

The Non-Executive Director



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When is the right time in your career to become a NED? (Non-executive director)

In my experience, if you're seeking to become a non-executive director (NED), it's never enough to ask when you should apply. You must also ask why.

You see, the matter of timing is not as clear cut as it once was. There was a time when the appointment of non-executive directors was almost entirely down to age and personal connection. In some ways it was an old boys club. Now though, that world is slipping away.

So while I could once say, 'The right time to become an NED is when you're approaching retirement', today I need to tackle the question from a different angle.

The new NEDs

If you take one look at NEDs appointed by the UK's FTSE 100 or the top 50 companies on the Netherlands' AEX, you will notice that there is a real mix of people. Not only is there diversity in gender but there is representation of different cultures and industries.



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Interestingly, there is also a mixture of ages. Although NED appointments were originally filled by people with decades of experience, individuals are now brought in for their specific knowledge and expertise. This is particularly true when it comes to technology. Board members may be four decades apart from the latest generation of tech leaders, and they need someone who can help bridge the gap.

In some ways this is an evolution of reverse coaching schemes, in which an exemplary 22-year-old might sit in an advisory role to a CEO aged 40-50+. But still, it takes quite a brave company to make such an NED appointment.

After all, even the most high-achieving young leader might not know their way around compliance and best practice, and they may not have the experience they need to foresee risk. Some companies, though, may still consider the technical expertise and the insight into another generation's thinking to be a profitable trade off.

However, while you may be accelerated into a position due to specialist knowledge, it's worth considering whether it's worth the cost to you, personally.

When you're ready to bear the responsibility

Once, people may have viewed NED roles as a kind of soft retirement. True, it may seem like a comfortable job at first glance, perhaps during a time when the organisation is secure in the market and reputationally clean. But the moment problems arise, it is a different story.

When suddenly a legal issue crops up and you're dealing with a serious product recall, or a board goes into a panic state, you need to be prepared for it. The world of an NED can become very intense very quickly.

Remember that across Europe, liability lies with the non-executive board as well as the executive board. So even if you're offered the chance to become a NED, it's worth considering whether you're ready to carry the risk.



When you've been in the trenches

Because the NED role does entail risk, it's often those who have experienced difficulty before who are best prepared for it.

This is true for leaders in any form. If you've found a way out of a problem before, you gain experience to prevent the same problem in future. This is particularly true if you've helped to create a sustainable alternative. Without that predictive power, however, it's difficult to mitigate risks.

It's for this reason also that I would only recommend leaders for an NED role if they have had experience in the trenches of a relevant field. If you have been a CFO who has risen through the ranks from accountant to manager to director, you will have become a sharp needle – able to go deep into the workings of a company and pinpoint where the issues are. If then, you go onto become an NED, you will become an effective sparring partner for those on the board.

And the board needs effective sparring partners. They need people who are at ease with being the challenger, who have been in their position before and understand the pitfalls. This is what makes for a fluid relationship between the non-executive and the executive board.

There is a growing trend that one of NED candidates perceived, that people are sometimes exiting the career ladder fight too quickly to follow a parallel non-executive career path. But the trouble with stepping off the executive career ladder is that you miss out in the experience you gain from the climb. Executives need to spar with clients, board members, and non-executives, and if you haven't had enough practice, you may not carry a sharp enough sword into your NED career.

When you're ready to work from the sidelines

Having said all this, while you need to be ready for a fight, you must also be willing to step out of the trenches. The operational areas of a business are not the remit of an NED. So, if you're still itching to be on the frontlines, you might not be the right fit for a non-executive board.



It's the same with a soccer player who becomes a trainer. You can coach, but under no circumstances can you run onto the pitch to score any winning goals. When you see non-executives get too close to the action, that's when you see clashes, and sometimes the explosion is very destructive.

So, you must be ready for the sidelines. You need to be reflective, asking the right questions and not issuing commands. You need to take your eyes off operational matters so you can keep an eye on risk, compliance, and the relationship between the company and society. When you're attentive to what matters, the right question can stimulate executives to steer the ship in a new direction. But your hands must stay off the wheel.

So, when is the right time to become a non-executive director? It's not only once you've reached a certain level of experience. It's when you're not trying to escape the fight, but you no longer need to charge ahead. It's when you can still stand toe-to-toe with an executive, but you no longer need to wear their shoes. And it's when you're able to reduce the risks on the horizon and bear responsibility for the ones you don't see.

Looking to create your next career step or find your next non-executive director? [Get in touch with](#) me to start bringing your way forward into focus.

Eelco van Eijck
Managing Partner Amrop

✉ Eelco.van.eijck@amrop.nl

☎ +31 20 347 3240

🌐 www.amrop.nl

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