

Talent management top of the agenda for FTSE Non-Executives

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exec.appointments.com and *The Non-Executive Director* were commissioned by Ernst & Young to undertake a remarkable and innovative piece of research. Fifty non-executive directors from FTSE 100 and FTSE 250 companies participated in qualitative face-to-face and online interviews through non-execs.com. Each of the interviewees was under fifty years of age, thus giving an insight into the challenges that the Chairs of the Future see coming to prominence over the next five years.

There was a marked level of similarity in the concerns of the participants, regardless of their personal experience or industry grouping. We concluded that the challenges faced by FTSE companies, their Boards and their Chairs are similar, whatever market sector they are active in.

Meeting the challenge

Three key areas of challenge were mentioned consistently:

- ◆ Talent management and succession planning for both Executives and Non-Executives.
- ◆ Balancing the increasing demands of corporate governance with the need to deliver exceptional business results.
- ◆ Achieving accelerated growth in a globally competitive environment, particularly with the emergence of India and China.

Talent management

A recent article in the *Financial Times* pointed out that private equity will most certainly lure the best and brightest because of its lack of public scrutiny versus the potential financial rewards. People now have a choice over and above the traditional FTSE career path and this will impact on the available talent for FTSE 150 companies.

The interviewees were aware that innovative management development programmes and creative executive search mechanisms will be required to deliver the calibre and quality of candidates to lead the boards of the future. The actual composition of the board was also a matter for concern with an increasing need to recruit non-British candidates to guide increasingly international companies.

Striking a balance

Interestingly enough, the need to strike a balance between compliance versus performance is not driven by the increased burden of compliance but by the fact that the younger non-executives see strategy development as particularly important. Few of our sample are satisfied that their board process delivers the quality of forward-looking plans that will enable them to deliver expected results. Moving back to the issue of choice, it is clear that our sample will only choose to become Chairs of the future if allowed both to create balance and add value.

Global competitiveness

The comments in this area were particularly negative about UK companies competing actively and successfully on the global stage. Many companies may face the reality that growth may only be achievable by shifting infrastructure out of the high-cost European market or going private. Chairs will need to be adept at dealing with, and targeting, significant shareholders from new markets and different cultures. They will need to understand that these shareholders will have different demands and expectations.

The full findings of the research are available for download at www.non-execs.com. The report makes interesting and thought provoking reading, particularly the questions posed at the end for both non-executives individually and Boards as a whole.