



BEING BOARD READY

A Guide to Securing a Board Position in Australia

Many professionals consider taking on a paid or unpaid board position at some point in their career. Becoming a non-executive director can broaden your skills and experience, provide an incremental or even exclusive income stream, and boost your résumé with an impressive point of difference. As a result, board positions are highly sought after and so securing one requires healthy doses of both patience and persistence.

There are two types of directors; executive and non-executive. Executive directors form part of the executive management team and non-executive members do not. Executive directors are usually employees of the company and have responsibility for the executive and administrative functions whereas non-executive directors (NED's) are not bound to give continuous attention to the affairs of the corporation¹. The theory of contemporary corporate governance encourages the appointment of non-executive directors as they provide a level of objectivity that is not available within the operational executive team, with NED's being able to provide invaluable contributions through their ability to critique, discuss and observe from a different perspective.



¹ As summarised by Guerdon Associates, key points made by Justice Dixon in the Supreme Court of Victoria in the recent decision of *Jaques v AIG Australia Ltd* [2014] VSC 269 (13 June 2014)

Non-executive board positions are attractive to professionals who prefer portfolio careers; which is simply undertaking multiple part-time roles across a range of businesses or interests at the same time. Portfolio careers have become more common in recent years due to the rise of the double-income household and a resulting preference for part-time or non-traditional working arrangements. But experts warn directors to be prepared; as finding that initial board position can be an arduous and lengthy journey.

The appointment of a director to a board is affected by a number of variables, such as skillset suitability, relevant experience and cultural fit within the existing board, just to name a few. The end result is that securing a board position requires a number of planets to align at once; such as a need for your specific skills or experience and an awareness of your interest through a common network. It's often quite simply a case of being in the right place at the right time. So it's important to make sure that you are as visible as possible in your preferred field.

Often boards will recruit from existing boards for NED's as it enables them to refer to relevant board experience and it's beneficial if you have a track record as a director. Unfortunately, there is no sure-fire way to secure that critical first board position and make that break into the role of a professional NED, however, **here is a common-sense checklist for putting yourself in the best position possible:**

1. Nurture your Network

If you are interested in securing a board position or think you might be in the future, professional networking is an absolute must. More than half of company directors say that 'not knowing the right people' was the biggest barrier to entry when securing their first directorship². And this doesn't simply mean having the largest number of connections on LinkedIn, rather it is about continuously building a significant network of high-profile influencers and peers within your chosen sector, and engaging with them over time.

When building your career and increasing your sphere of influence, it is critical to focus on identifying the key decision makers in your field and connecting with them either online or in person. Social media has changed the goal posts when it comes to building your professional network, as most executives have a LinkedIn profile, and will, at least, consider an invitation to connect with you; particularly if you have connections in common.

54% of people say not 'knowing the right people – it's a hidden network' that is the biggest barrier to securing a board position.

Source: Emerging Directors survey 2012

² Source: Emerging Directors survey results 2012



Joining industry organisations and attending networking events and conferences provides you with invaluable opportunities to extend and nurture your professional networks. It's important to have realistic expectations when it comes to building your network, however, as it takes time, effort and consistency to build and maintain them.

It is critical to remain informed about your industry, the key influencers within it as well as staying across what is happening within the organisations that interest you. Given that many board positions are filled before they are ever promoted, being aware of changes in a board's structure can be the difference between you being able to express interest in a directorship before it is publicly announced, and hearing about it after it's too late.

2. Audit your Professional Development

One of the first things you should do is join the [Australian Institute of Company Directors \(AICD\)](#) which provides valuable training and support for directors and aspiring directors including mentor programs, profile development as well as access to board position listings. It also shows potential board recruiters that you are serious about your professional development as an NED. It costs around \$750 to join the AICD in the first year, and then \$540 per year after that³. It might seem like a hefty investment to make before you've even become a director, but it can pay dividends in the end, so it's definitely worth considering.

There are plenty of other professional organisations existing specifically to support directors and aspiring directors, such as the [Governance Institute of Australia](#), enabling you to build your knowledge and enhance your professional development as a NED. It is important to understand that the primary focus of an NED is governance; incorporating high-level decision making and implementing decisions with a broad strategic focus. This is

³ <http://www.companydirectors.com.au/membership/membership-types-and-fees>

the core distinction between the board's function and the executive's. It is often said that a passion for governance is a pre-requisite for an effective director, which is why membership to the Governance Institute can also be an attractive option.

Most professional organisations offer regular networking events, relevant courses and a range of resources for aspiring directors. There are also board registers which can keep you up-to-date on advertised board positions such as Community Directors, Get on Board Australia and Australian Government Boards.

3. Create a Director's Résumé

It's important to understand that a director's résumé is different to a typical executive one and it's critical to craft it accordingly. A Director's résumé pitches you to a higher level within the organisation and considers different attributes than would normally apply for an executive role.



