

CGF PROBES FOR EXCEPTIONAL NON-EXECUTIVE DIRECTORSHIP TALENT

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Economic stresses and the increasing demands for responsible governance have resulted in a fundamental shift in the requirements of the role of a Non-executive Director ('NeD'). Today's NeD must be more engaged, more numerate and more technically competent than ever before if they are to be equipped to succeed in a role that has become much more demanding within the context and operation of a boardroom. The ideal NeD must possess "business savvy"; have a good understanding of the organisation's operations and indeed be judicious regarding the legal and operational risks to which the organisation is exposed. A NeD of this calibre doesn't just arrive from nowhere; and selecting a NeD for an organisation's board can have many unintended consequences if it is done haphazardly.

NeDs are a special breed of director

Non-executive Directors are people who are "plugged" into business; they are also "in tune" with the socio-economic developments surrounding the organisation and they offer a breadth of experience alongside a depth of knowledge which is focussed upon profitable and sustained growth. Unlike their executive director counterparts who are the full time employees of an organisation, because NeDs only participate in the organisation's boardroom and board committees a few times a year, they really do need a "sixth sense" when engaging the board and the executive directors. Time and again, NeDs are not always provided the necessary (or timeous) information from their boards or the Company Secretariat pertaining various business matters in order to consistently make fully informed decisions to benefit the organisation.

"The policing role implies an influence on strategy. The non-executive is unlikely to exercise entrepreneurial qualities, but he will be expected to challenge the thinking of the Board of directors and bring commercial skills and experience to the decision making process."

Although non-executives are often held out by executives as providers of advice, the non-executive's role is much bigger than an advisor. He is a director and shares the legal duties and responsibilities of the Executive Directors. A non-executive is part of the Board, not outside it. He shares a collective responsibility."

**What is a Non-Executive Director?
(Gauteng Law Council)**

Yet in spite of this lack of information -- which is compounded by the fact that NeDs do not at the best of times have direct access to the resources in order to obtain such information -- they are still expected to meaningfully contribute to the discussions and be part of the critical decision making processes of the board.

Expectedly, this is risky business and a NeD must be prepared to accept (and manage) their personal, as well as the collective risks and liabilities associated with this function.

An experienced NeD will also need a “finely tuned eye and ear”, as they apply their refined communication skills to work so that the organisation stands to benefit from their business acumen and market-related experience. Of course, it’s entirely understood that a worthy NeD will devote their time and attention to the organisation as they commit themselves to the increasing range of responsibilities.

Matching the requirements

Finding the right NeD can prove to be quite challenging, not least the fact that they should also be a ‘good fit’ for the board as a whole. The right person will have a strong and lengthy track record in a particular market sector, or in one which presents a good opportunity for business synergy and knowledge transfer into the organisation. They’ve got to be available for the part-time commitment required, and willing to take on the issues and challenges facing the organisation. At the same time, NeDs of calibre will be able to “think on their feet” so to speak, and they must be able to present solutions for the challenges they are presented, as opposed to adding to the organisation’s complexities. In the words of Jim Leng, a former Chairman of the Corus Group, he bluntly stated in respect of Non-executive Directors that “the day of the gifted amateur has long gone.” Whilst finding an appropriately qualified NeD is a challenge in itself, the task can be further complicated when trying to find NeDs who will also have the “right chemistry” to suit the existing board and its members. Considering that NeDs are expected to -- amongst other -- bring with them fresh business ideas to invigorate the thinking of the board, and ask challenging, often difficult questions on behalf of shareholders, an overly zealous NeD can inadvertently cause more damage than good, particularly if the existing board is traditionally subdued in its routine and activities.

Great effort with meaningful results

More often than not, there is a direct correlation to the time and effort a board and their Nominations Committee places within their NeD search and selection process, as compared to the quality of the NeD being appointed. In this respect, the adage “what you sow is what you reap” has much bearing on the success of these appointments down the line.

The NeD recruitment process which CGF follows is designed to finding the most ideal person to fulfil the requirements of the organisation intending to appoint a Non-executive Director to their board. Finding an experienced NeD is not simply a matter of placing advertisements in the job finder and hoping for the best candidate to arrive with a CV.

Considering the important and necessary role a NeD fulfils on a board, at CGF we listen carefully to the needs of our clients, as well as those of the NeD to ensure that their respective requirements and strategic goals are aligned. Getting these requirements wrong can prove detrimental to all the parties. Therefore it is critical to understand and identify a NeD who specifically has the correct skills and experience needed by the organisation. Correctly placed, a good NeD can significantly and positively influence the board and its



decision making which clearly has bearing upon the organisation's success and sustainability factors. But if the NeD is mismatched through matters such as inexperience and or acting for selfish gain as an example, such an appointment could result in board dysfunction and ultimately damage the organisation and its reputation.

Differentiating the process

Once CGF is aware of the client's requirements for a NeD placement, we can present a valuable short list of suitable candidates for our client's consideration in almost no time. Our highly personalised recruitment service allows us to draw the best candidates from our database by determining who is best qualified and available for the NeD vacancy. We thoroughly screen and interview applicants, check references and validate CVs prior to introducing them to our valued clients.

Unlike the costly fees found within the traditional head-hunting agencies for the successful placement of directors to boards, which average around 25 percent, CGF's placement fees do not exceed eight percent.

In addition to CGF's low based NeD placement fees, CGF also insists that all its candidates first undergo extensive directorship training with CGF before they are placed on our database and considered for any NeD placements. After a candidate has attended CGF's highly acclaimed **Governance Beyond Boards®** training, they are equipped with deep insights to the inner functioning of a boardroom, but more importantly they are also alerted to the broader issues they will need to deal with as it relates to the practical side of governance, risk and compliance.

Simply put, at CGF we make it our business to find the right people on behalf of our clients. Let CGF do the search, the find and the testing of the NeD candidates, while you run your business.

ENDS

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