

# THE DEFINITIVE GUIDE TO GAINING A BOARD APPOINTMENT



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**BOARD**  
APPOINTMENTS

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**First edition: 2015**

# **TABLE OF CONTENTS**

## **PROLOGUE**

### **1. PREPARING FOR A BOARD POSITION**

**The Benefits of an Early Start**

### **2. CHOOSING THE RIGHT BOARD POSITION TO APPLY FOR**

**Deciding Which Board is for You**

**Managing your Board Aspirations**

### **3. PAID BOARDS**

**How do I Find a Paid Board Role?**

**Beware the Bait and Switch**

### **4. NOT FOR PROFIT BOARDS**

**Why You Should Really Consider Taking an Unpaid Board Role – Even if You don't Want One**

**How to find a seat on a not for profit board**

### **5. HOW TO BECOME A NON EXECUTIVE DIRECTOR**

**Six Things to Consider When Thinking About a Non Executive Career**

**Preparing Yourself for a Non Executive Career**

**How Much Research Should You Do for a NED Application?**

**Getting Started as a Non-Executive Director First Person Accounts**

**Transitioning from CEO to Non-Executive Director**

### **6. HOW BOARD APPOINTMENTS ARE MADE**

**Four Ways to Get Appointed and the One Thing That Really Counts**

**How to Get on a Board The Fundamentals**

**3 Myths and 5 Things You Should Do to Get on a Board**

**Why Being Good Enough Counts More Than You Think**

## **7. NETWORKING AND DEVELOPING PERSONAL CONNECTIONS**

**Is Your Network Stale Rather Than Shallow?**

**How Much Do ‘Old Boys Networks’ Count?**

**Connectedness – The New Differentiator**

**Companies with ‘Networked’ Board Directors have 85% Higher Growth Rates**

## **8. THE BOARD APPLICATION PROCESS**

### **9. WHAT CHAIRS LOOK FOR**

**What executive skills are most sought after by organizations in board appointments?**

**Why Your Networks Count in a Board Application?**

**Prior Governance or Board Experience and What to Do if You Don’t have It**

**What Does ‘Cultural Fit’ Really Mean in a Board Appointment Context?**

**Surely Passion Counts When Looking for Board Members, Doesn’t it?**

### **10. GOVERNANCE TRAINING**

**The Value of a Governance Qualification**

### **11. APPLICATIONS, BOARD CV & INTERVIEWS**

**The Perfect Board Candidate – Your Board Profile**

**How Much Does a Board CV Really Count When Applying for a Board Role?**

**Your Non Executive CV – 7 Things to Consider**

**Writing a Board Application Cover Letter**

**Possible Non-Executive Interview Questions**

**Skype/Online Interviews**

## **12. DUE DILIGENCE**

**What to Ask Before Joining a Board**

## **BOARD APPOINTMENTS**

**About the Author**

## Prologue

Finding and gaining a non executive board appointment board can be a challenging and time consuming process that historically relied upon your personal networks, searching through newspapers and monitoring online job boards or waiting to be 'tapped on the shoulder' by a recruiter.

This is no longer the case, Board Appointments helps put people on boards by providing access to the most comprehensive and diverse list of board roles and equipping individuals in developing a board career through practical services and the largest and most diverse list of board vacancies.

Everything we do will help you '**dare them not to appoint you**'.

# **1. Preparing for a Board Position**

## The Benefits of an Early Start

Family and social pressures on top of a busy executive job leave very little time for many to consider anything more than managing the status quo. However, not carving out some time to develop your personal brand can have serious consequences for your future board career. This means that starting your search for board roles early is absolutely critical.

My previous Chairman (an exceptional executive recruiter) used to advise executives that they should consider spending up to 30% of their time focusing on building or sustaining their own brand. Much of his advice was focused on ensuring that they maintained and grew their personal connections.

A great way to do this is by complimenting your executive career with a board role - even if (and often it is) a voluntary one.

So why would anyone want to spend a large proportion of their time on a voluntary or lowly paid board role? I believe that there are a number of compelling reasons to do so.

1. **Weak ties:** This is a phrase that Malcolm Gladwell uses to describe the influence that people you see 'infrequently' can have on your career. How do you develop these connections? A great place to start is by sitting on a board.
2. **New networks:** I speak with experienced board members on a regular basis. In addition to the board roles that pay their bills they almost always sit on one or two not for profit boards for free. By also sitting on these boards with them, you can quickly generate new and powerful connections.
3. **Shared passion:** The positions that many experienced board members are most passionate about are often the not for profit boards they sit on. They are passionate about these organisations perhaps because of a personal link or it might just be that they feel they can be more involved. In either case by sitting on a board that you are also passionate about allows for a shared passion with other board members - further promoting your brand and future career opportunities.



4. **It counts when it counts:** You never quite know when you are going to need more connections than you currently have. In my experience a lack of connections most often becomes an issue when faced with a forced or unplanned change in career. Having been through the GFC in the UK I observed (personally and professionally) that those with the strongest personal brand and widest networks were those who went on to prosper in difficult times. Again, a board role or two can provide much needed leverage.

5. **Financial:** To be clear, I don't recommend anyone take a board role because of the money. However, some find that one of the perks of sitting on voluntary boards can be because it often leads to consulting income or involvement in new projects that might turn into a new career opportunity.

6. **New skills:** To state the obvious, board work differs from executive work. Having an inside perspective on how a board operates can help you navigate your own company's board better.

7. **Precedent:** 'What board experience do you currently have?' is a question I often ask. Too often the response is 'Very little - I have been too busy in my executive career'. One of the reasons for boards to appoint certain board members is because they have sat on other boards.

I strongly advise complimenting your executive career with 'extra-professional activities'. By this I mean finding situations where you can develop networks outside of your usual connections. I think a board role or two is a great way to do this. Additionally, getting on a board early in your career means that, in an often very competitive board appointment process, you are more likely to be appointed.

## **2. Choosing the Right Board Position to Apply**

**For**

## **Deciding Which Board is for You**

Deciding which board role to apply for is perhaps one of the most important parts of the board application process.

On the assumption that you are willing to manage your expectations and aspirations, then asking yourself a specific set of questions may help narrow down the sort of board that you should aspire, at least initially, to apply for.

Questions to ask yourself include:

1. **Do I need to get paid?** Only considering paid board roles can be a stumbling block for many. Instead, consider whether being part of an influential board or company is enough.
2. **Do I have past board experience?** If not, put yourself in the seat of a Chair. What kind of board would you realistically appoint yourself to?
3. **What is my skill set?** Think critically about how valuable it is at board level and try to consider a practical example of your contribution.
4. **Where do I live?** If you live some distance from where the organisation operates, consider whether you would add as a board member above and beyond that which a more local candidate would.
5. **What are my contacts like?** Are your contacts industry based and as such deep and narrow or shallow but broad? In either case, how do they relate to the needs of the board?
6. **What is my timing like?** How quickly 'must' you get your first board appointment? Are you willing to hold out for the perfect board or will something that you are passionate about (even if it's not the perfect role) suffice initially?
7. **What are my passions for being on a board?** Can you demonstrate a passion for board work and not just being a board member?
8. **How much time do I have?** Board work can be demanding and often conflicts with an executive career. Can you afford at least one day a month out of the office?

**9. How much preparation am I willing to do to be appointed?** Being appointed to a board can be even more labour intensive than applying for a board role. Are you prepared for the journey?

By managing your expectations and taking a critical look at what you have to offer a board, you could go some way to answering the question which board will be perfect for you.

## Managing your Board Aspirations

**'What sort of board role can I be appointed to?' is a question that I get asked frequently.**

This sort of question is natural in the beginning of one's board career but, I think, it equally does not bode well for the potential success of a board candidate in finding the 'right board' for them. I say this because the question can demonstrate a lack of understanding about what an individual might offer an organisation at board level. However more worrying still, is that it evidences a questionable underlying motivation for wanting to sit on a board in the first place.

Instead, the question I recommend you ask is not one you ask me but rather, one you should ask yourself.

So, the question I recommend you take a moment to ask yourself is: **'If I were a Chair what sort of board would I realistically appoint myself to?'** Don't forget to answer it critically.

Let me explain further by way of a case study.

### **A Recent Case Study**

I recently counselled a client who had run a significant sized family owned food manufacturing business. He was convinced that he could have an effective role to play on a board of one of the major supermarkets.

He may have been able to contribute but he was never going to have the opportunity to do so because he was never going to be appointed to the board. Why not?

Primarily because he did not have the self-awareness to recognize that he was not appropriately qualified, connected or have enough experience.

The major issue here was not so much his unrealistic aspirations but rather his desire to be a board member. He was not passionate about serving – he just wanted to be on a board.

## **This approach unfortunately had three further significantly negative impacts**

1. He became disgruntled with his board search very quickly. He deemed other people to be the stumbling blocks for his lack of board opportunities.
2. His reputation suffered. Others recognized that his arrogance in believing that he could, and should, sit on any board of his choice made him an unsuitable candidate.
3. His unrealistic aspirations translated to a personal reputational risk for those he met. As such, no new introductions were forthcoming, despite the fact that those he met could have helped him on his journey.

Let me be clear, there is nothing wrong with having big aspirations for your board career. However, being realistic about your experience to date and having realistic aspirations as to what kind of board you can be appointed to will make a significant difference to the success of your journey.

### **3. Paid Boards**

## **How do I Find a Paid Board Role?**

Many believe that the best way to get a paid board seat is to send your CV to a search firm. It is important to understand that search firms are retained to find directors to serve on boards, not to find board seats for potential directors. While some do add unsolicited CVs to their databanks, others simply ignore them.

I once had a conversation with a recently retired CEO who met with a number of recruiters to express his interest in board service. Whilst the conversations were enjoyable he found that the meetings seldom yielded results. Nonetheless, search firms should not be ignored; if the stars align such that you happen to meet when he/she is conducting a search where your background is a fit, your name may be put forward. But many who take this approach continue to wait for 'the' call.

Others think that serving on a not-for-profit board will get you on a for-profit board position. This primarily works if someone on that board serves on a for-profit board that is looking for a new director and puts your name forward. However, if you do not yet have a board role then serving on a not-for-profit board can offer a number of valuable attributes.

1. It can give you a taste of whether you enjoy being a board member.
2. It can also provide references from fellow trustees that are often useful when you're being considered for a for-profit board.
3. As most search-firm databases focus on individuals with prior board experience, sitting on a not for profit board means that you can now call yourself a 'Non Executive Director'. This title alone can boost your chances of being appointed to a for-profit board.

## **So if not through a search firm or a not for profit board, how do you go about getting a paid position?**

If finding a paid role is your goal then I find that the best way to begin is to let your connections know of your interest in taking on a board seat. It is important to know what you would offer a board.

I believe that there are four areas in particular you should focus on articulating:



1. Your prior board level experience.
2. Your professional networks.
3. Your executive skill set.
4. Your passion for governance.

You should also ask yourself whether you know anyone on the board that could vouch for you. If you can do this it can dramatically increase your chances of being appointed.

You should also consider the type of board where your experience would have greatest relevance and develop a list of target companies where your background might be a particular asset.

I know many a portfolio director who had made their career by doing just this - it really works. To do it effectively you should understand the skills of the current board members and how your skills would compliment them. Essentially, approaching an organisation with a 'board solution' i.e. how you can help - is what you should do. The results can be impressive.

Many directors have found their first paid board seat through other networks involving auditors, executive compensation consultants or lawyers they've worked with who service several board clients. Others have landed their first seat by expressing interest to contacts in venture capital firms who might become involved in initial public offerings.

You cannot be everywhere and know about every vacancy so, beyond alerting people to your aspirations and approaching organisations directly, you should also compliment your search by registering with a service such as Board Appointments to gain access to the numerous vacancies advertised each month. Further, ensure your supporting documentation is up to date and that you understand the process that boards take to find new appointments.

Getting that first paid board seat remains a challenge, even for highly qualified business leaders. But once you land your first, more board invitations are likely to follow.



## **Beware the Bait and Switch**

Organisations of all different shapes and sizes require the services of a board and board members. We have committees, advisory boards, sub-committees, independent directors, non executive directors and 'value-add' directors. However, not all board opportunities are the same and some are just not board roles - despite what they might be promoted as.

### **It is the 'value add directors' that I want to raise your attention to**

There are some consultancies in the market place that appear to advertise board vacancies (specifically value add directors) when in reality they are merely raising capital for their clients. These are not true board roles; nor are they paid (at least not in the traditional sense) and often not even voluntary! Unfortunately this is not an uncommon situation.

### **How does it work?**

Often a consultancy representing a company client advertises for a board member on behalf of that client. An unsuspecting candidate makes contact to express interest in the advertised position. Then, in a subsequent discussion, they are told of an exciting organisation with huge growth possibilities that (miraculously) requires the sort of skills that this candidate possesses.

Once engaged in the conversation and once the vision has been firmly embedded, the candidate may then be told that the client is also currently raising capital. Here the candidate might be introduced to the client directly on the understanding that the opportunity is voluntary initially but when the company is profitable they will be paid a sitting fee - in exchange for 'some skin in the game'.

For those who have been subjected to this practice, finding out that you need to pay to be on the board can often seem predatory and much like a *bait and switch* ploy.

### **How can you stop it from happening to you?**

Fortunately, these situations are not common practice in the industry - but it does happen. Consider the following warning signs to help prevent being taken in:

1. Beware the 'value-add director' title. These are not true non executive positions - it is code for 'investor'.
2. Beware of start-ups looking for board members. Almost by definition these sorts of companies have little money. Put yourself in their shoes - the priority is probably not spending what little money they have on paying board members. If they do have lots of money, they are probably not advertising for board members.
3. They will often use companies to represent them. Usually they make use of small consultancies.
4. The details will be scarce and there is unlikely to be a formal application process.