Here are some of the key differences to consider:

- 1. Priorities** - your director's résumé prioritises your non-executive experience, so it should go first in your career overview. If you are an aspiring director you should include any committee or panel related roles you have held, and list these **ahead** of your executive experience.
- 2. Career Overview** - your overview needs to be 2-3 sentences that profile what you will bring to a board, and must relate only to your high-level capabilities as a potential director. You should succinctly list attributes like leadership skills, your ability to collaborate and strategic capacity for example.
- 3. Tailor it** - it is imperative to tailor your experience section to the industry sector you are applying for, and if you are applying to a particular organisation then tailor your language and experience to their competencies and specialities.
- 4. Professional Memberships** - Include your director related professional memberships only. If you don't have any that apply to being a director, then just leave this section out altogether.
- 5. Awards and Recognitions** - Include any awards or achievements that reflect the attributes that are important in a director such as leadership and collaboration.
- 6. Keep it Short** - a high-level board CV needs to be concise and to the point; generally, no more than two pages.

4. Get The Message Out There

The most important factor in securing a board position is being top of mind when an appropriate directorship becomes available. If a board looking for directors doesn't know you're out there you most certainly won't be considered. End of story.

There is nothing more valuable in the search process than a personal or professional recommendation, and so you need to make sure that your network and extended network are aware of your board intentions so that they can recommend you where appropriate:

1. Include that you are '*Interested in Board Positions*' on your LinkedIn profile
2. Write a regular blog and share it on LinkedIn, Facebook and Twitter to show that you are a thought leader in your chosen field
3. Mention your intentions whenever the opportunity presents itself; you'd be surprised where a casual comment at a dinner party can lead
4. Take every opportunity to raise your profile in your industry by contributing to industry discussions, presenting at networking events or conferences and writing for trade publications.
5. Connect with other board members and high-level executives at companies that you would like to work with and communicate with them whenever and wherever appropriate.



5. Not for Profit or Not?

It is a popular misconception that securing a not-for-profit board position is a fast track to securing a for-profit one. Whilst experience on a not-for-profit board is most definitely well regarded, there is no evidence to suggest that corporates look to not-for-profit boards to recruit board members. That being said there are plenty of reasons why a not-for-profit board position can be a valuable and highly rewarding career decision:

1. It provides valuable experience and insights into how a board is run, whilst giving you the opportunity to see whether or not a NED board position would suit you
2. It can broaden your professional network and the other board members can provide a valuable pool of referees who may assist you in securing a for-profit position later
3. It provides you with that sought-after label of 'prior board experience' – which can differentiate you from another candidate with no board experience at all

4. It can expose you to and provide you with experience in the broader role of governance which is the primary role of any board

It is important not to take on too many not-for-profit positions in order to avoid pigeonholing yourself as a 'not-for-profit' specialist, which makes you less attractive to corporates over time. Of course having a good sense of moral responsibility is well perceived, but if you are serious about a corporate board role, it's important to balance this out with well-rounded corporate experience.

6. Do Your Due Diligence



So once you are lucky enough to be approached or considered for that first NED position, and you find yourself facing a potential appointment, there is one more critical but time-consuming process you absolutely must undergo; and that is your due diligence.

The decision to become a director is a significant one that shouldn't be entered into lightly because you are professionally and in some cases financially liable in your role as a director. It is absolutely critical to understand the financial position of a company beforehand, as well your capacity for fulfilling your obligations to it before accepting any position.

The due diligence process is also crucial for uncovering any potential conflicts of interest, differences in opinion and/or ethical barriers that might stand between you and your ability to contribute to the success of the organisation.

"I usually spend time with the appointed auditors, lawyers and other key advisors, as well as the CEO, CFO and risk officer. I speak to some key suppliers; you can find out a great deal about key cultural issues by observing how an organisation treats its suppliers. If I uncover anything that makes me feel I shouldn't join the board, I don't."

Wendy McCarthy – Chairman

From "Getting that next board seat" in Company Director Magazine, 01 May 2012

Here are some tips for carrying out thorough and effective due diligence:

1. Start your search with a paper-based due diligence which includes reading board papers and annual reports from the last two years, as well as press releases and any publicly available documentation found through the ASX website, the company's website and/or other credible sources uncovered in a Google search.
2. Meet with as many of the other directors as you can beforehand, in order to gain an accurate understanding of what it's like to sit on this particular board, what the culture is like, and how the board communicates and functions in order to determine if the fit is right for you.
3. Seek legal advice regarding your liabilities and obligations, having them review any documentation available to you in order to ensure that you are not exposing yourself to any unnecessary risk.
4. You will most likely be appointed to the board for your particular skills or expertise, so it's important to meet with the executives within the organisation who are directly responsible for the functions within your area of expertise, to ensure that their values and business approach aligns with yours.
5. Ask around! Your most valuable resource is your own network. Make sure to take the time to ask people you know that have had dealings with the company and more specifically the board. If the organisation has had questionable dealings with suppliers or their own employees, it might be time to reconsider.

