



Niall Kelly

Associate Director,
Davy Private Clients



Thora Mackey
Chief Operating Officer,
Institute of Directors Ireland

The interview

Niall Kelly, Associate Director, Davy Private Clients, interviewed Thora Mackey, Chief Operating Officer of the Institute of Directors in Ireland, to obtain her insights into the opportunities and challenges of becoming a non-executive director.

Non-executive directors are generally chosen because they have a breadth of experience, specific skills and can bring specialist knowledge to the board. An effective non-executive director can see issues in their totality and bring a fresh, diverse and external perspective to board discussions and decision-making. They should constructively challenge management as well as strengthening a board by offering independent counsel and advice. The role demands a high degree of integrity as well as an ability to negotiate and collaborate. However it can prove to be a rewarding way to make a contribution commercially if you're considering making the transition from a career as a member of a full-time senior management team.

Niall Kelly: Thora, can you tell us a bit about what the Institute of Directors does?

Thora Mackey: The Institute of Directors in Ireland is the representative body for over 2,800 directors and senior executives in the public and private sectors. As the leading voice in the debate on improving corporate governance standards, the Institute of Directors is dedicated to developing and improving the effectiveness and performance of directors and boards throughout Ireland.

Becoming a non-executive director requires a shift in thinking. It's the switch from operations to strategy. The helicopter view rather than down in the trenches. Joining a board is a serious undertaking and has considerable responsibilities for the director. If you have been offered a non-executive position, it is vital to do your research about the company, its performance, the composition of the board, how the board operates and what will be expected of you in your new role.

NK: What are the key areas to consider or questions to ask?

TM: There are many which require due consideration, but I have summarised them into the following points:

■ Personal preparation

While non-executive directors are invited to join boards for their specialised knowledge, they should be able to contribute across a broad range of areas from cyber security to business continuity. A flair for soft skills such as emotional intelligence, mediation and being able to challenge constructively are all equally valuable.

A strong peer group can prove vital for a new non-executive director. Not only are many appointments still made informally through people's own network, but the advice and guidance from experienced peers are a valued resource to have. Be prepared to invest time in broadening your networks through channels such as industry bodies and online groups.

■ **Ethos and organisational values**

It is important to ensure that you are a good fit for the business and the board. Find out about the company's organisational values and ethos. Understand the culture of the company and its brand values. What do they stand for? Do they resonate with you? Make sure that you are happy to have your name and your professional reputation associated with them.

■ **Financial position**

Ask for copies of financial reports, strategic plans and budgets and a copy of the company's board manual. Review its latest annual audited accounts and ask for information on its risk policy and corporate governance practices. Ensure that the company has Directors' & Officers' (D&O) insurance in place and ask to see a copy of it – it's wise to have it reviewed independently. Make sure you are confident about the company's performance and direction.

■ **Job description and suitability**

Do you bring the right skill set and experience to contribute in an effective way? What will you add to the board by joining? Does the board use a skills matrix when appointing directors? Becoming a non-executive director can require substantial commitment in terms of your time, so ensure you are in a position to fully dedicate what is needed to fulfil your obligations. Ensure that you will be provided with a formal letter of appointment outlining your specific role and responsibilities. Find out about any board committees that you may be expected to sit on.

■ **Training and induction**

Build your knowledge and educate yourself, both formally and informally. Ensure that you are fully conversant of legal requirements under the Companies Act 2014 and that you understand the regulatory environment in which the company operates. You need to ensure you have current understanding on a wide remit of developments including corporate governance best practice and GDPR. If you have any gaps in your knowledge, undertake training to help build your skills before you start. There should be an induction process involved when you join any board, so ask the chairperson to outline this for you. It is also important that formal



training is offered for both the role and responsibilities of directors, and in relation to the operations of the company.

■ **Board policies**

Find out how often the board meets and for how long – ask to see recent sets of minutes and board papers. Check how long the term of office will be and what is the policy in relation to remuneration, rotation and the reappointment of directors. Ask questions around the handling of conflicts of interest should they arise.

■ **Board dynamics**

It is important, prior to joining, to find out as much as you can about the dynamics of the board. For example, what is the leadership style of the chairperson, does the board have a diverse mix of backgrounds and skills and do individual directors and the board undergo external performance evaluations?

NK: How can people who are interested in becoming a non-executive director, or those who are already in the role equip themselves with further knowledge?

TM: We provide access to a number of high-quality training programmes and training options which vary in terms of time commitment required. We hold one-day workshops which are based on themes from 'The Role of the Non-Executive Director' through to specific topics such as 'the Role of the Chairman' and 'the Role of the Company Secretary' etc. For more information, please visit the training section of our website. We also run bespoke workshops for companies focusing on areas of specific

interest to them. In addition to these shorter-term workshops we also run the Chartered Director programme. Further information is also available on our website.

The skills and expertise of non-executive directors are hugely valuable and their challenges to the status quo can help refocus and direct the organisation. By accepting a non-executive directorship, however, it must be balanced by the awareness that you are agreeing to the many onerous legal responsibilities that the role brings and opening yourself to reputational risk. It's therefore important to take the time to find the right fit for you and to carry out due diligence.

Further recommended resources for non-executive directors:

- **Companies Act 2014**
- **Governance for Directors on State Boards**
- **The Boardroom Centre**
- **Voluntary Code for Charities**
- **IoD Training Programmes**
- **New FRS Code**
- **www.stateboards.ie**

To find out more about non-executive directorships or to source a non-executive director for your board, contact Thora Mackey, Head of the Boardroom Centre at the Institute of Directors in Ireland.

Email Thora at tmackey@iodireland.ie, visit the website at www.iod.ie or phone +353 1 411 0010.

The views expressed in this article are those of the interviewee and do not necessarily represent the views of Davy. Any information contained herein is strictly for information and discussion purposes only and does not purport to be comprehensive. You should obtain appropriate professional advice if considering a role as a non-executive director.