

Family and
Non-family NEDs

NED pre-conceptions



NEDs don't understand the business

NEDs are less relevant in private (non-listed) businesses

NEDs can slow-down decision making and are too risk averse

I can't see the value a NED brings?

NED roles are really just retirement jobs

NEDs just do what the family tells them to do anyway

The three possible attributes of NEDs



Independence

- Independence from the business
- Independence from the family

Expertise

- New sectors
- Governance & professionalism
- Opportunities & Risks

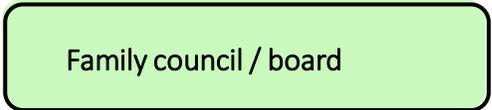
Representation

- Shareholder or family representatives

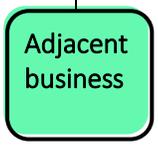
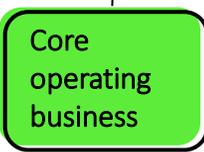
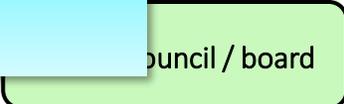
Family enterprise journey



Founder(s) originates the business



'Portfolio mindset'
Moving board conversations beyond operations to a 'portfolio' mindset



Owners push of rationalising, re-structuring, and re-financing business
 Owners seek separation and clarity of purpose for the family office
 Ownership group grows in complexity

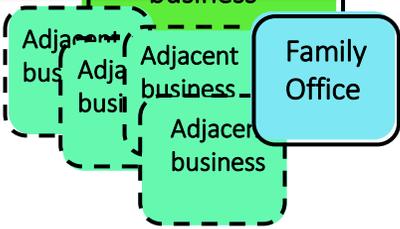


'Foil to the founder'
Keeping things on the tracks under dynamic conditions



new businesses/ initiatives under the core business

'Institutionalising'
Supporting the business beyond a single decision-maker or single business



Complexity and opacity in multi-business structure
 'Family Office' spawns to manage investments
 New generation of owners or outside shareholders

Key questions to think about when considering a NED?



1. What stage is your organisation at?

2. What attributes of a NED will help support the organisation to where you want to be?

Independence

Expertise

Representation

NED archetypes



Independence

Monitor

- An objective overseer of management performance and executive decisions, hiring and firing top management

Judge

- Sees issues in their totality, brings perspective and objective judgement

Catalyst

- Questions existing assumptions, introduces new ideas and approaches, stimulates change

Confidant

- Sounding board for the chairman and other directors

Expertise

Sage

- Brings knowledge and experience to board discussion and decisions

Safety-valve

- Act in crisis eg. in major conflicts between executives, or when a fundamental problem arises in the business

Window-on-the-world

- Source of outside information for board discussion eg. markets, technology.

Specialist

- Adds skills/ know-how in areas not otherwise available to the board.

Status Provider

- Brings standing, credibility, reputation and position to the board

Representation

Networker

- Connects board to useful networks eg. banking, government, overseas

Shareholder contact

- Bridge between family shareholders and management, brings a balanced view

Figurehead

- Represents company outside eg. government, enquiries, committees

Watchdog

- Independent voice for particular interests eg. minority shareholders, bankers

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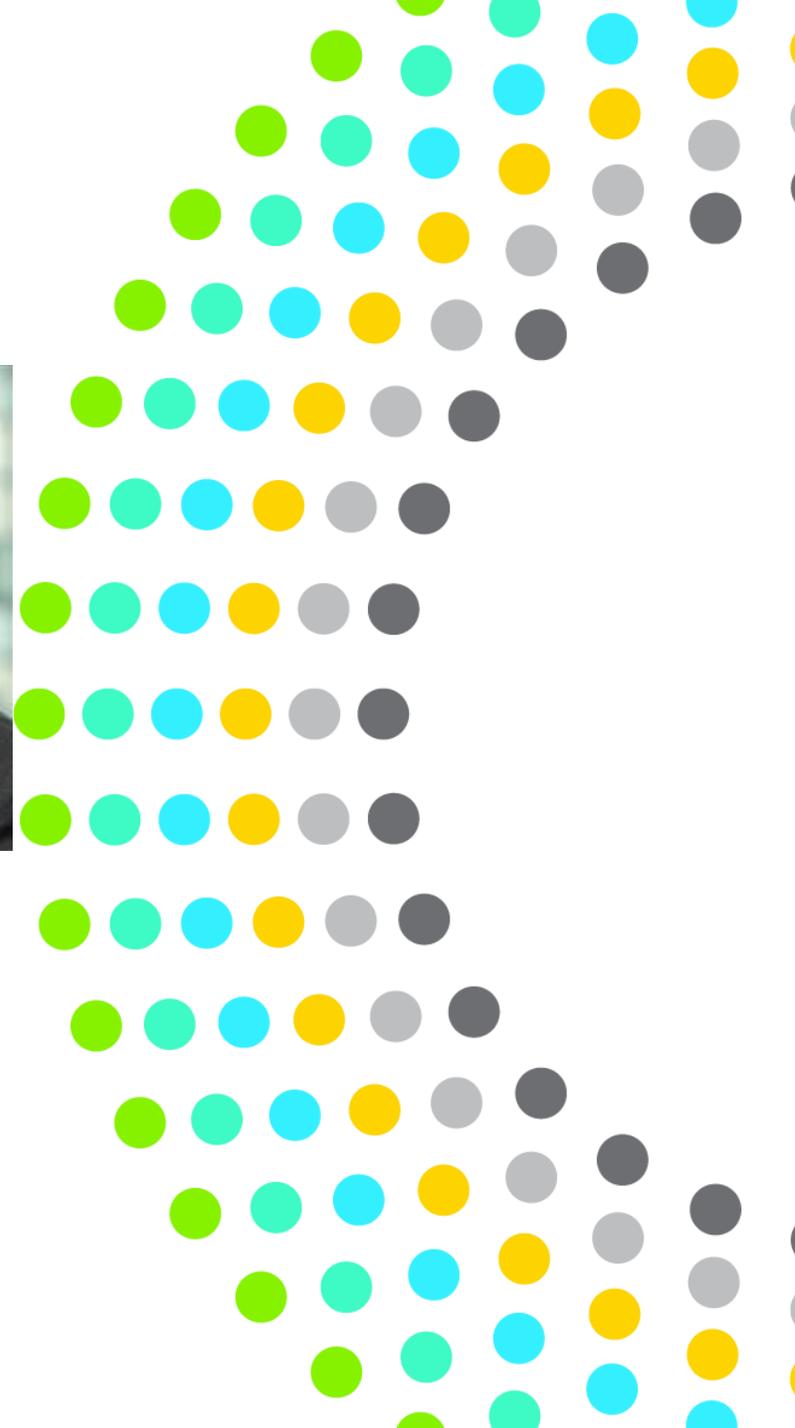


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