### **Is it really 'bait and switch'?**

Most often it is, but not always intentionally. In many cases the companies themselves are unaware of the activities of the consultancy firm representing them. They may have approached the representing firm in good faith to raise capital for them (and getting new board members would be a by-product) using that firm's database of high net worth (HNW) individuals. So when they do meet the candidates put forward by the firm, they can often be as surprised as the candidates themselves that it was not made clear to the candidates that the company's first priority is to raise capital, not to put people on their advisory board.

In some cases a company might try to raise capital themselves by advertising for board members. In my experience this is a less common occurrence because the firms are critically aware that by using this 'bait and switch' ploy, they risk their brand and reputation. There is often less smoke and mirror in these direct application situations but it can still be incredibly frustrating for potential candidates wanting to contribute their skills and experience without contributing their money.

### **Is it illegal?**

Perhaps, though if not it is at least a misrepresentation of intentions and as such unethical.

## **Summary**

Once asked to invest your personal cash as a precondition to becoming a director, it then becomes a different proposition and you need to analyse the proposition for its investment merit and not as a potential director - regardless of how attractive this might be.

I strongly advise that you should not invest in any organisation in order to sit on the board and that it is rarely a way to advance your board career.

## **4. Not for Profit Boards**

## **Why You Should Really Consider Taking an Unpaid Board Role – Even if You don't Want One**

Many I speak with tell me that they would love to sit on a board but that they would only consider a paid board role. I believe that only considering a paid board role is a mistake and that unpaid board roles can be equally or more rewarding. As such, I spend much of my time articulating the benefits of serving on a board other than just being paid.

When you do the sums and take into consideration the average time taken for the board meetings (4hrs+), subcommittee meetings (2hrs+), travel (2hrs), pre – reading and preparation (6hrs +: I just spoke with a client who had a board paper of 400 pages to read!) and attending the inevitable emergency meetings (2hrs+), the hourly rate for the vast majority of Non Executive Directors is pretty poor.

I recognise that for many this is a significant amount of money but for those who already sit on a board that pays an 'average' fee this may not be particularly significant or feel like a valuable (\$\$) use of their time. When you take into consideration the lost revenue opportunities, time out of the office and the legal and/or financial risk that Directors face, it is a wonder anyone is willing to consider a paid or unpaid Non Executive Directorship!

For this reason many people, when approached to join a board, simply say 'No. Why would I want to?'

### **So why would anyone consider serving on a board?**

Whilst the 'average' fee can be attractive for many the reality is that even unpaid board roles offer significant and tangible benefits and these should not be ignored.

The benefits, as I see them, are:

1. If you're not already sitting on a board, by sitting on one you get to call yourself a 'Non Executive Director'. The benefits should not be ego related.

Rather, this is a title that can leverage you onto other boards should you want them.

2. You get to have non executive conversations with other Non Executives (outside of your board). Sharing Non Executive experience can be a great conversation starter and these conversations – with often influential individuals - can lead to new business and new opportunities.
3. You get to learn the business of governance. If you are yet to sit on a board then an unpaid board role can be a great learning ground (as is a paid role if you can find one).
4. You often get to network (around the board table) with 'significant' Non Executive Directors – again increasing your opportunity to leverage these relationships into new board or executive business.

I recognise that serving on a board is time consuming and risky. However, I think that individuals gain a number of unique benefits from sitting on any board regardless of whether they are paid or not. So much so that I believe that if a board sitting fee is paid, I think that this should be regarded as a bonus.

Whilst I do advocate that everyone consider unpaid board roles to complement their career, I am not sure how much traction I get. But as I reflect on my own relatively meagre board experience I am reminded how valuable the board work I do has been to my own executive career.



## **How to find a seat on a not for profit board**

### **Determine which causes are meaningful to you and be ready to provide proof of your passion**

Can you show that you have a passionate interest in a certain nonprofit's mission and care genuinely about the challenges and pressing issues on its agenda? Can you articulate a cohesive story that demonstrates this passion?

If so, you're on the right track – your passion counts - but there is still some way to go. You'll be interviewed and vetted by the board, so you'll need to be 'board ready' and prepared for what is essentially a job interview. That means lots of research – more than you might think.

### **Understand what you have to offer and what the board requires**

Boards are often looking for people who can help them in specific areas like fundraising, PR and marketing, event planning and finances. Your earlier research will help here so you should be able to target your application/interview to addressing what you now know.

Your contacts/personal connections here also count; you want to demonstrate not just what you know but who you know that can benefit the board and the organisation.

### **Think strategically about what being on the not for profit's board can do for you**

I never recommend joining any board, let alone a not for profit, to get to a 'better' board. Instead you should use the board to build, or contribute, your knowledge of governance to the organisation. Also use it as a platform to show your expertise and competence to influential people on the board who might also sit on other boards.

Most people who sit on nonprofit boards are also sitting on others or have sat on others in the past. But it is likely that their not for profit role is the one they are most passionate about. Still, it is further likely that they know people in lots of other organizations and may be able to steer you to dozens of other boards.

## **Develop Personal Connections**

Easier said than done but LinkedIn is a great resource. Research then invite current and former board members for coffee to find out what their experience has been like. Get introductions and conversely make them – be helpful.

## **5. How to Become a Non Executive Director**

## **Six Things to Consider When Thinking About a Non**

### **Executive Career**

The best advice I could give any individual wanting a board position or portfolio career is to start preparing immediately. Many directors describe finding their first directorship as an arduous and time consuming process. So the biggest mistake many people make when retiring from executive duties, or individuals considering a portfolio career, is not starting the search process early enough.

There are 6 things that I recommend all aspiring directors consider. You have got to:

- manage your expectations;
- understand and be clear about what you have to offer;
- develop personal connections;
- understand how to get advice and use recruiters;
- update your non executive CV/Resume and
- write a strong cover letter.

**Manage your expectations:** Many experienced but aspiring directors expect their first board role to be remunerated. These sorts of board roles are highly sought after and may involve competitive application processes.

Without demonstrable experience at board level, getting this type of role can be very challenging. Instead, consider applying for unpaid board positions in not for profit or smaller organisations. These roles are a terrific launch pad for larger, or paid, directorships in the future.

Alternatively, consider volunteering for an organisation that you are passionate about – your local sporting team or a charity you support. Not only does it allow you to contribute but it also demonstrates your passion for governance and your willingness to give your time.

Regardless whether the position is unpaid or not, it should never be treated as a stepping stone to something 'better' but rather as an opportunity to contribute and build your board skills. In fact, most established directors describe their small or unpaid directorships as the most enjoyable part of their portfolio career.

**What do you have to offer?** Understanding what it is you offer a board is absolutely essential. You should know and practice your 'elevator pitch' and be clear on the successes you have had and the experience you bring. More and more boards want not just your professional experience but access to your networks developed through your existing non executive or executive career. So again, being clear about what you bring to a board in this regard is key.

Additionally, boards are often just as interested in your passion for their organisation as your skill set so make sure you know why you want to apply. If you can't think of a reason why you want to be a director for that company then perhaps it is worth reconsidering your application.

**Personal Connections & Networking:** The appointment process for board or advisory panel roles in many cases is not dissimilar to that of any other appointment process. Many find that the majority of opportunities are never advertised and are filled by word of mouth or through existing relationships. Therefore, developing 'personal connections' is vital and should form the basis of any search process.

As a general rule I advise my clients that 30% of their time should be focused on developing and maintaining their own brand and personal connections. There are unlimited ways that this might occur but I find the most effective ways to develop and maintain your brand are:

- actively using LinkedIn, Twitter and/or a blog;
- maintaining relationships with colleagues (past or present);
- making mutually beneficial introductions between your connections;
- writing articles in trade magazines, etc or
- presenting at conferences or attending conferences/training events.

**Getting advice and using executive recruiters:** Executive recruiters or 'headhunters' are a great source of information and often have access to opportunities that you might not know about or are never advertised. Working effectively with them is key. You should endeavor to maintain frequent (though not annoying!) contact and strong relationship with these firms and their consultants so

that you remain at the forefront of their minds should an appropriate vacancy become available.

**Your CV/Resume:** Many people assume that their executive CV is appropriate for board applications. In most cases it is not. A number of key changes need to take place including:

- Putting your non-executive, panel or committee experience before your executive experience
- Demonstrating your success in strategic and governance environments (particularly if you are coming from an executive background)
- Ensuring your profile statement reflects your non executive success, networks and governance experience rather than your executive or operational experience.

An experienced career advisor, non-executive recruiter or board consultant can help you create an effective CV/Resume.

**Cover letters:** Applications for non executive roles are often more popular than executive roles so it is important to separate yourself from other applicants. Writing a strong cover letter that articulates your passion for the role, what you would bring to the role (governance experience, skills & networks) and your passion for the company/organisation is a great way to begin.

## **Preparing Yourself for a Non Executive Career**

I am often asked what advice I would give to anyone wanting a board position. My immediate answer is to start looking for roles well before you need one as the process of being appointed can be lengthy. Beyond this there are five things that you should consider before getting started.

1. **Manage your expectations.** Many experienced executives - aspiring board NEDs - expect their first board role to be remunerated. In many cases it can be but remunerated board roles are highly competitive. To avoid unnecessary frustration it can pay to manage your expectations about what your first board role might be. Ask yourself the question 'What sort of board would I appoint myself to?'
2. **Know what you have to offer.** Boards don't only want your professional experience but also access to your networks developed through your existing non executive or executive career. Be clear about what you bring to a board in this regard. Additionally, boards are often as interested in your passion for their organisation as they are with your skill set so make sure you know why you want to apply. If you can't think of a reason why you want to be a director for that company then perhaps it is worth reconsidering applying.
3. **Develop personal connections.** The appointment process for board or advisory panel roles in many cases is not dissimilar to that of an executive appointment process. Many find that the majority of opportunities are never advertised and are filled by word of mouth or through existing relationships. Developing 'personal connections' is vital and should form the basis of any search process. I find that the most effective tool in finding a board role is simply telling people that you are interested in developing a board career.

4. **Get a 'Board Ready' CV/Resume.** Many people assume that their executive CV is appropriate for board applications. In most cases it is not. A number key changes need to take place to make it 'board ready'.
  
5. **Write a great cover letter.** Applications for non-executive roles are often highly competitive so it is important to separate yourself from other applicants. Writing a strong cover letter that articulates your passion for the role and what you would bring to the role by way of governance experience, skills and networks is a great way to begin.



## **How Much Research Should You Do for a NED**

### **Application?**

Research is by far the most important element of any board/job-hunting process. Conversely, it is probably the most under-utilised and difficult element to undertake. It is even harder to do well. However, when done right, thorough research will pay dividends and shorten the time it takes for you to be appointed to a board. I recommend four separate research activities that should be taken before you apply for a role.

#### **Desk research.**

This is a no-brainer. However, most people consider desk-based research the only research they need to do. If done at all, it is rarely done more than twice. First when the opportunity is first noticed and then immediately before an interview.

Unfortunately for those taking this approach, the effort will not differentiate them from any other applicant. Differentiating yourself is the whole point of your application process. You need to do more than just surf the web.

#### **Personal research.**

Often the research that is most effective can only be gained by leaving your computer and experiencing what the organisation does directly. The reason it is so effective is because few candidates do it. It also shows a proactive approach to gaining an understanding of the organisation. Some of my most impressive candidates to date leave their computers and experience what the organisation does directly. They visit the organisation in person, do some 'mystery shopping', use their website, experience their customer service, buy a product or use their services and then, having done all these things, they reference them in interviews and applications to great effect.

#### **Speak to people**

Researching applications is a great excuse to speak with your peers or, better still, to the peers of the organisation that you are applying to. Whilst daunting, this effort will never go unrewarded because this level of research is something that will continue to

separate you from other applicants throughout the process. The added bonus is that you may also 'stumble' upon other board opportunities.

## **Contact about the opportunity**

The final element of your board research should culminate in a phone call to the search firm/advertiser or Chair of the board you are applying for. **This is non-negotiable.** However, it should only occur after completing your desk and personal research. You should make this call for two reasons:

1. To differentiate yourself from other applicants - this is where you start the process of 'daring them not to interview you' by referencing your research and demonstrating a full understanding of the organisation/board.
2. To clarify the closing date and content for applications. On countless occasions I have received late applications or ones without enough or with too much information. Sometimes these might be considered but more often they are not. This is really frustrating for applicants and embarrassing for the organisation. In either case you don't want this to be you. Make the call.

## **What is the down side?**

Many worry about doing this level of research because they feel they might be seen to be abusing the application process (by getting too close to those who influence the appointment). You certainly do not want to be seen to be unfairly influencing the appointment decision but this can be overcome if you approach those you speak with, with a clear desire to inform yourself about the role/organisation rather than to influence the decision-making process.

## **Isn't this too much?**

It is a lot of work but good candidates do this and if you don't you will suffer in comparison. Equally, by doing this level of research you will be '*daring them not to interview you*' and demonstrating yourself to be informed, proactive and intelligent - qualities all board members should have.

## **Getting Started as a Non-Executive Director: First Person Accounts**

**A well chosen non-executive director can be key to good governance but getting that first NED appointment can sometimes be the most challenging part of your board career**

Colin Smith, Non Executive Director at Hilton Food Group and Poundland (where he was also Chairman from 2002 – 2012) said it took him a year to secure his first NED appointment; this despite having 20 years executive experience as both CEO and financial director of a FTSE company. He stated that getting started as a NED was 'reasonably difficult'.

