

Boards urged to ditch the old NED stereotypes

Is Scotland's pool of non-executive directors critically thin? Or do boards simply make life difficult for themselves by pursuing a "pale, male and stale" approach to executive appointments?

A fresh approach will become increasingly critical as changing demographics shrink the traditional labour pool. By 2010, it is predicted that only 20% of the UK's population will be white, male, able-bodied and under 45.

Businesses have complained of a dearth of good quality people with the heavyweight expertise and wherewithal to make a valuable contribution to the board. What that can mean is that you tend to find the same old people turning up, with a string of NED appointments as long as their arm. Some people genuinely have the talent to make a real contribution to every board they're on, but in the main - you have to ask how much value is being added to all of those different businesses?

Another way to look at it is that perhaps organisations have been very conventional in the kind of non-executive profile they've been seeking. There's been too much playing safe. Maybe people feel they need to do that to comply with good corporate governance.

Businesses are under increasing pressure to perform - to be faster and more responsive to change. Maybe that suggests a different NED profile, with scope for candidates who are slightly less conventional, perhaps they're people from a very different sector, or age profile who can see things from an entirely new angle.

Good non-executives may not necessarily have direct experience of your industry, but may have

faced the same dynamics, such as consolidation, rapid technological advance, overseas competition and intense margin pressure from big customers. Harvesting response strategies that have worked in other industries can be a highly effective approach to problem solving in your own back yard.

Boards can also benefit from hiring NEDs whose qualities and attributes complement, rather than match, their own. This might be someone with a flair for creative problem-solving, a fearless approach to difficult obstacles or a dogged ability to get things done.

Boards appoint in their own image and this approach can be perpetuated by your NED head hunters. Eventually you find the mavericks squeezed out. It's a kind of 'halo' factor. You tend to appoint people you feel comfortable with, but that doesn't always make them the best fit for the job. That's not to say that you want a board full of mavericks, but the ability to see things differently, to challenge the status quo and ask awkward questions is critical, otherwise you end up with a 'group think' mentality.

Breadth of experience is one of the ten critical 'X Factors' that make non-executive directors indispensable, according to an analysis of 124 directors representing 552 boards by executive search firm Whitehead Mann.

The other nine winning factors are summarised as:

- Team players who leave their egos at the door
- Self-confident without being dogmatic
- Truly independent - able to

challenge as well as support

- Sharp minds and good judgement
- Committed and prepared
- Good communicators and listeners
- Visionary, creative and passionate about business
- Able to build strong relationships and act as ambassadors
- Encourage feedback in order to enhance their contribution

In contrast, those who are overly pedantic, sloppy in their thinking, self-centred or lazy need not apply.

Diversity aside, the last thing you want is someone who's just there for the biscuits or as an ego trip for their huge intellect. The least popular NEDs have a tendency to ask irrelevant questions, overload on detail and criticise everything without offering their support. Perhaps even worse is the 'nodding dog' - the passenger who lacks real interest and engagement and could prove something of a liability in the long run.

There is a good pool of people who maybe haven't even considered their potential for NED appointments or haven't been encouraged to think of how they might add value to a board. If there was less stereotyping, some of these talented people may become more open to the value they could add - as it is, many boards seem happy with a vanilla profile.

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