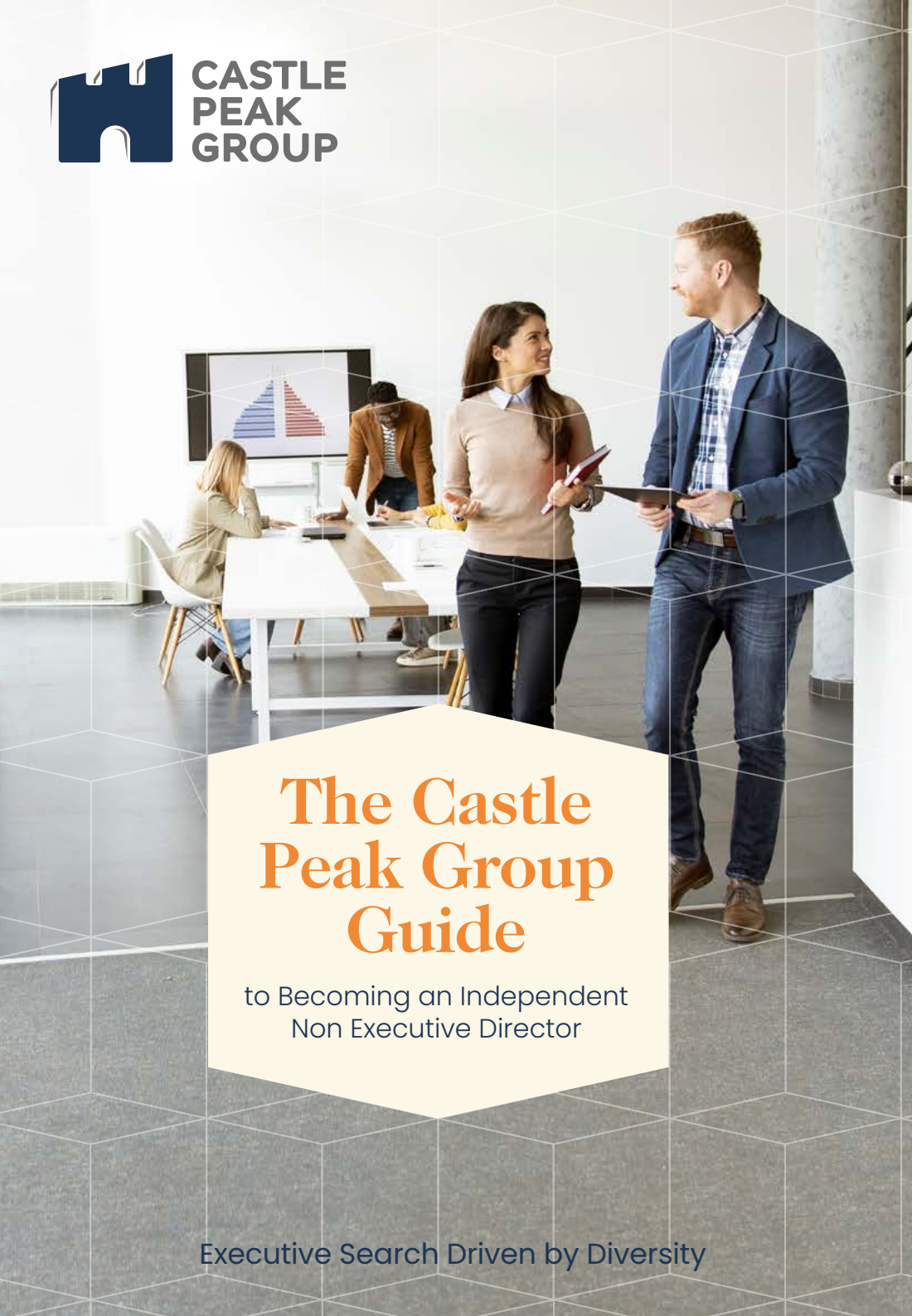




**CASTLE
PEAK
GROUP**



The Castle Peak Group Guide

to Becoming an Independent
Non Executive Director

Executive Search Driven by Diversity