"I would advise people to look for a NED role while still serving as an executive. When you come out of your career, you can point to that NED position when seeking other roles."

So how did Smith get his foot in the first door?

"I visited headhunters, networked all my contacts and spoke to every private equity firm I could get hold of," he said.

As a non-executive director Smith, a chartered accountant, contributes his business expertise. He is attuned to what is required in terms of governance, good standards and control.

"I like to be involved where I can be engaged. I don't want to run things but I am not the sort of person whose only contribution is to turn up to a board meeting once a month. I have contributed expertise and gained a lot of knowledge and understanding of different business situations."

Steve Acklam, former chief executive of the School Governors' One Stop Shop (SGOSS) reckons a popular route to becoming a NED is to first gain valuable experience serving as a school governor. Although it's a voluntary role, governors have the same authority as a NED in a company.

Acklam stated: "Even a primary school may have a budget of £2m and 60 or 70 staff so all these issues related to running a business are within the school setting too."

According to Acklam the duties of the school governors' board include appointing the head teacher, setting and controlling the budget, managing strategic direction and making sure the school delivers high-quality education. You shouldn't find it hard finding a role as school governor, since there is always a need for people willing to fulfil this role.

IoD lead governance tutor Paul Mundens said that experience always counts. Apart from gaining valuable experience as a school governor, gaining positions on the boards of housing associations and the charitable sector can also help fill your CV.

Mundens pointed out that not every NED position will be advertised for open interview – "the NED is the last bastion of the tap on the shoulder," he said – but where they are, many interviewers don't understand the role of the NED.

The interviewer doesn't always know what they are looking for, so think about what you can bring to the board to improve the organisation. Pick the brain of the chairman beforehand. You should be asking him questions about what issues concern them and what the big risk issues are. Understand what you can do to improve the governance or the direction of the organisation.

IOD 2013

## **Transitioning from CEO to Non-Executive Director**

In my years as a Board and Executive Recruiter I have had countless conversations with both CEO's looking for their first independent Non Executive role and with Chair/Nomination Committees considering CEO's for their boards.

The conversations I have with each party are usually quite different but inevitably the question of '*Can they make the transition effectively from 'CEO' to a 'Non Executive Director'*' is considered. It is a good question to ask but in most cases I find it a moot point in the application process.

Let me explain.

The conversations I have with CEO's that are looking for their first NED role, whether before or after a looming retirement, are often conversations full of urgency and optimism, as the CEO looks forward to a continuing chapter of their successful career. In these conversations the first question I ask is always '*How much board experience do you have?*' Often their reply is: '*Not much, I have been busy being CEO*' - an understandable response and arguably not a bad one at that from an executive perspective. It shows dedication to the role. However, from an NED appointment perspective this response can be a killer.

It is a killer because post an executive role and looking towards an NED career, these CEO's must now compete with Executives or NED's with existing portfolio careers, even simply individuals with current board experience. In this case the question about whether they can handle the transition from a sole decision maker to a role as part of a decision making board is less relevant. Instead, what is relevant is their level of board experience, in either an executive or Non Executive capacity.

All things being equal, I find that Boards want new board members who have been tried and tested in the boardroom. For this reason the kind of conversation I have most (when recruiting a new board member) with Chairs and Nomination Committees is focused around existing board experience. Only if an applicant does not have this experience, the question of whether they can make the transition to the boardroom is raised.

## **So, what do I recommend?**

For CEO's considering a board career, you need to be aware that gaining board appointments can be very competitive. You will be competing against more experienced candidates - something you may not be comfortable with. So getting yourself fully prepared for the journey ahead, is key.

You should:

1. Understand intimately what you offer a board. In many cases it is a detailed understanding of the sector. It may just as likely be the breadth of connections you bring and the business opportunities that stem from them.
2. Understand how board appointments are made - Advertisements, Search Firms, Networks & Direct Approaches
3. Get your documents in order. A Board CV alone won't get you the position but an inadequate Board CV may lose you the opportunity - don't take the risk. Make sure that you have a CV drawn up that reflects your experience in the correct way.
4. Carve out some time from your executive career to prepare for the next chapter.

If you are a CEO and do not yet have board experience all is not lost. A recently retired/retiring CEO who applies for a board seat (in a relevant industry) can be seen as very appealing. In this case, and if positioned appropriately, the appointing committee/Chair can look favourably on your application by considering your relevance in the industry, the current networks and connections you might bring and your understanding of the immediate macro issues at play in running a similar business.

## **So is the transition from CEO to Non Executive Director that difficult?**

If the first critique of you as a CEO is not having any board experience, then it can be. If you see board roles as part of your future then don't wait until retirement to get the experience you need to make that transition as easy as possible. The position

needn't be paid and it needn't be your dream role but the trade off is that having '*Non Executive Director*' on your CV can be the difference between success and failure.

## **5. How Board Appointments Are Made.**



## **Four Ways to Get Appointed and the One Thing That Really Counts**

Like much in life we find theory on the one hand and on the other, the actual practice.

I have worked as a headhunter and seen the board appointment process up close for over a decade. In my experience, in addition to working your personal connections, there are three ways in which individuals are appointed to a board. They are:

- Search firms (headhunters)
- Advertisements
- A direct approach

Whilst many senior executive appointment processes are tied to a rigid format. The board appointment process is often a more personal and flexible affair that is highly reliant upon being a 'known quantity'.

This is important to understand and should shape the way you look at and apply for board positions because, above all, the recommendations and knowledge that stem from your personal relationships/connections carry significant gravitas in the appointment process - whether formal or informal.

### **An example**

I have seen well qualified candidates disregarded because of a negative comment made by a board member considering applications. In some cases I have been in an appointment meeting and listened to a board member state that he had heard that a particular candidate, while working with an ex colleague almost 10 years ago in a more junior position, was not a great leader. This is a tenuous critique but when delivered by a board colleague, it led to the candidate's application, for all intents and purposes, being disregarded. I have equally seen poorly crafted applications be accepted because of an individual's strong reputation.

### **Becoming a 'known quantity'**

Whilst you should not ignore the formal processes associated with applying for roles in response to an advert or conducted via executive search firms, remember that

even within these more formal processes it is also absolutely critical that you get to know the key players, stakeholder or influencers of the organisation that you want to sit on the board of. By doing so you will be setting the 'mood music' around your application and be assured of greater success. More about this in articles to come. However, the best way for you to do this is to thoroughly research the opportunity that you are applying for - this means leaving your computer and picking up the phone and conducting some 'on the ground' research.

For anyone considering a board career, you need to be aware that gaining a board appointment can be very competitive. You will probably be competing against other candidates with experience and connections. So getting yourself fully prepared so you give yourself the best chance, no matter whether it's a formal or more personal appointment process is key.

## **6. How to Get on a Board**

## **The Fundamentals**

Many think that the only thing that matters in a board selection process is that a candidate has the relevant skills to contribute to the board. But that's rarely the only aspect boards look at when searching for the right candidate. As competition is fierce for board positions organisations can afford to pick through the applications of very good candidates to find their perfect appointment.

### **What does it take to get on a board?**

When trying to get on a board, there are four things you need to consider. Think about them carefully as you contemplate which board seat you want to apply for and why you would want to serve on that specific board.

The four fundamentals are:

1. Boards are focused on the future - they are looking three to five years forward for the skills they'll need to help drive success. For this reason it is not surprising that most board searches still focus on experienced NED's, CEO's (which is what significant ASX companies often want) or business unit heads (which smaller ASX or private companies will often accept).

Whatever the title, the key is that person has a track record of making good decisions and can demonstrate their success.

2. The majority of directors landed on boards because they knew an influential person, such as another director, who recommended them. If you don't know one you should make every effort to develop these sorts of roles. Be strategic in identifying companies on whose boards you would like to serve. Then make it your mission to get to know those directors. You also need to understand who else is on the board and be comfortable that you would fit with the culture and values.

3. Board search firms will sometimes reach out to CEO's and directors to ask for the name of the best director on their board and why that person provides the most value. So, if you want to be recommended for a board position then you need to ensure that the contribution you make in an executive capacity is valued and demonstrated.

4. If you're looking for a board seat, you need to be able to articulate where you could add value. This often means focusing on the two or three industries where you believe your skills would be a great fit and clearly stating what it is that you can offer - over and above - others that might be applying. If you cannot do this then you might reconsider whether this is the right board for you.

Of course there is **one other thing** need to do to stand out from others who seek to be chosen for that board position that you deserve - don't be part of the pack. As a past headhunter and executive recruiter my advice to potential candidates looking for their next promotion or to sit on a board was to 'avoid people like me'. By that I meant application processes managed by a third party where they would have to compete against, sometimes hundreds of others, for the role they wanted. Instead, I strongly recommending directly approaching the organisations that you want to sit on the board of with a compelling argument as to what value you can add.

Of course, in your search for board opportunities, you will undoubtedly come across adverts of, or headhunters / executive search firms who have board roles that you are interested in so you need to know how to work effectively with those advertising opportunities.

### **In summary**

Beyond being good at what you do, networking appropriately, being clear on what you offer a board and understanding what a board is likely to want from a successful candidate you should keep an eye out for advertised vacancies and speak to recruiters about their opportunities.

### **3 Myths and 5 Things You Should Do to Get on a Board**

Landing your first, or subsequent, board seat is no easy matter. For many gaining an opportunity to serve can be arduous, so the most commonly asked question remains, "How do I get on a board?"

Motivations and experience aside, following this practical advice could increase your chances of being appointed.

#### **There are three myths about being appointed to a board**

**No. 1:**

**There are a shortage of directors willing to serve so it's easy to get appointed.**

**Myth.**

Recent feedback from one of my members demonstrated this not to be the case. She was one of 1000 who applied! Most active Chief Executive Officers now limit their outside board seats to one; even retired executives seldom serve on more than three or four. Today Directors are being more selective about the board invitations they accept; some highly qualified execs refuse to consider serving at all. In fact, my conversations with existing board members suggest that often their first response to an invitation to serve on any board is, and should be, 'no – why should I?' Despite this, Board invitations are indeed rolling in for experienced directors and reducing the opportunities for aspiring Directors.

**No. 2:**

**The best way to get a board seat is to send your CV to a search firm.**

**Myth.**

Having worked in this realm for almost 10 years I can confirm that search firms are retained to find directors to serve on boards, not to find board seats for potential directors. While some do request, or add, unsolicited CVs to their databases, they more often than not languish there. Although meeting with a recruiter to express interest in board services can be a useful intelligence gathering exercise, it seldom yields direct results. That said, serendipity does come into play - if you happen to

meet when he/she is conducting a search where your background is a fit, your name may be put forward. But many who take this approach wait by the phone in vain.

**No. 3:**

**Serving on a not-for-profit board will get you on a for-profit board.**

**Myth – well kind of.**

This can work if you sit on a quality board where others sit on other quality, for profit boards and recommend you. However, most search-firms focus on directors serving on public company boards because they are the high profile candidates that their clients pay to have on their own application lists. Still, serving on a not-for-profit board can give you a taste of whether you enjoy being a board member. It can also provide references from fellow trustees that are often useful when you're being considered for a for-profit board.

**If you've never served on the board of a public company, how do you go about getting on one?**

**Above all, don't leave your search too late**

If you are thinking about a non executive career start your search today. I can't tell you how many times I have counselled clients – ex CEO's or recently retired Directors – who say that they now have nothing to do and want to sit on a board. The reality is that for this to happen they should have started their search and board service years ago.

**Your Own Board May Be Your Best Resource**

While some boards refuse to allow their CEO's & Directors to accept another board seat, the more enlightened ones recognize the benefits of having their Executive Team to serve elsewhere. If your board is supportive, your directors may be your best resource in finding another appointment. Senior executives approaching retirement, such as a Chief Financial Officer or leader of a major business unit, may also be able to provide leads.

## **Let people know you are looking**

Letting directors with whom you've worked know of your interest in taking on a non executive role may be the easiest way for you to find a board to serve on as well as broadening your networks.

## **Target and Network**

Consider the type of board where your experience would have greatest relevance and develop a list of target companies where your background might be a particular asset. Then pull up bios of their current board members: Do they have directors who already bring the skills you offer? Are any approaching retirement? Do you know anyone on that board or someone who is likely to know one of the directors through business-, social- or political contacts?

Many directors have found their first board seat through other networks involving auditors, executive compensation consultants or lawyers they've worked with who service several board clients. Others have landed their first seat by expressing interest to contacts in venture capital firms who might become involved in initial public offerings. LinkedIn is a great resource too. I find that most Board Directors are more than willing to offer their time to other new or aspiring Board Directors.

Whatever you do make sure that you 'dare them not to appoint you'.



## **Why Being Good Enough Counts More Than You Think**

Unlike many senior executive appointment processes where tens of thousands of dollars are often spent on a recruitment process or a recruitment consultant and that is tied to a rigid process, the board appointment process can be a more personal and flexible affair. This is important to know and should shape the way you look and apply for board roles.

A recent board appointment survey found that approximately 15% of all board vacancies are filled via a formal recruitment process. The other 80+% of appointments are made through brief or informal appointment processes. In these cases existing relationships and informal networks count more than the stated application process itself. So with this in mind it is important to know what to expect when responding to a board vacancy - even one that is advertised.

Organisations generally always want the best people to sit on their boards but the process for finding them can be daunting or the resources required underestimated. As a result of this the process can often be abruptly altered, a stated application date closed early or the appointment made via a personal connection.

Whilst I think holding out for a stated closing date to finish is good for PR for an organisation and valuable (as often the last few applications received are the best ones) an organisation managing their own appointment process may view things differently.

