level of knowledge of cybersecurity risks. Another area could be HR – increasingly companies are being scrutinised for executive remuneration, so if you are an experienced HR professional, you

could be a valuable addition to the board make up.

Whatever your skill set and background, all non-

executive directors should possess certain behaviours in order to be an effective member of the board. A non-executive director needs to leave their ego at the door, be diplomatic, supportive and provide a measured response. Building trust, understanding how to resolve conflict, remaining cooperative and constructive are all essential to avoid a board losing track, missing vital detail and ultimately letting the company down.

Taken seriously, the NED role is a job to be proud of. Preparation is key, as is not underestimating its value and importance. With corporate governance reforms ensuring more opportunities in

Hong Kong are opening up, if you want to be a NED, now is a good time to take some steps towards your journey to the boardroom. 

“
A NED will use their experience and skills to guide a company through decision-making in the interests of its shareholders, providing an oversight role, listening, advising and then ultimately leaving the executives to get on with the day job.
”



Hannah Carmichael
Programme Director NED Asia, Financial Times

With today's boards under more pressure than ever before, the **Financial Times** has designed a diploma to equip internationally-minded, independent non-executive directors for the specific requirements of the role. This in-depth learning assists INEDs to carry out their duties successfully for their own benefit and to increase long term value for companies whose boards they sit on. An international network of senior leaders opens up a life-long network for future learning, networking and support.

FT | **NON-EXECUTIVE DIRECTOR PROGRAMME**