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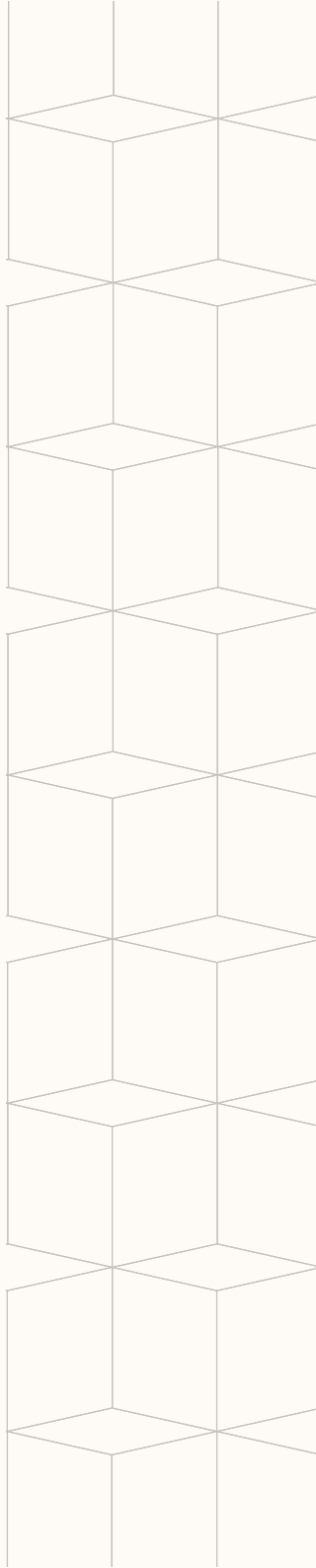
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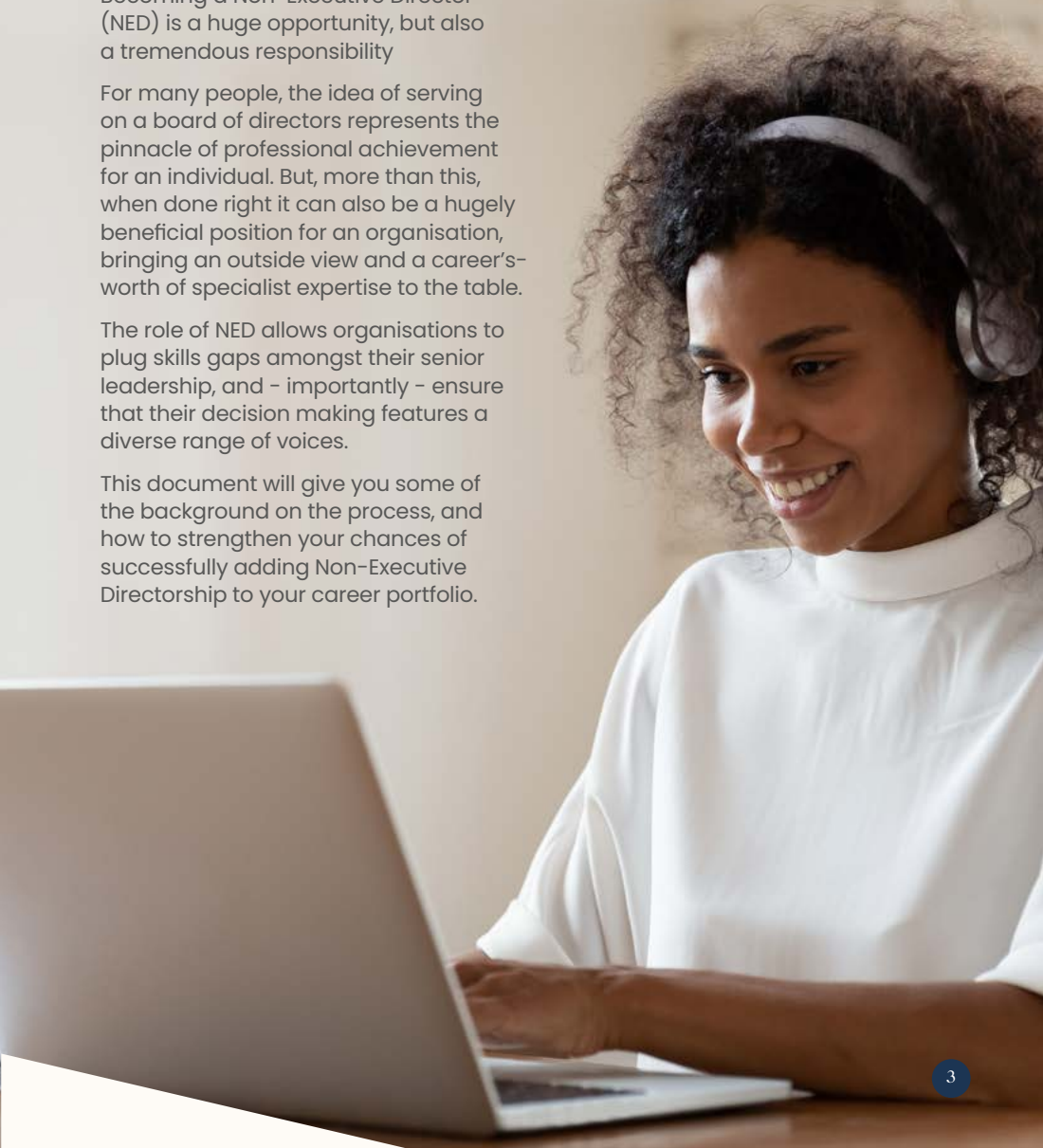
Introduction