You can imagine the desire to wind up a formal, long and resource sapping process early occurring if, for example, one hundred applications had been received and there were still two more weeks until applications formally closed. It would equally be more likely to happen if some of the applications that were already received were deemed 'good enough'. And more likely still if someone connected to the board recommended a candidate that they thought was appropriate.

As you can imagine, this situation occurs more often than you might think and has left many a disappointed potential applicant. This flexibility can happen for very good

reasons and should not be used as an indication of the quality of the board or organisation. Instead, it should guide the way you approach application processes.

### **So how do you make sure you are 'good enough'?**

1. Don't wait too long to apply. Get your application in early, clarify the process and register an interest (immediately after doing your research) when you find an opportunity. In short, you want to be the first applicant they receive an application from that is 'good enough'.

2. Ensure you are a 'warm candidate'. Use an application to make yourself known to the board, the recruiter or the HR manager and people connected to the organisation. Do this through your research prior to picking up the phone to inquire about the role or to introduce yourself.

3. An even better idea than just being a warm candidate is to get yourself introduced to the board via a personal connection. As I stated in the beginning, more than 80% of all board appointments are made via personal connections.

## **7. Networking and Developing Personal Connections**

## **Is Your Network Stale Rather Than Shallow?**

Often I find that my coaching clients, faced with an impending job change - voluntary or involuntary - realise very quickly that their contact network is 'stale' and rather shallow. It is much easier to maintain and nourish your network on an ongoing basis as opposed to playing catch-up when you find yourself in need of help from others.

Your network of business-, professional- and personal contacts is the most valuable and transportable asset you have. A properly nourished and up-to-date network can truly work wonders for your career.

Make a commitment **NOW** to start getting your contact network house in order. You can start by doing any or all of the following:

### **Assimilate Names**

Begin gathering the names of all your current and past business-, professional- and personal contacts. Think in terms of categories of people within the context of how you knew them or dealt with them. For instance, think of former colleagues at each of your previous employers, college and university contacts (alumni networks are an excellent source for these names), community and professional organizations, boards and committees you served on, current and former vendors, current and former customers, athletic teammates, club members, church members, friends, family, etc.

### **Update Contact Information**

As you assimilate names, gather current contact information - home address, home phone, cell phone, personal email address, business email address. A current email address and current cell phone number are the two best pieces of information you can gather. Make a note of the context of the relationship as well.

### **Utilize a Contact Management System**

Enter your contact information into your favorite Contact Management System - Microsoft Outlook, ACT, Goldmine, Google Contacts, etc. Stick to one system and update it thoroughly. This can be a major task, depending on the number of contacts.

You should consider soliciting the help of an administrative assistant, an intern/college student or a family member to help you get it done.

### **"A, B, C" Your Contact List**

As you enter your contacts into your Contact Management System, I recommend that you make a notation as to the 'quality and depth' of the relationship you have with each contact. A simple "A, B, C" ranking input into a field in the database can accomplish this for you. An "A" contact is someone you feel is definitely an advocate or champion of yours; someone who, without question, would have great things to say about you. "C" contacts are individuals whom you do not know very well at all and "B" contacts are those who are neither an "A" nor a "C". You know them fairly well or very well but they're not necessarily individuals you'd consider advocates or champions.

### **Initiate Contact with Everyone over the Next 30 Days**

Begin the process of initiating contact with everyone in your network within the next 30 days. Drop a quick email to say "hello" or send an email simply updating your contact information. Continue the process of updating current contact information for those candidates with missing or outdated information. Set a goal to have information as complete as possible on all contacts within 30 days. Also set a goal of having contacted all of those individuals for whom you have contact information within the same 30 day period.

### **Include your Complete Contact Information in your Email Signature Block**

Include a link in your email signature block to your personal website if you have one, to your LinkedIn profile, to any blog(s) you host, to your Facebook profile or other similar online portals. Make it as easy as possible for everyone to find your most up-to-date information.

### **Maintain Ongoing Contact**

Once you've re-established contact with your network, the next step is to maintain ongoing contact. The more frequently and regularly your network contacts hear from

you, the better your chances of staying on their radar. You always want to be on the short list of people that any one of your network contacts thinks of when contemplating a referral or recommendation to someone else in their network.

Great examples of ways to stay in regular contact with your network include:

- a) Send a birthday card
- b) Send a referral to a network contact
- c) Refer a network contact to someone else or to another network contact
- d) Send an email to update your career status - employment change, promotion or another similar announcement
- e) Send an email to update your contact information - new phone number, new email address
- f) Develop and distribute a brief but relevant weekly eZine with timely and useful content
- g) Share your discovery of a new online resource, a new tool, a new book, etc.

### **Give Something**

Sustainable networking definitely means *giving* first. Giving means sharing referrals between contacts, sharing useful and relevant information, sending *thank you* notes, birthday cards and holiday cards, congratulating someone on a reward or achievement, helping someone think through a business issue or personal matter, *being there* for someone else.

Be proactive about giving to and helping others; be *that guy* (or gal) that others love to hear from. *Ping* your network with information, articles and content through your various Social Media platforms - LinkedIn, Facebook, Twitter, etc. Make sure you add value to their lives by sharing useful information.

### **Always Offer your Assistance in Connecting them to Someone whom they are Interested in Reaching**

This could be a prospective customer, a vendor, a business partner or an expert in a certain field (taxes, life insurance, legal, etc.).

Ask them three simple questions:

1. "Is there anyone you're trying to hook up with or looking for help with on some matter?"
2. "Is there anyone on your target list that you'd love to meet or speak to?"
3. "Are there any companies you're trying to get a lead into?"

These three simple questions, asked consistently, will definitely set you apart as someone with their interest in mind and someone who truly cares about their business. Make it a habit to end every conversation with these three (or other similar) questions. This simple gesture will become part of the personal brand you communicate to the world. Try it!

### **Project Your Brand in All Communications**

Your personal brand elements are those attributes and characteristics that you want others to remember about you. Look for ways to constantly remind your network contacts of those personal branding elements through every communication tool available. Use your email signature, your voice mail, the personal notes you write and your blog(s) as tools to continuously communicate the following examples of brand elements:

1. Your area or areas of professional specialty - what you do for a living captured in a unique message that is clearly understood and that sets you apart.
2. Your level of professionalism.
3. Your positive and inspiring attitude.
4. Your focus on quality.

All of the above examples can be incorporated into all of your communications and send the consistent message that paints the picture in others' minds of who you are, what you do and how you do it.

### **Three Final Thoughts**

1. **I HIGHLY recommend using LinkedIn** as part of your networking arsenal of tools. If you're not a member, sign up as soon as possible and begin inviting

all of your network contacts to join you on LinkedIn. Become a LinkedIn expert and take advantage of all the features built into this market-leading tool.

2. **Keep your network contact information current.** LinkedIn will help with this goal. Staying in frequent contact with your network members will also help ensure you have their most up-to-date contact and employment status information.
3. **Build contact network development/maintenance into your weekly routine.** Establish a rhythm for communicating to your contact database. Offer help and request assistance those times when you need it.

If you follow the above guidelines, you'll be amazed at what this asset can do for your career.



## **How Much Do 'Old School Networks' Count?**

The simple answer to this question is: 'It depends on whether a board considers itself a rock pool or a Northern Quoll?'

Many believe boards are like rock pools. A rock pool - like one you might find on a headland or a beach - is a robust ecosystem thriving on the tide coming in and out twice a day delivering any number of new entities into its presence. A board, many think, operate the same way - as a new member joins, the board adapts accordingly and becomes stronger for it.

However, the reality is often very different. In my experience boards are very wary of any kind of change and are more akin to a Northern Quoll. Consider the introduction of the Cane Toad to Australia in 1935 in an attempt to control the native grey-backed cane beetle. Despite the best intentions, the introduction of this single entity is having a devastating effect on our native ecosystem and the Northern Quoll (they eat cane toads and die as a result) in particular.

Like the Northern Quoll, I think most boards/Chairs, whilst capable, are fearful of the introduction of a foreign element because they might also devastate their fragile ecosystem.

So what does it matter if a board considers itself a rockpool or a Northern Quoll? It matters, because it affects the approach Chairs take to the appointment process. More importantly still, it should affect the way you apply to or position yourself for a board position.

A board often considers itself as having a delicate ecosystem and individual members are keenly aware of this. They are, therefore, in the best position to know what kind of candidate would be suited to the board so as not to disrupt this ecosystem. For this reason most Chairs, when faced with a vacancy, first ask board members if they know of any suitable candidates. Many take this approach because by doing so they are assured of a 'known quantity' applying which provides some level of comfort to them that the eventual appointee will be culturally appropriate.

Of course, if no suitable candidates are known by board members, then often a third party or advertisement will be used. In this case it is important for you to consider how your application might be viewed by the board and the cultural impact of joining it.

In either case, when applying you need to consider how to allay any fears the Chair might have of introducing you into their fragile ecosystem. A good way to do this is to get to know external and internal stakeholders and reference these in your application. This may not place you in the 'club' but it should at least provide the decision makers reviewing your application a level of comfort.

So, do old boys' networks count? Yes, absolutely. Being part of the 'club' provides a tangible level of comfort to the board and chairman that you will not upset the balance of the ecosystem - something that together they have worked long and hard to develop. However, if you are not part of the club already do consider ways to provide the same level of comfort.

## **Connectedness – The New Differentiator**

Ten years ago Thomas Friedman wrote a bestselling book called *The World Is Flat*. In it he described how the world was being transformed to become a global playing field, writing about the shift to the *global village* as it is widely known today. This has opened many doors for people and is now often used in everyday business.

One consequence of this global village is the limitlessness thereof, which can become overwhelming. The information and options available to individuals and businesses have become endless. Although this is a positive thing, the challenge lies in taking advantage of the information and options available without drowning in it.

In this environment, our connections are our most important asset. Because it is not possible for an individual to read and learn about all information available out there, we need to have connections we can trust to bring the most important resources and information to our attention.

By making smart decisions about your connections, you have a better chance of ensuring that:

1. You do not have so many connections that it becomes distracting
2. You do not have so few connections that you are overly reliant on the few you do have
3. You have a diverse enough group of connections to inspire innovation
4. You are in touch with current trends which encourages improvement
5. You have connections that are unique enough to better your position
6. You have a small enough group of connections to help you remain focused

You have to keep your objectives in mind with the connections you make. It is important to ensure that you are making decisions based on the results you want.

Connections are important in all different contexts and levels. Many of the most successful people are successful because they have been smart and prudent about how they make and use connections.

Consider for a moment what your network looks like at this moment.

- Will your current connections aid you in reaching your goals?
- What needs to change in your network of connections to better enable you to reach your goals?

## **People play different roles in a network**

1. People can be **central connectors**, which means that they know a lot of other people.
2. People can act as **brokers**, connecting people who would not otherwise connect.
3. People can be **peripheral specialists**, which means that they do not have a lot of other connections but are valuable because of the knowledge they have.

Central connectors and brokers are mainly valuable because of the relationships they bring to the table; peripheral specialists are mainly valuable because of the knowledge they bring to the table.

In our day and age, we do not have any option but to trust those around us for the resources we need in order to succeed. With so many resources and so much information out there to navigate, your network of connections has become one of your most valuable resources.

## **Companies with ‘Networked’ Board Directors have 85% Higher Growth Rates**

A recent article reported on the key board interlocks between some of the biggest companies. According to the Herald Lindsay Maxsted, board member of BHP Billiton, Transurban and Westpac, is at the top of a list of high powered corporate influencers.

When looking at stock exchange data on board interlocks, then research shows that companies that employ board members from a list of 334 *networked* non-executive directors (executives that served as non executive directors on at least two boards and had a board interlock with at least one other director on the list) achieved on average a 7% higher compound annual growth rate in revenue than those companies that didn't. The companies in this research study had all been listed for the whole period from 2004 to 2012. In this way only companies that had demonstrated some level of longevity and sustainability were taken into account.

Further research showed that the independence of the non-executive director role and gender had little to no effect on the outcome. It was only with the sample based on 'Networked Elites' that the significant performance differentials were identified, providing strong evidence that having networked non-executive members on your board can be good for your financial health.

### **Is Social Capital Driving Financial Capital?**

With 'social capital' I mean the aggregate benefit that can be obtained through a network of relationships. For instance, people who maximize the benefits of networks derived from social platforms such as Facebook and LinkedIn are exercising social capital.

One can easily jump to a conclusion that the members of this list of 'networked elites' form the core of a hidden network of company directors who have a major influence over the fortunes of some of the most significant companies. If that's the case, then these results should lead to companies seeking out 'networked elites' for their boards and for aspiring board directors to choose only roles that qualify them as a 'networked elite'.

However, firms can be overly connected to the extent that they may be challenging anti-competition laws. There is clearly a balance that needs to be achieved.

Another fact to keep in mind is that referrals could have had an effect on the way the directors of these boards are interlinked. It could be that those directors whose referrals are trusted and acted on, are because they are highly effective directors themselves. If so, we could conclude that talented people seek to work with other talented people, with a net result of superior performance, supporting the social capital effect argument.

## **The Ultimate Value of Social Capital**

The link found between social networking and business performance leads us to thinking about different ways in which this social capital can be applied.

