

7 Tips for NED Success

Paul Brennan, Chairman at OnApp and ApplInstitute, plus Senior NED at JHC Systems and Relayware, offers his insights on taking a NED role. Mary-Anne Baldwin reports





Finding your first non-executive director role can be tough. It involves research and consideration in order to find the right position and often a distinct mindset shift once you're there.

Paul Brennan, Chairman at OnApp and Applnstitute, plus Senior NED at JHC Systems and Relayware – who made the transition from executive to non-executive fifteen years ago – knows

all about this. Here, Paul draws on his experiences at both private and publicly-owned companies to provide his advice to those starting their NED career.

1. Consider What Role is Right for You

You should assess what suits your style, comfort and risk level, and the degree to which it requires a hands on approach. You must also decide what you want to do on a board; non-executive directors have all sorts of things to offer but normally you'll start by filling a specific gap in the board's skillset. It's about aligning what they want with what

you know and like doing. If there is a mis-match you either won't get the position, or you'll hate it.

In terms of my style, I'd seen Non-Executive Chairmen fail to coach, guide, mentor and hold both the management and board to account; I didn't want to repeat that.

2. Understand the Ownership Structure

Know the business you're thinking of entering, especially its ownership structure. It's fair to say that a mixed venture capital board is a little different to a private equity board, or a board in its first, second or third round of funding. Yet it

amazes me the number of people who have no idea about what makes a venture capital business tick, the differences between a VC and PE house, or the difference between a buy-out fund and a growth capital fund.

3. Be Upfront About Fees

Be clear how much you believe your fees should be. There are loads of data sources on the relative pay and equity scales for NEDs and chairmen.

Use them with care but above all, ask early on in the recruitment process what the board-approved budget for the role is. It stuns me that people get to a final stage before asking about the remuneration package; it may be half of what you think you're worth.

If putting in money is a prerequisite of taking the role, I start to ask a few more questions. You shouldn't have to pay your way to get a seat. I've invested in every business I've been Chairman of – but I've done so after joining and alongside investors.

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Particularly if you're a first-time NED, it's flattering when you get the call that says: 'Come and join this board.' But do your due diligence and work out if it's actually the right thing for you.

Boards work brilliantly when you've got the appropriate level of challenge and support. You've got to make sure that you can work with the board's chemistry and tone, in particular that of the chairman, especially if you're simultaneously keeping an executive role going.

Don't be afraid to ask questions about company performance, risk management and the culture within the boardroom. Of course, there'll be conversations with the chairman and other directors, but also speak to advisors to get the fullest picture possible.



Charlie Wagstaff
Managing Director
Executive Membership, Criticleye



4. Consider Your Own Exit

I believe that you should always consider your exit before your entrance – be that with the running of a PE-backed business or with your own tenure there.

If you're on a PE-backed board for much longer than five years, there's something not right – that's unless you've taken the non-executive chairman role, or the business has changed beyond recognition and the new investors want you there for continuity.

5. Plan Your Plural Career

You also need to set your own expectations as to how many boards you'll be on at one time. You must manage your commitment to ensure you can handle your plural career.

I personally think four to five is the maximum for an engaged NED and often less in a PE-backed business. Beyond that you're more of a hired consultant, there for board meetings and not much else.

6. Understand the Role

Know what you're letting yourself in for. Being a NED is not simply reading the board pack on the way to the meeting, telling everyone what they should do and drinking the coffee. You will need to be engaged and understand what is really happening in the business, its strategic initiatives, and how best to advise the board and management team.

Remember, there's only one CEO. You're a non-executive director; paint that onto your forehead and remember it. If you want to make decisions at an executive level and drive a team, step back into the executive world.

These thoughts were shared at Criticaleye's [Aspiring Non-Executive Director](#) Dinner at which Paul described his career and the path it took. Find out about the next NED dinner [here](#).

7. Assess the Board Dynamics

Work out who does what around the table and pose questions to understand why the business is going through the phase it's in.

Be prepared to challenge the board members, not just the executives – hold both yourself and the board accountable to the strategy you signed off.

It's key to be seen as independent. As soon as you conduct yourself as being aligned to one or more shareholders – management or investors – you're a lame duck.

Most of all, ensure the board has integrity – if it does, the company has a far better chance of having it too.



Paul Brennan
Chairman
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Paul is currently Chairman of OnApp and AppInstitute as well as being Senior NED at JHC Systems and Relayware.

He has held numerous Executive Chairman and CEO roles at private and publicly owned companies, with a particular focus on growing early-stage businesses into global and US markets.

Previous roles include Chairman and CEO at Zeus Technology.

He was also partner and CEO of Korral Partners and was CEO at Metamerge where he managed the company through its successful acquisition by IBM.

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