Becoming a Non-Executive Director (NED) is a huge opportunity, but also a tremendous responsibility

For many people, the idea of serving on a board of directors represents the pinnacle of professional achievement for an individual. But, more than this, when done right it can also be a hugely beneficial position for an organisation, bringing an outside view and a career's-worth of specialist expertise to the table.

The role of NED allows organisations to plug skills gaps amongst their senior leadership, and - importantly - ensure that their decision making features a diverse range of voices.

This document will give you some of the background on the process, and how to strengthen your chances of successfully adding Non-Executive Directorship to your career portfolio.



About Castle Peak

Castle Peak is a national executive search firm, based in North East England. Led by its founder and chief executive James Carss, Castle Peak specialises in helping organisations embed diversity and inclusion within their senior teams.

With more than twenty years of international experience, James was motivated to start Castle Peak having seen the tangible benefits of diverse boards while working with global clients in Hong Kong and North America.

Castle Peak's founding ethos is a belief that we all have a part to play in changing society and our economy for the better, and helping people overcome the barriers they face in their careers.

We know from experience that when a workplace practises inclusive leadership and inclusive recruitment, they'll naturally build inclusive, high-performing workplaces where people feel content, valued, and like they belong.

Our approach is to ask clients to focus on goals not quotas. When diverse people are represented, both visibly and less visibly across every level of an organisation, the message is clear – every person, irrespective of their beliefs, orientation, ethnicity, ability, and approach is welcome.

Together with our clients, we're working towards a world where every executive and board search has diversity and inclusion at its heart.

Why become a Non-Executive Director?

Although you must be fundamentally driven by a desire to contribute to the organisation and board you serve, there are huge and varied benefits for an individual in becoming a NED. Thinking about your motivations for taking on a NED position can help you identify which opportunities are right for you.

Career Progression

Serving on a board is a valuable step for successful executives, supporting career progression and helping raise your profile. It can also expose you to different leadership styles, corporate cultures and give you experience of working in a different sector.

Learning Opportunities

NED positions give you a fresh perspective on the risks, challenges and strategic approaches of different organisations. It can allow you to broaden your horizons - perhaps by exposing you to a very different industry or to the charitable or community sector - and therefore provide some very different challenges.

Networking and Mentorship

Your personal and professional networks will naturally be extended by working with others outside your current circles. As well as providing opportunities for these connections, and for sharing of knowledge and expertise, it can also create opportunities to develop mentor or mentee relationships.