1. If your firm could identify the key influencers in the UK's highest-powered network and you could target those people for your board of directors' network, it could have a major influence on appointments made while reducing business development expenses.
2. For the 'women on board' movement, there is a concentration of female members at the top of the 'networked elites'. In fact, 4 of the top 10 on the list are women. Women with an eye on a board should model their careers on their fellow network elites.
3. For those promoting diversity on boards beyond just gender, studying the networked elites and the companies that employ them could show what particular elements of diversity are having the most impact on the bottom line.
4. For governments looking to work more closely with the corporate sector, it's an opportunity to understand how to best influence business and who the key players and potential agents of change are. Public sector supported industry development activities and the whole social enterprise 3<sup>rd</sup> sector could become much more effective.
5. Of course it can also work in reverse. Governments also have their advisory boards. Although governments don't have share prices and revenue is usually not the ultimate goal, a number of networked elites in the public sector could

become very influential should the opportunity arise. Wouldn't the corporate sector love to have the list of Public Sector 'networked elites'?

In this research the network connections that have been identified were all inferred from board member associations. At this stage there is no data on the board members' other connections or what their complete network looks like. However, there is enough evidence to prove that having directors on your board with the right network can improve the company's bottom line.

## **8. The Board Application Process**



# ***The Five things Chairs Look For In a Successful Appointment***

## ***1. Executive Skills***

In order to be successfully appointed to a board or to submit an effective application it is important to first understand what appointing boards look for in potential board directors.

Having recruited and interviewed hundreds of Non Executive Directors and advertised hundreds more board vacancies, I understand that there are five elements that most Chairs or Nominations Committees consider when making board appointments. They are:

1. Executive Skills
2. Prior Governance experience
3. Relevant personal connections/networks
4. Understanding of the sector/industry/company
5. Cultural fit.

I want to focus on the first of these five in this chapter as it is arguably the most important element. Over subsequent chapters I will address the other elements.

### **Top 3 executive skills**

People ask me regularly *'What skills do most boards want in a potential board member?'*

They are:

- Finance & Accounting
- Audit & Risk
- Legal

These top 3 should come as no surprise and generally make up the majority skills of a board's composition. However, there are plenty more skills required by boards so, if you are not a lawyer, banker or accountant do not think your board career is over - far from it. In fact, some of the best NEDs I have met do not have legal or financial backgrounds. Instead, having at the back of your mind how sought after these skills are can help you craft a convincing reason for being appointed.

## **Understanding your board skills**

Boards require a diverse matrix of skills but pinning down exactly what these skills are can be difficult. There are undoubtedly others but the list below is a good place to start and might help you understand where you are likely to contribute your skills at board level.

- |                        |                           |
|------------------------|---------------------------|
| 1. Accounting          | 10. Legal                 |
| 2. Audit               | 11. Management Experience |
| 3. Building/Property   | 12. Marketing             |
| 4. Communications/PR   | 13. OH&S                  |
| 5. Finance             | 14. Policy Development    |
| 6. Governance          | 15. Risk                  |
| 7. HR                  | 16. Senior Leadership     |
| 8. Industry Experience | 17. Strategy & Planning   |
| 9. IT/Digital          |                           |

## **Understanding what executive skills are required?**

Key to any board application is determining what a board wants in a new Member. In most cases finding out what it is, is fairly straight forward as you will have likely been approached because of your core skills or these skills were clearly outlined in the specifications in an advert or by a recruiter.

However, in some situations the skills required can be less clear. To counter this you need to make yourself aware of the current/future issues that the board is concerning itself with and understand what is occurring at board level.

There are a number of ways this can be accomplished. Obviously, if you can, speak with the Chair or the Nominations Committee first (I strongly recommend you do this prior to submitting any application). Then grasping what they want should be easy. If you do not have access to key board members or you are still unclear of the skills required by the board, then you will need to find alternative routes to get this information.

In this situation I strongly recommend speaking to the stakeholders of the organisation to get their perspective on the strategic challenges they believe face the organisation and the ones that they also face themselves (as they are likely to be similar). Having gathered this information you should then be able to deduce the skills required at board level to tackle their challenges.

Once you are clear on the skills required by the board the next step is to identify where the skills gaps lie. Creating a skills matrix of the board members is a good way to start. Consider the *fictitious* board matrix below. The Red skills are underrepresented and the Yellow also indicate deficiency - both might be areas you could contribute.

SKILLS MATRIX

	Accounting	Audit	Facilities	Comms/PR	Finance	Fundraising	Governance	HR	Industry Exp	IT	Legal	Management	OH&S	Polity	Risk	Snr L'ship	Strategy
Member A																	
Member B																	
Member C																	
Member D																	
Member E																	
Member F																	
Member G																	
Member H																	
Member I																	

By undertaking the exercise above, grasping what the most sought after skills are, understanding where you can contribute and what the strategic challenges are the board/organisation is facing should form an essential part of your application process.

By taking this approach you will be able to demonstrate being an intelligent, proactive and thoughtful applicant and also be able to speak with confidence about how your skills can contribute and compliment the work of the board - all things any board would value in a new board member.

## 2. Your Networks & Connections

In the previous section I outlined the five elements that I understand most Chairs or Nominations Committees consider when making board appointments:

- Executive skills
- Networks/Connections
- Demonstrable experience
- Demonstrable passion
- cultural fit

Specifically, I detailed what executive skills are valued at board level but also why evidencing prior governance experience is so important.

In this chapter I want to look at the third of the five elements: *Your Networks & Personal Connections*. I hope that by the end of this chapter you will understand the importance of emphasizing this aspect of your experience when applying for a board position.

### **What are personal connections?**

At the most basic level personal connections are simply people you know. If you are a frequent reader of my articles, then you would have read that these connections can be divided into 'strong ties' and 'weak ties', i.e. respectively those people you see frequently and those whom you see rarely/infrequently. It's interesting to note that your strong ties are statistically less likely to land you a new job/board position and that, counter-intuitively the weak ties are more likely to.

Networks differ from personal connections really only in the approach you take to making them. *Networking* conjures up the notion of handing out business cards at cocktail parties or work events. As such they are shallow and get stale easily.

Developing personal connections on the other hand suggests a less pressurised approach where you take interest in the individual and how you can help them. As such they are easier to maintain and intrinsically have more value.

## **Why do Chairs care about your personal connections?**

### **Being well connected suggests that you are a strong candidate**

I have rarely interviewed a candidate who has a wide range of industry connections who was not also a strong candidate. The fact that they were well connected was not the reason they were a strong candidate. Instead, they were likely to be a strong candidate because they were well connected. The difference may seem minute on first reading but in an application scenario this difference is invaluable.

You see, well connected individuals form genuine and meaningful connections over time because of the way they do business. Further, they are likely to form many of these sorts of relationships because they have been successful in their career. It is this sort of individual a Chair wants on their board.

### **Your connections provide some comfort as to your ability to serve on their board**

One of a Chair's roles is to maintain their board's 'fragile ecosystem' - an ecosystem that is potentially in jeopardy when any new appointment is made. For this reason providing comfort that your appointment won't adversely affect the workings of the board is critical. A good way to do this is to evidence your (relevant) personal connections (as opposed to your networks). In doing so you can show that, were you to be appointed, you would be culturally aligned with the other board members and the workings of the board.

Of course, having strong executive or non executive industry experience can demonstrate this as well. However, if you do not have strong personal connections then you may just be deemed too much of a risk to be appointed.

In short, evidencing relevant personal connections can go a long way to provide a Chair the comfort they need to appoint you.

### **Your personal connections are likely to be called on during your tenure to address a wide range of strategic and operational board issues**

It is no secret that a lot of executive decision making is done on the basis of personal recommendations or past experience. This is true at board level as well and is probably the reason most Chairs want well connected board members sitting on their boards.

Having board members connected to a wide range of individuals that the Chair might not know but trusts or values, means that the board has access to different perspectives. These differing views add value to the board in terms of competitor knowledge or thought leadership - either of which might put them ahead of their competitors or lead the board to making more informed decisions that lead to the organisation delivering their services more effectively.

### **Is it all about your connections?**

No, it's not just about that. There have been times when I have interviewed 'professional networkers' who have a long list of 'industry connections'. On first glance, these individuals seem impressive. However, on closer inspection, these individuals can easily be separated from candidates with genuine personal connections.

Having done this, these candidates quickly fall to the bottom of the pile of those who would be appointed. So wheeling out a list of people you 'know' in an application or interview won't work unless you have a credible story about the way you interact with them and how you can leverage them in the future.

### **Your personal connections count**

They do. However, they count only if they are genuine. If they are, then they suggest not only that you know a lot about your industry but that you are also likely to be well respected within that industry.

Further, if you are well respected then you will bring that respect with you to the board you join. These are things that any Chair wants from a board member and as such should be something you should emphasise in your board applications.

## **In summary**

What sort of individual would you want on the board of your company? If you think like most Chairs then you probably want a board made up of people with:

1. The skills you require to do business better,
2. Prior experience operating at board level and
3. Wider connections than you have, which you can leverage.



### **3. Prior Governance or Board Experience**

In a previous chapter I detailed what executive skills are valued at board level but also, I hope, encouraged you to consider how your skills could be applied at board level and how to effectively promote these in a recruitment scenario.

In this section I want to look at the second of the five elements – *Evidencing prior governance experience*.

#### **How can you determine future success at board level?**

While it is not necessary for board members to get along, an effective board is one that works together to make effective and well informed decisions. All Chairs want this from their current board and to continue regardless of changes in board member composition. As such, when appointing new members they want to ensure that individuals, in addition to having the requisite skills, can contribute successfully to the outer workings of the board. So the question is: How does a Chair determine whether a candidate will be successful on *their* board?

#### **One way**

Adhering to the old recruitment adage '*Demonstrating past success demonstrates future success*' is one such determinant. It is a phrase I regularly hear in recruitment circles. It essentially suggests that, if a candidate was successful in a similar role in the past then they are likely to be successful in a similar role in the future.

Whilst this statement feels intuitively true, on closer inspection it is not necessarily so. Making a decision on this basis can ignore the cultural, physical, economic and geographical differences between an individual operating in one organisation as opposed to another. It further underplays the personal relationships so intrinsically important at board level and the diverse and unique motivations of individual members. As such, alone, I believe, it is an unreliable gauge to measure future success.

#### **Here's the point**

There is something we all suffer from called the Fundamental Attribution Error, which is that *we "instinctively want to explain the world around us in terms of people's essential attributes"* i.e. we focus and make judgments of individuals upon immediately graspable facts first. Because of this, and regardless of how much stock you personally put in the *past success/future success* statement, your past experience weighs heavily in the minds of many decision makers. So it is therefore essential that you make it clear you have prior governance or board level experience.

### **I have board experience so what do I do?**

Dare them not to see you! Ensure your CV promotes your board experience clearly and include evidence of success. Just because you have sat on a board does not make you a good board member – your evidence of success does. Make sure that both elements are on the front page and in bold on any document you submit.

Likewise you want to make sure this is clear in conversations/interviews you are in. Demonstrating this sort of experience/success to Chairs and Nomination Committees means that you are on your way to being considered a 'safe hire'. However, not evidencing this success/experience, regardless of your executive skills, means that there will likely be better looking candidates in the mix.

### **I don't have board experience what do I do?**

The obvious answer is to get some. I am aware that this response might seem flippant but bear with me. If you are intent on developing a serious board portfolio or perhaps just one or two significant roles, then you need to manage your expectations. This might mean starting from the bottom – like you had to when you began your executive career.

Start by considering small, perhaps community based organisations, to serve on boards of (there are plenty out there) or target your search to organisations/stakeholders that you know intimately and who know and trust you already (a smaller group). Taking these roles won't necessarily lead to more significant boards in their own right (and this should not be your primary motivation for taking them) but the new title of 'Non Executive Director' just might.

Before you jump into finding a small board role an alternative might be found in your past. Have you sat on an internal or executive committee before? If so, then this goes some way to alleviating the potential anxiety a Chair might have in appointing you to your first 'proper' board as these roles suggest your ability to operate in a board environment and show some governance experience. If you haven't any committee experience you should try to get some – look for opportunities within the organisation you work for or with stakeholder organisations.

### **So what do I really need to know?**

Potential board members are judged heavily upon their past board experience and success at board level. You must ensure that if you already have board experience and board successes that these are immediately obvious to the organisation you are applying to. If you do not have board experience, get some – committees, small Not for Profits and the like count equally at this point in your board journey. They allow you to demonstrate future success in the minds of those who might appoint you to their board in the future

If it is easier, think about it in a regular/executive hiring context. All things being equal who, between the two following candidates, are you more likely to lean towards hiring?

1. The one who has done the job before or
2. The one who has not?

At board level you want to be the one who has done the 'job' before.

## **4. Cultural Fit**

In the previous three chapters I outlined the five elements I understand most Chairs or Nominations Committees consider when making board appointments:

- Executive Skills
- Governance Experience
- Personal Connections
- Cultural Fit
- Understanding/Passion

I specifically detailed:

- which executive skills are valued at board level,
- why evidencing prior governance experience is so important and
- why your personal connections are so valuable.

Let's now look at the fourth of the five elements: *Cultural Fit*. It is my hope that, by the end of this article, you will understand that this element is critical and counts for more than you might think it would in the appointment process.

### **Why does cultural fit matter?**

Boards operate in a *fragile ecosystem*, where effective decision-making relies on members being able to have robust discussions whilst still maintaining working relationships. Any new board appointment might be deemed an incursion as a new member risks this delicate balance. For this reason ensuring the cultural fit of a new member to the board is of paramount importance.

In most board recruitment processes the issue of cultural fit is rarely articulated. You won't find it in a job specification or be asked directly about it in an interview; having said that, in my experience it is never far from the minds of many Chairs or Recruiters.

Invariably, this topic arises behind the scenes and carries considerable weight in the decision making process. So what is it and how can you demonstrate having it?

