

The Non-Executive Director



How to create a highly effective NED team?

The value of a highly effective non-executive team cannot be overstated. The quality of the NED team can determine many things: whether a company's success is enduring or fleeting, whether it will sail through a crisis or be dashed upon the rocks; and whether a storm will or won't feature on the horizon.

Without the right people, a non-executive board can be too directive, too inexperienced or too cosy with the exec board. The critical but difficult discussions may not take place. Or they may be so heated that no one listens, no one learns, and no one benefits.

A highly effective NED team is, of course, firstly made up of great NEDs. They are [people who have prepared for the role](#) and [they are the best fit for the organisation](#).

Even with the best candidates, though, it's possible for a non-executive board to be ineffective. So how do you create a good non-executive board dynamic?



Recipe for a sharp team

As I have said many times before, non-executives should not be directive. However that does not mean they should comply with the wishes of the executive board or refuse to wade into uneasy waters. From worst case scenario planning to remuneration, supervisory boards need to be comfortable confronting the difficult subjects.

This applies not only to crisis situations but also to better times. If an organisation appears stable and successful, the good non-exec boards will still ask the C-suite to plan for potential crises, whether it's the loss of major clients, a product recall or another pandemic – one that is even more fatal than coronavirus. When an organisation is doing very well, they need to be planning for what can go very wrong.

Dealing with big personalities

Sometimes in the AEX, the British FT250 or Dow Jones, you will see explosions between the exec and non-exec board. Boards will often tell me this is because the NEDs are too directive in their approach – trying to operationally lead the organisation at the same time as the C-suite.

It's important for a supervisory board to offer options, guidance and coaching, and if that's not their natural leadership style, clashes will inevitably occur. To help stop this from happening, it's important for [non-executive candidates to question whether it's the right time to step into a NED role.](#)

There is another side to this, however. The executives need to pay attention to the questions NEDs ask them, and they must allow themselves to be challenged even if they don't always agree. If the CEO simply decides to go in their own direction anyway, without synchronising at all with the non-executives, there will be casualties.



I can think of one very public example of this in the Netherlands where non-executives were resigning a few months after they were selected for the board. Then after new NEDs came in, several members of the executive board resigned too. Shareholders appointed an expert to talk with everyone and uncover where everything went wrong.

No doubt they uncovered a mixture of reasons why the clashes took place, personal and strategic, since every board can face these to one degree or another. But while neither are easy to resolve, it's possible to deal with both.

Diagnosing a non-exec team

Over the years, I have often been brought in to help complete assessments of an executive or supervisory board.

We'll analyse the team dynamic, how the board members see one another, and how aligned the board believes they are on the difficult subjects. Then we'll interview the members to unearth a little history and the reasons behind unspoken divisions.

If we see communication is not transparent between board members, we might suggest they work on certain projects together. Every two or three years, we'll repeat this Board Evaluation process.

Throughout this process we dare to discuss the things that don't go well. The aim is not to make the board the best of friends. Friendliness is not the goal but openness, for this is what will make for an effective supervisory and executive team.

To learn more about building a non-executive team, see my thoughts on [what makes a good NED \(and how to spot a bad one\)](#).

Whether you need to find high calibre candidates in a very discreet manner, or you're considering transitioning to a NED role, get in touch with me to start bringing your way forward into focus.



In summary:

What are the key ingredients for an effective non-executive board?

Naturally, you need to start with brilliant NEDs. But the dynamic between them and the way they interact with the executive board is just as crucial as their individual expertise.

There needs to be a balance between being able to have the difficult conversations without trying to direct them. Between working productively with execs without getting too cosy with them.

When you need more insights in how we at Amrop guide boards through a proper board evaluation with the usage of our proprietary Amrop Board Evaluation Tool (BET), do reach out directly to me.

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