Career Transition and Continuing Contribution

For many, NED roles come at a point of transition in their careers. They might be shifting from a senior practitioner to a leadership role, or curating a post-retirement career portfolio. In many cases, it is a way to contribute - either to begin to give back, or to continue to play a part even as they leave full time employment behind.

Motivations Beyond Money

The commitment involved in becoming a NED means it can't be just about the money. The best roles for you will balance all of the reasons listed above, helping you progress your career, broaden your horizons and challenge yourself, while bringing real value to the organisation you join.

What are we looking for?

Characteristics of a strong NED include...

- Being independently-minded and flexible, but not easily led
- Substantial relevant experience, understanding commercial and financial impacts, and business risk
- An ability to communicate well, listening as well as speaking
- An interest and commitment to relevant sectors and to the organisation itself
- Confidence, but without an ego



What does a Non-Executive Director Do?

Just like any other director, a NED is expected to provide oversight of an organisation and its operations, and to help ensure a successful and sustainable long-term future. But where might you play a specific role as a NED?

Strategy

A NED may help define a long-term vision for an organisation, providing support to the CEO and the senior team as well as ensuring accountability for progress. You can bring a critical detachment to the process which provides a valuable perspective.

Risk

As an outside pair of eyes, not involved in the day-to-day running of the organisation, a NED can be a critical friend in reviewing and managing a risk profile. This might involve using your deep understanding of a particular aspect of operations, or overseeing cultural or reputational risks, and working to mitigate those risks.

Succession

A CEO can't replace themselves, and they might not be best placed to see how to make positive changes in their senior teams. A NED can provide board-level oversight of succession planning and talent management, as well as contribute to board-level planning too.

Remuneration

A NED is well-placed to oversee executive compensation packages, as well as measure performance of an organisation's senior team.

Governance

Accountability is crucial, and a NED can provide the required critical distance to maintain strong corporate governance. This can include committee membership, covering topics like risk, diversity and inclusion, and pay.

Where does a Non-Executive Director fit in?

The traditional characteristics of a board of directors does not always fit the requirements of the modern world of work. As a result, many organisations are looking to refresh their approach, and be more proactive in making sure their boards are as effective as possible.

Diversity

A range of voices, representing difference perspectives, backgrounds and lived experiences is vital to effective operation of boards. Without it, boards can fall victim to groupthink, avoidable risks and reputation damage.

Turnover

Low member turnover is a characteristic of many boards, meaning even where skills gaps are identified it can take significant time to fill them and recruit fresh talent.

Broader recruitment

The result of the above is a change in the approach for NED recruitment, with organisations now looking beyond the traditional pool of CEOs and established board-level individuals to first-time directors and those with specialist, but not board-level experience.

Best Practice for Boards

There are a number of areas where organisations can improve their board performance, many of which are relevant to the role of the NED.

Independence

The ability for the board to make decisions in full knowledge of, but distinct from, day-to-day operation of the organisation, without conflict of interest.

Strategic Alignment

The collective expertise of the board of directors should reflect the strategic vision for the organisation, and the known risks it faces.

Size and Composition

Boards vary in size depending on the size of the organisation they serve, but typically sit with around 8-12 members. It's easy for organisations to fall into the trap of allowing their board's membership to remain static, which risks it becoming stale. Instead, organisations should review their board membership and functioning regularly, making changes where necessary to ensure efficient working.

Diversity

There is nothing which improves the effectiveness of a board of directors like diversity. By ensuring a range of different voices, with different skills, backgrounds and lived experiences are included in the board make-up, an organisation can improve decision making and the avoidance of risk.

Commitment

On paper, the commitment for a NED can appear relatively modest - perhaps a couple of days a month - but the reality is that a commitment to attending board and committee meetings is vital. There is so likely to be a commitment above and beyond the formal one, through meeting with senior team members, working through papers and preparing for meetings. For that reason, it's best for NEDs to have a genuine interest in the organisation and its sector.

The Non-Executive Director recruitment process

The process for recruiting a NED has a lot in common with other senior and board-level roles, but some important differences too. Understanding the process and the players involved can help you be better prepared as you apply for roles.