The most important thing to remember is that it is critical not to let your excitement about the opportunity of securing that first board position cloud your judgement about whether this board position is right for you. If your due diligence uncovers anything that makes you feel at all uncomfortable or unsure about joining the board, think very carefully, and be sure to seek further advice before moving forward with the appointment.

"In the dot-com period, I turned down a number of positions because I couldn't see how the model could be sustainable. For a year or two, it looked as though I had missed a huge opportunity, but it eventually was obvious that I'd made the right decisions."

Belinda Hutchinson AM FAICD, chairman of QBE Insurance Group and a director of AGL Energy.

From "Getting that next board seat" in Company Director Magazine, 01 May 2012

7. Find a Mentor

Having a mentor is an invaluable resource for any ambitious individual as they navigate the twists and turns of a career. Many professionals have a series of mentors throughout their career as their ambitions evolve, and the role of having an objective viewpoint from a professional who is prepared to share their learnings from a range of experiences in similar industries cannot be undervalued.

Gaining insights and experience from those who have gone there before you from a well-meaning mentor will always provide you with valuable support and guidance when you are in the process of exploring new career options.

It can be overwhelming to approach someone you haven't met or may have met only a handful of times, but you might be surprised at how most often successful executives are quite honoured and willing to help if approached respectfully and with clarity. Most successful individuals remember all too clearly their journey to the top and are more than happy to be a part of nurturing someone through the process.



8. Approach Recruiters with the right toolkit

Recruitment firms are often approached to find board members and so are a valuable resource for those looking for director roles. However, it is important particularly if you are looking to secure your first appointment, not to approach a recruiter without undertaking your own proactive search also. Recruiters are often charged with finding the most experienced board director rather than an aspiring director with the most potential, so recruiters may be a more useful resource when looking for subsequent positions.

Directors Australia's Kerryn Newton provides these tips on how to approach a recruitment firm⁴:

1. Have a clearly articulated statement about the type of roles you are seeking, the industries and company types you are interested in and how you can add value to a board.
2. Prepare a succinct directors' resume that focuses on skills and expertise relevant to a board. If you don't have board experience, relate your skills and experience to board functions.
3. Keep the firm updated on relevant changes, such as additional skills or positions acquired.
4. Be realistic in your expectations and use a variety of strategies to seek out board roles

If you are applying for a specific role:

1. Read the selection criteria thoroughly and be sure you meet all the requirements.
2. Check that there are no impediments to taking on the position, such as a conflict of interest.
3. Research the role and tailor your resume to the company and the skills required.
4. "Selling yourself" doesn't mean talking about yourself, what you've done and how you would change the board and company. It means listening to what the company is looking for and being clear about where you can contribute at board level.

9. Become Financially Literate

One unavoidable responsibility of a directorship is having sound financial knowledge. If you are not comfortable with accounting terms, P&L's and share option arrangements, be aware that you need to be. You will need to have a broad understanding of finance, including specifics like debt and risk management in order to be able to effectively contribute to decision-making discussions.

Since the GFC, the need for sound financial skills has become more important than ever when appointing directors, and so being able to demonstrate this in your director's CV could be the difference between you being considered for the role of an NED, or not. There are many courses available online to suit every level of knowledge. [The Australian Institute of Company Directors](#) also offers a range of courses tailored specifically for directors, and it's well worth the investment if you are not comfortable in this space.

"Financial literacy and economic literacy are more important than ever in today's climate."

Tim Stevenson, Chairman, Johnson Matthey and Morgan Crucible

⁴ From "Getting that next board seat" in *Company Director Magazine*, 01 May 2012



10. Have the right Attitude

First and foremost, it's a mandatory that if you decide to commit to the goal of securing a board position, that you do so with the right attitude. Nearly every article on this topic warns readers to be prepared for many knock-backs before finding success. "When people approach me about becoming a professional non-executive director (NED), I tell them it's a long, slow path," says Belinda Hutchinson AM FAICD, chairman of QBE Insurance Group and a director of AGL Energy⁵.

Like anything that can be labelled as 'challenging' in life, a positive attitude is crucial, along with realistic expectations regarding timelines and goals. Sometimes just lowering your expectations can be all you need to keep your motivation in check. The reason becoming an NED is hard to break into is simply because it is a highly rewarding and exciting career move, that bolsters your experience and exposes you to dynamic businesses and strategic thinking you may not otherwise have been exposed to. This popularity alone should be reassurance enough that it's well worth the wait.

⁵ From "Getting that next board seat" in *Company Director Magazine*, 01 May 2012