## **How do you demonstrate having a cultural fit?**

Many consider the cultural fit question as something poorly defined and even more difficult to address adequately in an application. It is not.

There are a number of ways you can demonstrate your appropriateness for a board appointment in terms of your cultural fit.

1. The most obvious is linked to your current executive experience. For example, if you work in a financial institution, then sitting on the board of a similar institution would suggest being like-minded.
2. By demonstrating your knowledge of, or personally knowing, board members. Equally, knowing and referencing individuals you have in common with other board members provides some comfort in your appointment.
3. Using the vernacular of the board/industry equally provides comfort to the appointing board that you are familiar with what they do and how they do it.
4. Really researching and getting into the detail of what the organisation does and evidencing this research – think mystery shopping, visiting the office, buying the product and speaking to competitors.

## **What does a cultural misfit look like?**

On the occasions I have seen a board appointment fail it is often due, in part, to an inappropriate cultural fit. For example, it could be that a new member does not appreciate the 'slow pace' of a board or be more/less commercially orientated than other board members. Equally, a new member might not appreciate the regulatory responsibilities of a board in a particular industry or they simply might not like the other board members or their perspectives. The end result is often a board that is fragmented, has an inability to hold a 'common line' or is unable to hold to a strategic decision.

## **How can you tell what the culture of a board is like?**

Many of the reasons for a failed appointment can be addressed by ensuring/encouraging a candidate to undertake comprehensive due diligence.

Perhaps the best way to determine your fit to a board is to sit in on a board meeting. Additionally, meeting other Directors prior to joining the board is highly encouraged, as is meeting the Chair.

With the exception of the latter, in my experience, this level of due diligence rarely occurs but it is really essential.

I would also add to the mix speaking with the CEO and perhaps the Auditors to round out your perception of the board and the organisation.

### **Surely it is not such a big deal?**

It is. Cultural fit lies at the heart of many a failed board application and as such, a misfit is likely to mean a short appointment. This means wasted time and a further disruption to the board resulting in lost opportunities and unnecessary expense; things that no Chair wants and will do all they can to avoid the reputational damage associated with this failure.

All of the above requires a degree of research prior to putting in an application or meeting the board. However, doing this research can mean the difference between your appointment or not. Remember, **dare them not to appoint you.**

## **5. Demonstrable Passion**

In the previous sections I detailed:

- which executive skills are valued at board level,
- why evidencing prior governance experience is so important,
- why your personal connections are so valuable and
- why cultural fit is so important and how you can demonstrate that you have it.

In this chapter I want to look at how your experience within an industry or working for a cause relates to board appointments. Frankly, this has been the most difficult chapter to pen. However, it is my hope that by the end of it you will understand that when it comes to your potential board appointment, being able to demonstrate your passion for the industry or cause you have experience in is invaluable during the board appointment process.

### **Industry experience on the board - a no brainer?**

In many ways this seems the most obvious of the five criteria a Chair would want from a new board member. It seems a sensible move to appoint board members who are industry experts. They would obviously be able to provide industry insights that would be of great value when it comes to strategic decision making by the board. Another advantage of having people with deep industry experience on a board, is the ability of the board to then access their relationships, connections and the kind of knowledge that only someone with a 'finger on the pulse of the industry', could contribute.

However, when looking critically at the makeup of boards, you will find in many cases that, while Chairs do value the insight that comes from industry practitioners, they equally value the perspective that comes from people outside the sector. So, despite the obvious benefits of appointing this kind of board member, in my experience finding people with deep industry knowledge is not the highest priority.

Instead, Chairs want to see across the entire board a DEMONSTRABLE passion for what the organization does or is trying to do.

This may sound obvious but it is worth pausing to consider what this means from an appointment perspective.

### **Passion, really?**

The best board members I speak to are definitely capable but more than that they are passionate about what they are doing and they can demonstrate it. They know - as do Chairs - that the missing piece of the puzzle between having the skills, experience, relationships and the cultural fit to contribute to the effective governance of an organization, is passion. They know that when times get tough, board dynamics are tested, the inevitable crisis arrives or the executive job gets busy, it is going to be the passionate ones who continue to contribute. Those less passionate, quickly drop by the wayside. For this reasons, and many more, it is the passionate individuals that Chairs look to fill their board roles.

### **How do you demonstrate passion?**

This is a critical point and where it gets tricky; it brings us back to industry experience. To demonstrate passion for a particular industry or cause will inevitably mean that you must have had some involvement with it. The challenge many will face is how to demonstrate that whilst you might be passionate about the industry (because you have worked within it) your experience is sufficiently different to the CEO's/Executive's to warrant putting you on the board.

Why do you want to sit on this board, is a question I ask in every board interview I conduct. Beyond hoping for an answer other than 'because I saw the opportunity and liked the sound of it' (you would be surprised how many say something like this) I really want to be convinced that you are passionate about the cause and serving on the board is the best way for you to contribute. Of course, it is not good enough to just say, 'because I am passionate about the cause.' If you do use this response, you should be prepared for a follow-up question such as, 'how can you demonstrate that passion?'



The best answers I have fielded have been ones that evidence some past involvement with the industry or cause. Not necessarily as an executive (though this counts) but rather by evidencing your 'extra-professional' experience. By this I mean evidencing the things you have done outside of your executive career. It could be volunteer work or charity donations, being part of industry groups or internal committees focused on particular industry specialties.

This concept is reflected in the old adage: 'Skills will get you to the door but passion will get you through it'. Clichéd perhaps but think about it. We have all worked with very capable but unmotivated people in the past. Whilst skilled, you don't want to work with them and for obvious reasons, you would never hire them for your own business. You would look instead for someone who was passionate about contributing.

There are countless ways in which you can demonstrate your passion for a cause but many don't focus on this enough when preparing for a board career, an application or interview. Board appointments are competitive processes and I can guarantee you that even if you have the skills to contribute, if you don't have a demonstrable passion to do so you will find it very difficult to convince a Chair to take the risk of appointing you. Even if appointed, I would expect your tenure on the board to be tenuous.

## **In summary**

How then does a Chair juggle the need for new members who understand the business of the board whilst also providing diverse thinking that will benefit the board? It all comes back to demonstrable passion.

- Demonstrate your passion for the industry by demonstrating some prior or current history of involvement within the industry or for the cause.
- When playing the 'industry experience' card it is of utmost importance that you know how your experience differs from that of the CEO/Executive and as such is valuable in a board scenario.

- Demonstrate a personal connection or an ongoing relationship with the broader industry. This might include working with similar stakeholders, charity donations, volunteer work or industry committee links.

Being able to demonstrate your passion provides the crux of any board application and should act as a guide to which boards you should target for an appointment. It can be the hardest thing for many to do but it is worth spending time considering. Without this passion, and in a competitive environment, you simply won't be able to **dare them not to see you.**

## **6. Governance Training**

### **The Value of a Governance Qualification**

**A great way to show your commitment to good governance – and to get an advantage over the competition for board positions – is with an industry accredited qualification.**

Long time members of Board Appointments will confirm that a big part of what we emphasize on your CV, and in our thought leadership, is your previous experience and success in serving on a board. Whether it was a paid or unpaid role or whether it was on a Not for Profit board or a Government role, these two elements (amongst others) carry a lot of weight when applying for future board roles.

However, whilst the importance of this experience can't be ignored, it is not everything. In a competitive appointment environment (and it is very competitive!) and when Chairs are only wanting to appoint the *perfect* board member, having a **Governance Qualification** is becoming more and more a *must have* for board candidates.

### **Governance Training**

- [Hong Kong Institute of Directors](#)
- [Institute of Corporate Directors \(Canada\)](#)
- [Institute of Directors \(UK\)](#)
- [Institute of Directors in New Zealand, Inc](#)
- [Institute of Directors in Southern Africa](#)
- [National Association of Corporate Directors \(USA\)](#)

### **Six Reasons to Get a Governance Qualification**

There are six reasons you should enrol for either one of the above mentioned courses:

1. Adding governance training to your CV will demonstrate your commitment to Board work.
2. It doesn't matter how long you have served on Boards, governance training is likely to teach you things you don't already know.

3. If you do have previous Non Executive experience, governance training will likely serve to confirm (and formalise) the things you already know - if not refresh your memory!
4. Like an MBA, it might just be the difference between being appointed and receiving that apologetic email or phone call – after all when all things are equal, a board is more likely to appoint a professionally qualified candidate than someone who is not qualified.
5. The cohorts you complete the course with are your peers and may provide a strong network for you. As I have said before, the value of a strong network cannot be over-emphasized in your search for a Board role.
6. Your Governance Training will form part of your pitch to a Board as to why they should appoint you. It is certain to help you '*dare them not to appoint you*'.

### **Still Not Convinced?**

I speak to people who are trying to or have succeeded in being appointed to a board on a daily basis. Conservatively, 75% of them have completed some form of Governance Qualification. It is a 'club' that you need to be a part of if you are serious about developing a board career and contributing effectively to the governance of an organisation.

If you don't already have a relevant Governance Qualification, do consider getting one as soon as possible and **dare them not to appoint you**

## **11. Applications, CVs & Interviews**

## **The Perfect Board Candidate – Your Board Profile**

There are literally thousands of boards operating in a countless number of industries across England and each one operates within its own context and has various peculiarities unique to them. As such, it often seems difficult to decipher exactly what they might value in a new board member. This confusion is often compounded by a board's desire to have specific and targeted skills which regularly change to match the organisations current circumstances and aspirations. All of which means it is difficult to accurately pitch yourself for a board position.

After stripping away the contextual issues, in my experience, there are essentially four criteria that need to be addressed when researching, applying or interviewing for a board opportunity. They are:

### **An Executive Skill Set**

You must understand quite specifically what you have to offer and how your primary skills or experience will contribute at board level. Being unclear about this is a killer. I recently interviewed a potential board member who, whilst well qualified and had relevant experience, could not articulate what their role on the board would be. Needless to say he was not appointed. So, be clear about what you have to offer and ensure that you can articulate it, and your successes.

### **Personal Connections**

Demonstrating how your 'Personal Connections' (otherwise known as 'networks' which Malcom Gladwell in his book Tipping Point helpfully reframes) can benefit the board/organisation is key. This will mean spending time thinking about who you know (individuals or organisations), how they could help and how valuable they might be in a board context. No matter what you call them, the point is that boards want the benefit of your personal connections because the introductions you provide can, amongst other things, expedite business growth and lead to new opportunities. The value of your personal connections should not be underestimated and they offer more to an organisation than you might imagine. In the end this is a key part of your unique selling point (USP) and an important reason people get appointed to boards.

## **Past Governance Experience**

'The best way to demonstrate future success is past success' - an old adage many adhere to because it rings true. Of course, when you think about it, it is thoroughly misleading.

I have seen clients on numerous occasions make seemingly strong appointments of a 'successful' candidate only to see these individual fail or not live up to expectation. What is the reason for this? Because they thought past success was equal to future success but they did not take into consideration the many factors which influenced that success. For example they may not have considered the differences in: the culture of the organisations, the teams supporting them, their family life at the time, the economic environment, etc.

However and despite many boards overemphasizing the value of past successes it is still something that most appointment processes take comfort from. For this reason being able to demonstrate some form of governance experience – board or committee experience – is really valuable when applying for role. In some cases, this might mean taking a 'lowly' board role on the understanding that in that next interview or personal pitch you can state clearly that you are an 'experienced board member' - the payoff will then become obvious.

## **Passion**

Finally, one always has to remember that passion is the key to being able to effectively serve on a board. Current board members are often wildly passionate about what their organisation does. Connecting on that level is essential and not being able to do so can often be the difference between an appointment or not. So, while in some cases it is not essential for you to be passionate about what the organisation does specifically (though ideally you would be) you should at very least be passionate about what you can contribute. You must also be able to articulate that passion effectively.

To put all of this into more familiar context the four criteria that boards look for in potential board appointees are not dissimilar from what you might expect in an executive appointment.

1. **Skills:** Someone who is qualified and capable of doing the role that is asked of them.
2. **Experience:** Someone who has done the job successfully before.
3. **Connections:** Someone who knows the sector and is connected well enough to bring additional value to the business.
4. **Passion:** Someone who really wants to see the business grow because they are passionate about what they do.

There is of course no such thing as a perfect candidate and there are countless reasons why you might not be appointed to a board. However, understanding what the 'appointment levers' are means that you can begin to address them and thereby increase your chance of successfully being appointed to a board.



## How Much Does a Board CV Really Count When Applying for a Board Role?

**'If only a great Board CV meant securing a board role'**. This was a comment I recently received from a member. She of course had a point - you should never just rely upon your CV to do the talking for you - your networks and other tactics are incredibly valuable. However, not having a CV that effectively and succinctly outlines what you can offer to a board can be the difference to whether you are overlooked for the board position that you really want or not. Worse still, submitting a poor Board CV can let down others who might have recommended you for a position - further damaging your reputation.

I have sat in many a board appointment meeting with Chairs and Board Members discussing which NED applicants to interview or appoint to a board. I can tell you it can often be the smallest thing that separates successful applicants from unsuccessful ones and, at least initially, the board CV lies at the heart of most discussions.

It goes without saying that when applying for an executive role your CV counts a great deal. This is after all how you are initially judged. What you say, how you say it and the overall tone of your CV speak a great deal of your ability to do the job. This is why so many people spend such time and effort carefully crafting their application documents. However, in my experience this is rarely the case when it comes to board CVs.

