

*A summary of an article which appeared in Human Resources Magazine*

## **I'm a non-exec – *don't* get me out of here**

by Betty Thayer, Chief Executive of [exec-appointments.com](http://exec-appointments.com)

You might think that heavyweight corporate governance reports, stark headlines about negligence claims, and a herd-like instinct to seek security in numbers would turn anyone off pursuing an independent career. You'd be wrong. Despite the well-publicised drawbacks of developing a portfolio career, the trend is on the increase. Why then are these senior executives seeking independent status and how are they faring?

To test the water, [exec-appointments.com](http://exec-appointments.com) and career counsellors IDDAS (Independent Direction Director Advisory Service) surveyed 213 senior executives who had left conventional employment. We wanted to know why they had taken this bold step and what advice they would offer to others considering such a move.

The results threw up two surprises. The first was that the majority (68%) said they had left their positions voluntarily. Given the economic situation over the past three years, we thought more would have been pushed than jumped off the corporate ladder. However, it seems a large proportion of today's portfolio executives are there because they want to be or at least because precipitous factors made the portfolio option more attractive than the status quo.

The second surprise was that 40 per cent wanted to move into a non-executive role. This was by far the most popular route to a plural portfolio followed by the development of an interim career and establishing a consultancy practice.

The majority (65%) were very satisfied or satisfied with their success at establishing an independent career. The main benefits were summed up as being in control over work and time, the variety and unpredictability of the work, and freedom from corporate agendas and politics. So far so good.

However, a number of drawbacks to plural working emerged in the results, revealing a distinct lack of preparedness. Top of the list of pitfalls was the difficulty in finding suitable roles, with 32 per cent admitting this had been their experience. Twenty-four per cent ranked uncertainty as a major downside and 21 per cent found the constant need to network was also a problem.

According to our co-authors IDDAS, one of the key lessons to learn about building a plural career is that it will take time. Director Garry Sharp advises executives to be selective when they are building their portfolio. They need to realise it will take longer to establish than they think and crucially that it will require precision planning, concerted networking and self-marketing.

The self-marketing issue was one that came as a surprise to our survey group and was the one aspect of their new career move that they would seek to change most if they could start over. Thirty-five per cent said they would market themselves more actively, with 17 per cent saying they would consider a broader range of options and 16 per cent suggesting they would choose their roles or clients more carefully.

The portfolio career challenge is likely to fall into the HR director in-tray from at least two directions – either as part of in-house talent management planning, or if they are tasked to find non-executive directors to fill their main or subsidiary boards.

Talent grooming, by encouraging senior executives to become non-executive directors on other boards, can be a beneficial venture all round - the employer gains from the experience the individuals bring in from the other company and the employees benefit by broadening their boardroom skills which will also better equip them to take up future board positions with their employer.

In spite of these advantages, I have heard HR directors raise doubts about the wisdom of letting their fledgling board talent stray into the hands of a potential new employer. The fear is that while they may *think* the grass is greener elsewhere, they may discover it actually is greener once they have been given the right to roam in a new pasture. My view is that if senior staff are serious about becoming a non-exec they are likely to do it any way, and there is more to be gained than lost by acknowledging this reality.

There is a big turnover in non-execs. The estimate is that around a third of all FTSE and AIM directors are expected to move on within the next two years. Finding non-executives to fill their own boards, therefore presents another challenge to HR directors. The Higgs report on the role of non-execs and events such as the Equitable Life scandal have forced everyone involved in the process to ask some tough questions when they are looking for new non-execs. In the past, appointments were often made on a relationship basis. Today's tougher climate means non-execs will have to be recruited along more business-based lines.

Our portfolio survey builds on our previous study which showed that, increasingly, senior executives were prepared to make sacrifices to achieve a better work-life balance. Of the high-income earners we surveyed during 2002, many said they would consider an alternative way of working and 81 per cent said they would be willing to forfeit some of their salary before money became their number one priority.

The growing number of portfolio executives – non-execs, interims and consultants – provide a huge pool of senior talent that could be tapped to solve a variety of recruitment challenges. It strikes me from discussions I have had with HR directors that this is one area they might have to consider looking at more closely. Many, particularly in the FTSE 350, have a “strategic” role and they often say to me they personally “don’t do recruitment”. But there is a real resourcing issue looming that needs to be addressed. It is almost as though some HR directors are in a revolving door. They are so busy concentrating on the strategy at the front, that if they are not careful the door will come and hit them in the back.

**Useful contacts:**

[www.exec-appointments.com](http://www.exec-appointments.com)

[www.non-execs.com](http://www.non-execs.com)

[www.iddas.com](http://www.iddas.com)

**(Box)**

**Surviving in the portfolio jungle**

- Start planning for a portfolio career well in advance.
- Speak to friends and former colleagues who have made the move, find out what they did, what they would advise.
- Educate yourself about the market. Read up on recent reports, sign up to relevant courses or events.
- Consider investing in counselling specifically aimed at a portfolio career. Prepare a realistic assessment of your strengths and weaknesses and pinpoint the areas where you are most likely to be successful.
- Spread your net as wide as possible.
- Plan your financial situation carefully and anticipate that there may be work-free gaps.

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**Natural selection – finding the right non-exec**

- Rank your selection criteria.
- Shortlist candidates against this ranking.
- Be prepared to follow intuition, positive or negative.
- Interview at least three candidates.
- Interview in formal and informal settings.
- Ask the candidates to qualify themselves.
- Hold selection discussions at board level and take minutes.
- Remember that convincing candidates you are a desirable company can be a challenge, given recent litigation and potential liability.
- Having no director is better than having the wrong one.