



## **Non-Executive Directors**

**As a leader your role can be lonely and stressful and never more so than in the current Covid-19 pandemic when leadership skills are constantly tested. We all face an uncertain future, firstly in short-term survival and then in the longer-term. Even the most organised firm could not have foreseen the need for a strategy for Coronavirus in their 2020 plans. Your staff will be frightened on many levels as they work from home in isolation probably for the first time. Their worries will include their need to still achieve the desired output, their financial future and the need to safeguard themselves and their family. Who do you turn to, to help you in such unprecedented times when the burden of keeping everyone else mentally and physically healthy and the business running, falls to you? Communication is vital at all levels and a non-executive director could be a real asset to your firm helping deliver real value. They can bring real strategic vision, rigour and transparency; a well-chosen non-executive director can contribute strongly to your firm in a variety of areas, including helping your own well-being.**

The market is facing constant challenges the non-executive director can contribute a wealth of knowledge, experience and contacts to the firm they join.

- **They bring out the best.**

All good boards have a range of personalities, strengths and experiences. It is possible for good suggestions to be lost or overpowered by stronger voices if they are not nurtured. A non-executive director can offer these members advice and support and help them have a voice that is heard when necessary.

They have been known to remind equity partners that a COO or CEO cannot always change the behaviour of individuals; it must come from those individuals.

It is not uncommon for your non exec to spend time with board members to help identify their strengths, weaknesses and to understand how they can work more effectively together by playing to those strengths.

Relationships in law firms are usually strong, people have grown up together, but they need to be able to separate business from friendships and see what is right for the firm, especially if people need to move on. It is the NED's role to champion the interests of the business.

Equally, gripes can be shared in total confidence with a NED, knowing that they are there as a sounding board and that it will go no further.

- **They look at the big picture.**

It is easy for a board to get bogged down and lose track of wider issues.

The non-executive director focusses on the big picture because they do not work with you full time. They think about the strategic direction of the firm, are targets being met? Who is the growing competition and what are the plans to keep ahead? The non-exec will ensure that board members are aware and acknowledge changes in the environment and will help you implement a strategy to deal with it. They will be abreast of issues that will affect you and will help you place yourselves to achieve success. They will notice things that other board members miss because they are not drawn into the day-to-day issues.

- **How can they help your Board?**

However good and however experienced your board; it is easy to run into bad habits. Items are brought up that are not on the agenda and conversations get side-tracked. Time is important and a non-executive director can keep your Chairman on track, keeping meetings specific and on track.

The non-executive director will be a highly experienced and well-respected business-person. Sometimes a firm but constructive response from an experienced non exec can ease any potential tension.

- **They've seen it all before.**

You can feel safe in the knowledge that no matter how troubled you may be by an issue, your non exec will have dealt with it before. As a result, they will be able to rationalise any worries and assist your board and Heads of Department in setting clear tasks to achieve what needs to be done.

They will have the ability to identify risks that will impact on you as a firm.

- **It's not always what you know.**

A non-executive director usually has excellent contacts and you need to understand how to gain value from those connections. Many years in their chosen field has earned them the respect of their peers, banks, insurers and other businesspeople.

Networking can be time consuming and your non exec will have built a trusted network of contacts and can call on their expertise when needed. They will help you with important connections, not just to meet those connections but to maintain them.

- **They are not afraid to be honest.**

Not working with you day-to-day ensures that they do not engage in office politics and therefore they maintain their independence. At all times they can offer unbiased, constructive criticism.

All boards try to behave as professionally as possible but there are times when they are told what they want to hear. A non-exec will probe to get to the real detail. It is often easier for them to ask difficult questions because everyone understands that they are doing it purely for the good of the firm not for the benefit of a personal agenda within the firm.

This does not mean that they will constantly criticise, but they will encourage the board to be accountable for the decisions they have made and praise them when they have done good work.

### **Recruitment of a NED**

Preparation prior to recruitment is key. Have you involved the Board to ensure that they are part of the process or has it been foisted upon them? Involving the entire Board is a long process but it ensures that the appointment works. Relationships are fundamental to the success of a non-executive director. At Board level there should be an open discussion about the value a non-executive director can add. Appraisal and discussion should be part of the recruitment process. Both parties must feel that

relationships can be built, and the NED needs to care passionately about the business they join. Remember that the role will evolve from its starting point.

**How do you measure the value of a NED and does the role have a sell by date?**

As part of setting strategy and business plans financial performance will play a part. Specifics will include corporate governance, compliance and financial controls. Some things will be hard to quantify, if the NED really energises the Board it will impact on the way the firm deals with some issues and that is hard to put a value on.

In Europe it is perceived that in Plc's a non-executive director will stay for six years. In the USA they believe it is nine years. UK law firms have in general stated four to five years.

In law firms the NED leaves the firm in a better place than when they started. As the business grows, they try and overlay a corporate structure, and this is generally where tensions with equity partners grow. What is best for the business is not always accepted.

The legal market is facing new demands and a non-executive director can bring a new dimension and direction to the Board. Bringing not just good corporate governance but helping a firm to grow and prosper.