In fact, most people use their same executive CV to apply for Non Executive Board roles. I say unfortunately because this sort of CV by definition defines your executive success - not board level ones - and is specifically targeted towards executive roles. These roles require evidence of hands on detail, of management or, the 'nuts and bolts' of a technical position. They of course demonstrate that you are good at a 'job' and your ability to implement decisions made by a board or CEO and NOT your adeptness of being part of a board. While in some situations this same CV might evidence some strategic successes they, by very nature, are different to the decisions made by individuals at board level - a very different role.

In a competitive board application process - and they almost all are - a Board CV is absolutely critical. It can be the difference to being seen or not.

## **Your Board Profile**

I already covered the profile of a perfect board candidate in the previous chapter.

This profile has to be reflected right through the application process, from your application to your board interview. This is no more so than in the case of your CV.

A good Board CV should demonstrate, above all, that you have given proper thought as to what you will offer the board or Chair if appointed. This will initially mean writing a concise, evidence laden and targeted Board Profile - often the most difficult part of the process. Your profile is absolutely the most important part of your CV because it will state clearly, early and evidence that you are Board Ready. Don't expect to get it right immediately it takes time and should to be honed to properly reflect the offer that you are making to each board that you are applying for. It is worth spending time on this element because without this clarity your following CV will not be cohesive and you will likely be perceived, in comparison to someone with a board CV, as just one of many who are taking a punt at being appointed.

Board Appointments are a competitive process you need to give them no reason not to see you.

## **Will a good Board CV alone secure you a board role?**

No of course not; just as a good executive CV will not secure you a job. However, when it counts most not having a Board CV will put you at an immediate disadvantage. Why take the chance? [Board Appointments](#) wrote over 250 Board CVs last year alone and are arguably the most qualified to do so. The [Board Access Plus](#) package, our most popular, offers a complimentary Board CV for you to get you Board Ready in addition to access to our numerous Board Vacancies each month and our unique Board Member Profiling Service - connecting recruiting organisations to our members.

## **Your Non Executive CV – 7 Things to Consider**

### **Getting the basis of your Board CV right**

Many people believe that their executive resume or CV is appropriate to use when applying for non-executive roles. After more than 10 years recruiting non-executives internationally and in the UK I can honestly say that it isn't.

Whilst not all board appointments require a dedicated 'board-ready' CV, it is important to have one should it be requested from you. Furthermore, the process of writing this document can be invaluable in getting your message right (remember the Board Profile I discussed in a previous chapter) and the content can be used in any future interviews.

Whilst an executive CV contains information about all your relevant executive experience, it rarely outlines your relevant Board experience. In a Board Ready CV your executive experience is outlined, as it is could be of great value to the Board you aim to sit on. However, it also includes all your Board and Committee experience – information that's invaluable during the application process and that could set you apart from other candidates competing for the same board role.

In a recent [study](#), eye tracking technology showed that decision-makers spend as little as six seconds(!) on their initial "fit/no fit" decision when viewing CVs. With this in mind, it is essential to effectively prioritise information and to not clutter your CV or have poor formatting.

The results of the study also revealed that decision-makers were able to easily find and focus on the important information if they were looking at a professional CV - much faster than regular resumes or an online profile. This shows that using a professional template where your skills, experience and attributes are clearly visible will positively affect the way your application is received.

In my experience, a good 'board-ready' CV is often between one and three pages long. While there is no set template for what style or format your CV should be in, it must answer the central questions any Chair will want to know which are 'Why should we appoint you?' and 'What value can you offer the board?'.

But before we get into the nitty gritty of what makes up a board ready CV, I have to touch on a few basic principles first:

I cannot tell you how many times a resume or applications of potentially very strong candidates have been disregarded because of poor grammar, spelling or typos. So, obviously, having your resume proof read is essential.

There is little point putting together a resume if it is not readable or not read. So, you need to consider not just the font size (I recommend no less than 11) but also the length of your resume. While I don't subscribe to your resume having to be no more than 2 pages long I have yet to see a resume that needed to be longer than 3 pages. Any longer than this and you risk potential employers just skimming it and missing critical information.

Cover letters are an important part of your application. In the past these were seen as irrelevant or token. However, today they are essential and should accompany any application. You cannot guarantee that it will be read but because it is critical to your application I always advise that your cover letter is saved in the same document as your resume – this far improves its chance of being seen. Like your resume it needs to be proofed and must be readable so I recommend no more than one page and 5 paragraphs (if you are interested in this topic please see our other Board Diversity Cover Letter webinar).

You will notice that on the list below of the structure of a CV, I didn't include that you should include a photo. First of all, you can never guarantee what your picture will look like when printed on someone else's computer or what it will look like on their monitor. Secondly, no matter how good you look, others view you through their own life contexts and you never know who you remind them of and whether that would be a flattering reflection. People also often unfairly make judgments about your ability based on what you look like which is why statistically, more attractive people get paid more and employed more. Also, by putting your picture on your resume you can make it easy for people to discriminate against you because of your gender, age, race, disability, etc.

The study I referred to at the beginning of this article found that recruiters tend to focus on pictures for the simple reason that pictures naturally draw the eye. As a result, it found that pictures often hamper the readers from locating the most relevant information, like skills and experience. For this reason, and many others, I never recommend including a picture on your CV. In my view it's just not worth the risk.

With that said let's get into the 7 parts that make up the structure of an effective board resume:

1. **NAME & CONTACT DETAILS:** If you have 'Resume' or Curriculum Vitae at the top, remove it. Those who you send the document to will know it is a resume and leaving this heading on simply takes up valuable room. Instead, put your name, contact details (mobile number and email) address at the top. I recommend your postal address but this is not essential. However, it does go some way to provide comfort to the reader that you are genuine. That said, if you are applying for a role that is perhaps a long way away from where meetings will be held i.e. in another state or country, then you will need to address your ability to travel to the meetings in your cover letter. Do not include your date of birth.

2. **NON-EXECUTIVE PROFILE:** Although this is near the top of your CV, it should be written last. Your profile should never be aspirational. It should outline your NED experience and the success your contributions as a NED have made to organisations in the past. Writing in the first person is fine but your profile should not exceed one brief paragraph.

Profiles are incredibly valuable if written properly and a waste of valuable space if not. Your profile should answer the question as to why appoint you on the board. For this reason I recommend a very short and targeted profile which answers this question and ideally begins with: I am an experienced non-executive director with over XX years' experience. This sort of approach immediately puts the reader at ease and sets them up to read the rest of your CV through the lens of you being qualified for the role. Following this you should simply list out your experience using as many specifics as you can and highlighting your most prized successes.

Finally, list any relevant qualifications and networks you have that would be valuable to the board.

**3. NON-EXECUTIVE APPOINTMENTS:** In an executive resume this section comes after details of your executive career. Here it comes before. This section should outline in chronological order your current and past non executive experience. Where you have been on sub boards or committees these can also be included here. For those of you lucky enough to have this experience filling out this section should be easy. Simply start with the dates you were/are on the board, your title i.e. board member and the name of the company. If it is an unknown company then put a one sentence description about what it does.

Beneath each role list in bullet points what your role on the board entails and whether you were on any subcommittees etc. However, this is only the first step and leaving it here will severely detract from any application. What you need to do next is list the success you personally had on the board – not just what you contributed, e.g. financial knowledge or general governance but real and defensible statements about what occurred directly because of your role on the board. I describe this as ‘evidence of success’. For example, did you bring business to the organisation, did you help with a particular piece of policy or bring a particular issue to light that resulted in a business change, etc. No more than 4 bullet points for each role please. Any more and you risk the achievements to be lost in an unread resume.

This is arguably the most important part of any resume. In many cases this will take some thinking to get done properly because rarely do people write down their successes and so need to spend some time, ideally with a Resume writer, to tease out their successes.

Once done, you should repeat this for each non-executive role you have had. For those of you who do not have traditional non-executive experience you may have to think a little harder. It is likely that in the past you have had committee experience or have had to report to a board. This is the place to put it. Evidence of success is

critical. What was the result of your interaction with the board or what happened as a result of the committee you were part of? Again, spending time with a resume writer – even if just initially – can really help bring this to the surface and will really strengthen your application.

For those of you who really cannot think of any board or committee experience fear not – we all have to start somewhere. In preparation for future applications you should definitely start thinking of places that you can get this experience but in the meantime start by answering for yourself the question as to ‘why you want this role?’. The answer to that question will go into your cover letter.

**4. EXECUTIVE CAREER:** While you are applying for a NED role your executive experience speaks of your underlying skill set and experience. It demonstrates seniority, networks and reliability so it is important to get right. If you are retired this section will cover your previous executive roles. As you are applying for a non – executive role a full rundown of all executive experience is not required. Instead, list your most current roles rather than your entire work history.

Use the same structure as was used for your non-executive section – Date - Position - Company – Title - with a brief sentence below to describe what the company did and then again no more than 4 bullet points outlining your achievements and evidence of success. Let me reiterate, you need to ‘dare the reader of the resume not to see you’ so only list things you can demonstrate you achieved – not just things you did.

**5. EDUCATION:** This will replicate the content of your executive resume and should include your key successes. Like in the Executive Experience section not everything is relevant so just include that which is relevant to your application. For those of you who have not done the Institute of Directors Governance Training (<http://www.iod.com/developing/chartered-director-qualifications>) I highly recommend it. Use the same format as before: Date - Position - Course and work backwards from your most recent training.

6. **EXTRA-PROFESSIONAL ACTIVITIES & PERSONAL INTERESTS:** A list or explanation of any activities or personal interests that cannot be described as either training or executive or non-executive experience for example: languages, awards, charity work or personal successes. You can also include particular membership organisations you are part of or informal networks. It is worth putting in a bullet point or two on your social activities as well, as this can help 'humanise' your resume and build rapport with the reader.

7. **REFERENCES:** I strongly encourage people to list their referees on their resume for a number of reasons. Firstly, having referees named shows you have nothing to hide. Secondly, it can be a great way to build a link with an organisation through a common personal connection that you did not know about.

Many Chairs/selection committees head straight to this section even though it's the last thing on your resume. They are interested to know if they know your referees. For this reason it is important to include the most relevant referees on your CV. This may not always mean the most significant individual you have worked with. It could mean that you include a referee that knows the Chair of the board you are applying to join.

Whilst I strongly support having referees listed, I strongly discourage anybody putting their contact details on their resume. The last thing you want to happen is for them to contact your reference without first contacting you (and you contacting your referees).

If you value the Board application process and want to stand the best chance at getting that Board role, then a professionally written Board Ready CV will be invaluable to you.

When you have your CV prepared by Board Appointments, you can be sure that it is compliant with current industry standards, evidences your strategic achievements, emphasises your governance successes and positions you strongly for board applications.





## **Writing a Board Application Cover Letter**

In the past, cover letters were deemed to be good enough if they simply introduced you and your interest in the role and then referred the reader to your attached CV. They were often too brief, functional at best, added no additional value and for this reason they were rarely read.

Regardless of whether you are responding to an advertisement, using a recruiter or approaching a company directly, in a post GFC labour market where the number of people desiring board roles far outweighs board opportunities, cover letters form a crucial part of your application process. Today, a cover letter matters. A well written, succinct and evidence based cover letter that demonstrates that you are qualified and passionate is essential and offers the first chance to separate yourself from other job seekers and dares them not to see you.

Cover letters are now a valuable resource carefully read by employers and strong applicants know this. A strong cover letter demonstrates you are much more than just your CV. But for a cover letter to be of any value it needs to be both accessible and readable.

### **Content**

Let's begin with accessibility: Because cover letters are still often seen to be of little value there is a temptation by some to skip over them. To ensure that your cover letter is easily accessible it should, where ever possible, be placed both in the body of your email application and included as part of your resume. It must not be saved as a separate attachment in the same document as your board resume. By including it in your email and also in your resume you ensure that it is much more likely to be read and therefore begins the process of distinguishing you from other applicants.

Having made it accessible you must then make it readable. First and foremost it should never be more than a single page long and ideally a good deal shorter. To help you do this, break the cover letter down into 5 paragraphs, each dealing with a different aspect of your application.

**The first paragraph must grab the attention of the reader so it should**

**demonstrate your passion for the role:** Boards want members who are intelligent, qualified AND passionate about what they do. So this paragraph is not a statement about your understanding of the company, where you saw the job advertised or what the role is that you are applying for. Instead it must demonstrate your passion for the role of a board director. It might focus on your previous board experience and how it demonstrates your passion for governance and leadership. The role you are applying for will likely have an experiential focus e.g. it might be finance, marketing or HR focused. If so speak about your passion for your particular expertise and how it might help the board.

This kind of opening is incredibly powerful. Firstly it immediately captures the reader's attention. It then demonstrates from the outset a number of positive qualities – your enthusiasm for the role, your ability to do it, your intelligence and connectedness. If you have researched what the board and company do, their challenges and needs, you can speak to that, showing them that you are proactive. Not a bad beginning.

**The second paragraph is your profile:** In essence your profile should neatly summarise your experience, your success, your achievements, your training and that you are 'board ready'. Once written, insert it here. Insert it verbatim from your resume so that it becomes your second paragraph. I know many will say that duplication on your application should be avoided but you do not want this paragraph overlooked. It is your answer to 'Why appoint you?' so it is critical.

**The third paragraph should address gaps or perceived issues in your resume:**

This should be a very short paragraph but everyone has something to address here. Perhaps you are too old, too young, over experienced, under experienced, it is your first board role, you are unemployed, you are changing career or beginning a portfolio career. Whatever the case for you may be, you should briefly allay any of your potential employers' fears so that they do not discount your application because of their preconceived ideas about what you are or have done.

