

# My views on the role of ...

## Non-Executive Director (NED)

My experience as a NED has been founded across a number of disciplines:

			Years in position?
<b>Nobo plc</b>	office communication equipment	Senior Independent Director	2
<b>Emperor Ltd</b>	creative marketing agency	Chairman	3
<b>48 Fitzroy Ltd</b>	creative marketing agency	Chairman	4
<b>Sytner plc</b>	prestige car dealer network	Senior Independent Director	1
<b>Centurion Electronics</b>	automotive rear seat entertainment systems	Senior Independent Director	4
<b>Reliance plc</b>	FM and security group	Senior Independent Director	10
<b>Dechra Pharmaceuticals Group plc</b>	international specialist veterinary pharmaceuticals	Senior Independent Director	3
<b>Unicorn VCT fund plc</b>	Venture Capital Trust	Non-Executive Director	9
<b>Jacksons Fencing Ltd</b>	major manufacturer of wood and steel fencing and gates	Chairman	2
<b>The Beauty Works Ltd</b>	UK distributors of electrical hair treatment products	Senior Independent Director	9
<b>CWO Stonemasons Ltd</b>	Royal Warrant holders	Chairman	9
<b>Flowtech Fluidpower plc*</b>	hydraulic & pneumatic specialist manufacturers & distributors	Senior Independent Director	4
<b>discoverIE plc*</b>	global specialist electronic components	Chairman	3
<b>Trifast plc*</b>	global industrial components for high volume assembly	Chairman	See note †

NB. \* current

† see Board biographies on page 72

It is widely accepted (and expected) that the key duty of a NED is to safeguard the interests of the company's shareholders, delivered by focusing on not only the constant widening of the scope of corporate governance, but also on recommended best practice from City institutions and financial regulators.

This is best achieved by ensuring that the Board comprises the relevant mix of appropriate skills and experience among the incumbent independent directors.

This especially applies to the chairs of the Audit, Remuneration and Nominations committees.

In addition to the prescribed disciplines is the need for relevant business or sector experience to support or question the strategic objectives being pursued by the executive directors.

More recently, corporate governance now requires robust and clear codes of stipulated company practice regarding anti-slavery, anti-bribery, gender equality and risk management. This has considerably extended the duties of NEDs in support of the actions required by the executive team.

However, all the above can be viewed simply as what is generally expected, with no visible element of individual NED style or interpretation as basic guidelines.

My view has always been that it is also important to maintain a degree of pastoral care for the exec colleagues on my board - especially the CEO and CFO. Not only are their roles highly demanding, often on a 24/7 "open all hours" accessibility but can be lonely and also vulnerable to anecdotal upward reporting from subordinates who are either politically motivated or protecting their own positions in the company.

There is an old saying "who gives the boss a stroke"? In other words, everyone has a need for peer recognition and praise where due (in any sphere of human interaction). Sadly, it seems to be

unusual for the "boss" to experience this from internal colleagues, as it can be taken for granted by many that their status or level of financial reward somehow alleviates their need for basic emotional reassurance. Conversely, it is also rare for colleagues to openly criticise their leader's actions or decisions if they disagree, as they assume it could imperil their ongoing career.

This is when balanced judgement and discretion is required by the NEDs to react honestly, promptly and directly to the situation - whether it is positively affecting the individual or business - or indeed, negatively.

This is obviously why NED independence is assessed closely by investors, and why several NEDs I have worked with in the past, whilst highly qualified, sometimes adopted a stance of criticising any perceived minor weakness or fault they encountered with the exec team, to the extent that I have witnessed visible and audible demotivation of those individuals affected.

On one occasion, I had a very discreet word to explain that it perhaps could be counterproductive to openly police minor issues, and maybe try to look for opportunities to praise good performance on key performance measures. The response, I am pleased to say, was positive in that my colleague had not appreciated the negative effect he was having, and from then on adopted a more balanced attitude.

To summarise, I feel that an NED not only requires a wide range of commercial business experience (ideally having held exec positions personally), but also has a sensitivity to inter personal relationships and motivational importance at all levels - from front line to senior management. Successful businesses thrive on respected and valued staff and management that are rewarded fairly for their efforts and skills; therefore, it is vital that NEDs do their best to encourage their board to promote this winning company culture.

**Malcolm Diamond MBE**  
Chairman