Board Structure and Composition

Sometimes an organisation will recruit NEDs to replace someone who has stood down, or to fill existing vacancies, but it's also possible they are actively trying to change the composition of their board and the manner in which it operates. This means a NED's appointment may be part of a larger strategic change, and the result of a formal analysis of the board room's strengths and weaknesses.

Governance Committee

Succession planning generally, and NED role specifications specifically, may be the remit of a governance or nominating committee. They will often work with executive search firms, or rely on personal networks,

to identify potential candidates. The committee will often be actively involved in the interview process.

On the QT

Organisations often do not conduct their board recruitment in public, instead the process of finding candidates and sifting applications may be carried out behind closed doors. An exception to this may be organisations with public or community interest, where transparency is at their heart.

Patience required

The recruitment of a NED is often a long process, and can span several months and multiple interviews. As with any senior role, patience is required while the recruiting organisation decides who is the best fit for a role.



Our top tips

1. Tailor your CV to board-level opportunities, highlighting career accomplishments, relevant experience and the specific skills which would make you stand out on a board
2. Highlight your leadership experience and governance activities, and where this expertise aligns with the organisation
3. Specify relevant successes, especially where these showcase how you'll help fill skills gaps or address big challenges the organisation is facing
4. Differentiate yourself without embellishing by emphasising landmark operational achievements – new product launches, mergers overseen, crises managed – and your specific board experience if you have it
5. Research and tailor your CV to the organisation you're applying for, and make sure you've seen a full role specification, so you can align how you present yourself to it

Are you ready to be a Non-Executive Director?

Our checklist

- Does your current employer support you taking up an outside role? Remember to check your contract for restrictions
- Do you understand your motivations for wanting to become a NED? Make sure you're in it for the right reasons
- Are you comfortable with being active, yet hands-off, with an organisation?
- Do you have the capacity to take on a NED role alongside your other commitments? Remember the on-paper time requirement is probably an underestimate!
- Are you ready to make a long-term commitment? You will be expected to serve for several years and be part of big changes or long-run successes in the organisation

How can you stand out from the crowd?

If you're ready to be a NED, there are things you can do to boost your chances of success.

1. Stay informed - keep on top of the changes in your sector, or in the business community where you are. If you identify a company you'd like to work with, use your existing network to connect with them. You can also work to educate yourself, both on board operation and governance processes, and on the sectors which interest you
2. Use your network - even without a specific company in mind, speak to your network and make them aware you're seeking NED opportunities. With many of these roles being recruited behind closed doors, you might miss opportunities otherwise. Connect with executive search firms who can help you prepare.
3. Raise your profile - by involving yourself in professional bodies, attending industry events and otherwise being present in the business community around your industry



Valuing diversity in Non-Executive Directors

There's a world of difference between saying you are a diverse workplace, and actually being one.

One of the big traps organisations fall into is making diversity and inclusion a problem for the HR team, and it can be common for exec teams to leave HR or People Directors to 'fix' or otherwise handle EDI.

While these roles have a huge part to play, it is far better to embed diversity and inclusion across an organisation and make progress everyone's responsibility, while maintaining accountability at board level.

NEDs can have a substantial role in making sure efforts are measured and evaluated, and that organisations put their plans into practice.

Without buy-in (and a watchful eye) from everyone, you simply won't reap the benefits that come from having different experiences, backgrounds and perspectives improving how your organisation operates.

There's a well-defined maturity model for diversity and inclusion, ranging from legal and regulatory compliance, through changing mindsets and behaviours through D&I strategies and targeted programmes, to finally placing D&I as a core operating principle.

That does take time, especially when organisations are making changes to structures and senior teams.

Organisations don't hire board level roles every day, or even every year, and making the required cultural changes is a significant undertaking.

As a NED, you may be part of that change, or be part of the oversight of it.

Conclusion

Serving on a board can bring both professional and personal satisfaction.

With boards increasingly recruiting NEDs from beyond the traditional talent pool, there are more and more opportunities to put your career experience and professional talents to good use.

By raising your profile, sharpening your skills and your CV, you can be well-placed to take advantage of these opportunities, further your career and make a big difference to an organisation.



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