For example, if you are applying for a role that is a long way away from your home but you are willing to travel then this is the place to say so. Equally, if you are unemployed tell them why (did you retire or leave for health reasons, etc) or if this is your first board role explain what else you have done that qualifies you to be appointed.

Again, from experience I know how easy it is for employers to disregard an applicant because of ill informed or preconceived ideas. For this reason alone you need to ensure you are absolutely clear on any gaps in your CV.

**Your penultimate paragraph should contain something interesting or memorable about you:** Who would you employ if you had to make a decision between two or more equally qualified candidates? The one who seemed to have a personality and had demonstrated their achievements outside of work (clubs, sporting achievements, languages, etc) or those who could not demonstrate any interests or success outside of a work setting and seemed the same as everyone else?

I once had a client who, when they had the choice to add another candidate to the interview list, added an applicant who had represented their country in table tennis. They added him not because of his table tennis skills but because he was the only one they remembered from the list. The reality is that potential employers want to brag about their new hires so you need to give them something to brag about or remember you by.

**Finally, your last paragraph should focus on passion for the company and what they do:** Again, this is one of the most important sections and will be boosted by good, non desk based research. You could end with something like, 'having spoken with your competitors and Mr X, your Chief Executive and having been to your office and used your products, I know that Company ABC is a leader in its field and you require most qualified board members. My experience to date, my passion for what you do and my eagerness to contribute to a high caliber board are the reason I have chosen to apply for this role.' This final summary demonstrates your

connectedness, intelligence and strategic approach. It is a strong way to finish any cover letter.

## **Summary**

Having a cover letter that compliments your board resume is the most important part of any non-executive application process.

## **Possible Non-Executive Interview Questions**

Some of the following questions may be asked of you in a Non Executive Director interview.

### **General Opening Questions**

1. Can you briefly tell us a little about yourself and the synergies that exist between your experience and what is required by this board?
2. Why does this role appeal to you? Why are you considering it now?
3. What is your honest opinion of our organisation? What should we be doing differently?

### **Governance Style**

4. How 'hands on' are you as a non-executive? To what extent are you interested in operational detail?
5. In your opinion, what conditions are absolutely necessary to ensure good governance?
6. What are the warning signs that usually precede a breakdown in good governance?
7. What do you think the board's role is in relation to development of strategy? How do you think the board should engage with executive management in this process?
8. Some directors thrive on working through challenging circumstances, but is there a point at which challenge can go too far. What are your thoughts on this?
9. What does board diversity mean to you, and what do you think a diverse board would look like at our organisation?
10. What do you consider to be the role of a non-executive director? How would you seek to clarify your role, if unclear?
11. How would you describe your style as a non-executive director?
12. What do you believe are the characteristics of an effective board?
13. What, in your view, is the leadership role of a non-executive?
14. How would you describe the ideal executive/non-executive relationship?

15. What would your relationship with our chair be like? How would you support and complement the Chair's role?

### **Commercial/business acumen**

16. What relationships/contacts do you have with our key stakeholders?

17. How would you recommend we achieve our purpose and financial goals?

18. What could be further commercial opportunities for an organisation like ours?

19. What do you think of our structure and governance arrangements?

20. What does the current economic climate mean for us? What are the threats and opportunities?

21. Do you think you have the necessary experience to help guide us through economic turbulence? Please give some relevant examples.

22. How do you feel your own background and experience could directly add value to our organisation?

### **The Organisation**

23. What do you perceive are our current strategic considerations?

24. Are we doing enough to equip our members/clients/stakeholders for the challenges of the future?

25. Who do you consider to be our key stakeholders now and how may that change over the next 10-15 years?

26. What do you think our members/clients/stakeholders expect from us? How can we exceed these expectations?

27. What do you consider will be the key challenges facing our sector in the next 5-10 years?

### **Administrative**

28. This role is not remunerated/remunerated at \$XXXXX. Could you confirm that you are comfortable with this?

29. How many other directorships do you have? Could you confirm that you are able to commit to the time required to perform effectively as a board member?

30. Is there anything that could potentially delay your availability to join our board?

31. Do you have any concerns about joining this board?

32. Are you aware of any potential conflicts of interest?

### **Closing questions**

33. Is there anything we didn't ask you that you wanted to talk to us about?

34. Do you have any questions for us?

35. Above is a comprehensive list of the possible questions you could be asked during your board interview. However, only knowing what you may be asked doesn't fully prepare you for what you can expect.



## Skype/Online Interviews

With the development of modern technology Skype/Online interviews have become common place. Which poses the question, with the job interview already being seen as an ordeal that most people have to face at one stage or another in their career, is it easier or more difficult now that that video starts to take the place of the face-to-face interview to land a board seat?

Online or video interviews are becoming more and more popular as organisations branch out overseas. Not only do companies hold live Skype interviews, there are also some companies that have started to send applicants a questionnaire that they have to reply to via video. This allows companies and boards to view the video interviews in their own time.

With the introduction of online interviews it's not only important to portray what you know; you also need to make sure that you come across well on camera. Where many rely on aspects like correct body language to help win a board role, the playing field changes slightly when the impression has to be made on screen instead of face-to-face.

Many things can go wrong and make an online interview more difficult than a face-to-face interview. I read about a case where a marketing professional from England had his first video interview with a company based in Berlin. He was used to using Skype on a regular basis and apart from the usual pre-interview nerves he didn't think that it would be too difficult. But he found it to be quite disconcerting when his interviewer never turned his camera on. Although the interviewer could see him the whole time, he was staring at a blank screen for the duration of the interview. And he didn't want to turn his own camera off and on again, so he just continued with the interview in spite of the difficulties.

One of the most common pitfalls of video interviews is not looking in the right place. Watching yourself in that small box on the screen can make you look uninterested and distracted – you can actually become distracted if you suddenly notice a strand of hair out of place or a pimple you hadn't noticed earlier! The interviewer can

actually see that you are not looking at them and this can make you come across as shy and insincere.

To avoid becoming distracted and make the best eye contact you should look straight into the camera. You can look at the speaker on the screen but especially when you respond to a question, you should always look into the camera.

As hiring becomes more global, online- and video interviews can be much more cost-effective. Not only can it save time but expensive travel expenses can be completely cut from the budget. For this reason more companies and boards have started utilizing online interviews rather than having to reimburse candidates for travel expenses.

First impressions are still crucial. When you have to sit for a video- or online interview, you need to remember that your CV (with Cover Letter) and a recording of your replies to their questions may be the only impression you ever get to make on the person who has to decide whether you will be getting the appointment or not. So do everything you can to make sure that you 'dare them not to appoint you'.

## **12. Due Diligence**

## **What to Ask Before Joining a Board**

You are considering joining a company's board. You reviewed the publicly available financial, legal, and business information; spoke with management, internal and external legal counsel, and auditors; and evaluated the D&O policy. You are all set, right? In fact, this is the beginning of your due diligence process: the hardest questions are the least measurable, but equally and sometimes more important than the measurable ones. With many questions, a company might not want to share the details until you have actually joined the board. In those cases, focus on whether the board and management have a process in place that supports a thoughtful discussion. In particular, think about these questions against the backdrop of your board value and effectiveness.

**Mission, vision, strategy, and related plan:** Does a well-thought-out strategic planning process exist, including consideration of risks (e.g., market shift) and the ability to execute the strategy? How often is strategy discussed, and how is it integrated with the yearly planning process? Once a year is not enough. Focus on the board's value and how the changing external environment (e.g., political, economic, competitive) is integrated into the evolution of strategic priorities.

**Market, market share, and market dynamics:** Delve into the market size, growth rate, and whether market share is or isn't increasing. Look at the key drivers and the expected demand for existing and new products in development over the next three to five years. Does management correlate market information with the product development process? Are new geographies or sales channels considered? A risk/return evaluation (i.e., the cost of investments in R&D and new products versus expected revenue and profit stream) in both the strategic plan and the one-year plan is important. This information is probably restricted, but you can assess it if this has been thought through by management and discussed by the board.

**Products:** Discuss the internal process for developing new products. Many companies integrate information on market dynamics, competitor information, and customer requirements. Does the company look at the product development pipeline versus market demands? What happens if products are delayed in delivery to the

market or if they are not successful? Will the company be financially viable for one to three years, or until this is righted? The key is to determine if a management process exists and is reviewed with the board.

**Competitors:** Find out how they collect competitive intelligence and how they process this insight. Identify information about who (big/small), what (how do they compare), and when (new-product development timeline). Is thought given to “up-and-comers” who could take the company by surprise?

**Customers:** Understand the customers’ viewpoints and whether there is a focus on customer satisfaction. Determine the sources the company uses to understand satisfaction levels, issues, and how they are resolved. How does the company learn about new products desired by both existing and potential customers? What changes are needed to current market channels to grow the business? Finally, does the board meet with customers? How does it get information that has not been “sanitized”?

**Financials:** In addition to reports to the board and audit committee and public information, take a hard look at operating cash flow against ongoing requirements. Understand the financial strength— in case there is a stumble in the operating plan execution—if debt exists or a need to raise capital is required. Evaluate the triggers that might cause the company to take unexpected actions.

**Legal:** Having already reviewed pending or threatened litigation, investigations, and possible violations of the Foreign Corrupt Practices Act, find out how international risk scenarios are evaluated and how they would be approached if a problem occurs. Will the D&O policy pay for legal fees up front so directors do not have to lay out cash? If the company is in a highly regulated industry, understand the relationships with the regulators and how they interact with the company.

**Board relationship and interface with management:** These relationships should be based upon mutual respect and a willingness to listen and consider different experiences, so pay close attention to how these questions are answered.

1. What is the relationship between the audit chair and the CFO, or the compensation committee chair and the head of human resources? Do

discussions and face-to-face exchanges occur on a regular basis? For example, does the CFO feel that he or she can call the audit chair at any time to seek advice?

2. Consider the relationships between board members and other members of executive management. One of my boards had a program that matched board members with an executive (not one they normally dealt with), and they were expected to speak to them regularly and have dinner or breakfast together at least quarterly. These “matches” were rotated every one to two years so that over a prolonged period of time board members would know the entire executive team beyond the formal presentations they might see in the boardroom.
3. How are differences resolved? When board members disagree with management, do people listen to each other’s opinions respectfully? Can you have a fulsome discussion and then proceed in a functional manner that supports the company and gets to the best result? Find out if there have been these types of discussions and how the board and management work through them in a constructive, effective manner.

**Board structure and relationships (tone at the top and practical reality of the board):** Understand the committees, responsibilities, and what you will be asked to take on. The hardest questions involve how the directors function with each other and with management.

1. How does the board function when it has conflicts?
2. How capable and committed are other board members?
3. Is there an “orientation” program to bring new directors up to speed?
4. What about board governance education requirements? How do members stay abreast of the latest industry, geography, and technology trends?
5. What are existing board members’ views on management? Are they forthcoming, honest, and competent?
6. How does the board go about reinforcing ethics and values? Are there appropriate processes? How does one check on this? What has happened in the past when there has been a problem?

**Shareholder relationships:** What is the board's role in shareholder communications? Do board members know how to respond if a shareholder reaches them directly? Have management and the board taken steps in crisis management planning? It is not a question of "if" but of "when."

**Quality:** This area includes products, value placed on people, and how the company handles issues. Most companies have quality programs, but identify how they actually respond to concerns and issues globally.

**Human resources:** How does the company approach retaining, motivating, and attracting talent? How involved is HR with the business? Does the CEO view HR as a partner? These same questions need to be asked of the CFO and CEO.

**Your own value:** Understand why the board wants you to join. Are you being added for the skills you bring? What is the expectation of your skills? Are you a good fit if this is a growth company or, alternatively, a distressed company?

**Other Risks:** What is the company's method for identifying and discussing business and corporate risks? Included on this list would be internal controls and the identification of any issues, health and safety, environmental concerns, and cyber risks.

Have the company and board been working to understand how social media is transforming the business landscape in addition to impacting the board's oversight of the company?

**Reputational risks:** Today this is a heightened risk. How do management and the board think about it?

**Governance model:** Is this an active board that focuses on both performing its fiduciary and compliance duties as well as taking an active approach to raising key short- and long-term issues to promote thorough and complete decision making? Or is it a passive board? How does this match with your own beliefs?

Keep in mind there are no perfect companies and no perfect boards. Prospective board members need to understand that they will find some issues as they evaluate

any company. The important part is making sure a board is thinking about the right issues, and that management and the board can discuss, process, and come to conclusion (and actions) in a positive and constructive manner.

Having asked the questions and gotten answers, now you must evaluate the culture fit for yourself with the rest of the board as well as with management, and whether you believe you can add real value.

*Ellen B. Richstone has extensive board and operating experience, both as a CEO and a CFO, and as a director in companies ranging in size from venture capital-backed to S&P 500, public, and private. She currently serves on the board of the NACD New England Chapter, along with several other boards.*



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For more information please visit <http://www.boardappointments.co.uk>

## About the Author



David Schwarz is Founder & Managing Director of Board Appointments ([www.boardappointments.co.uk](http://www.boardappointments.co.uk)). He is also a Non Executive Board Director, ex-international headhunter / non-executive recruiter & board career counselor. He has interviewed thousands of non-executives and placed hundreds of them into some of the most significant public, private and NFP roles in the world.

David has been quoted as a CV expert by various media agencies. His understanding of the non-executive recruitment process and how individuals find roles has resulted in [www.boardappointments.co.uk](http://www.boardappointments.co.uk) and his book '*Board Appointments: The Definitive Guide to gaining a Board Appointment*' has sold internationally.

David is also the MD of [www.boarddirection.com.au](http://www.boarddirection.com.au) which helps Australians 'get on board' and has over 35,000 subscribers.