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Research Report

The Role of Non Executive Directors in Growth Companies

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Based on the findings of this study there are a number of important questions that NEDs and Chairs should ask of themselves.

QCA and Downing LLP

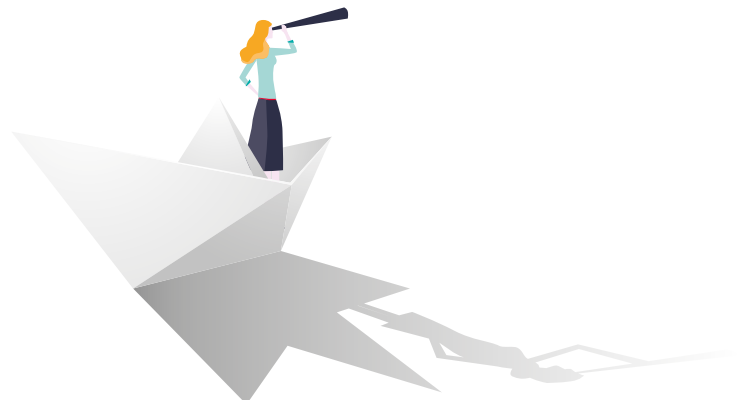
We commissioned Henley Business School to look at the role that Non-Executive Directors (NEDs) play in growth companies. This research is relevant to growth companies on the Main Market of the London Stock Exchange, AIM, NEX Exchange, and companies considering an IPO. With this research, we wanted to highlight the very different role that NEDs play when compared to the largest companies on the stock market.

What comes through from the findings is not just a stark difference between small and large, but also some fascinating insights about how the role, and skills required, of NEDs in growth companies vary greatly. Size, complexity, type of ownership and stage of development all have an influence over the type of Chair and NED that can add value.

NEDs need to challenge themselves regularly to ensure that they are the right person for the role they are in and, if so, to understand how they can deliver for their company. They also need to be confident that they have the skills and experience to actively support the company as it transitions to a new stage.

Similarly, Chairs should assess regularly whether they have the right people on their board for their company's size and stage of development. Just as importantly they, too, should be looking to the future to ensure that the current mix of talents is relevant for the next stage of their company's growth. And they should be mindful of whether they, too, remain relevant to the company's growth path.

Based on the findings of this study, we believe there are a number of important questions that growth companies' NEDs and Chairs should ask of themselves to ensure they are performing in their roles, both now and prospectively:



What should a NED be considering?

Firstly, identify your company's type and stage of development from the model outlined in this report (page 15), then consider:

1. What skills and experience are required for a NED at my company, given its stage of development?
2. How do my skills and experience match up?
3. If I have a skills and/or experience gap, am I really the right person?
 - What do I need to do to match my skills with those required?
 - How do I gain the necessary experience?
4. If the gap is too big, am I prepared to have an open discussion with the Chair about next steps?
5. Is my company moving, or is it about to move, through to another stage of development?
 - Will my skills and experience be relevant to the company, as it moves through such a change?
 - If I don't have the necessary skills and experience, am I prepared to have an open conversation with the Chair and possibly to make way for someone with a more relevant background?

What should a Chair be considering?

Firstly, identify your company's type and stage of development from the model outlined in this report (page 15), then consider:

1. Do I lead the board in the right way for the company's stage of development? Are there things I should be doing differently?
2. Do I have the right NEDs with the right skills and experience for the company right now?
3. Looking forward, what changes will I need to make to the board composition as the company transitions to another stage?
4. How will I determine when the skills and experience required on the board have changed? How is this structured into the board evaluation?
5. Am I willing to have the necessary conversations with NEDs if they are not the right fit, either now or in the future?
6. How do I ensure that I remain the right person to Chair the company as it moves through to a different stage of development? Who is my sounding board?

Growth companies need the best resources on the board that they can find to give themselves the best chance of success. We believe that these questions and this research will help companies to build better boards and consequently improve the quality of their performance.

We are very grateful to Henley Business School for conducting this research, building on their extensive work in this area.

Tim Ward
Chief Executive, QCA

Judith MacKenzie
Partner, Downing LLP

Growth companies need the best resources on the board that they can find to give themselves the best chance of success.

Introduction from Henley Business School

Henley Business School has joined forces with The Quoted Companies Alliance (QCA) and Downing LLP to pursue research on the role of NEDs and their contribution to UK listed growth companies.

Effective corporate governance is a fundamental requirement in today's business environment. It is through sound corporate governance that companies create the necessary trust within the investor community and beyond. In return, well-governed (and therefore well-managed) companies are more able to access the necessary capital to fulfil their growth ambitions, while maintaining sound relationships with other stakeholders.

Such effective corporate governance cannot be achieved without highly capable and well-prepared Non-Executive Directors (NEDs) with clarity about their role. This is especially pertinent in the context of growth companies, the subject of this report. As recently stated in a joint report by the QCA and NEDA (Non-Executive Directors' Association): "the new QCA Corporate Governance code places NEDs as one of the cornerstones of good governance and expectations have become both higher and wider".¹ The report also asks the question: "have we reached a crossroads where we have good people trying to do an impossible task which is doomed to fail?" It is a report that in various ways attempts to unpick NEDs' role and contribution and to identify the necessary conditions for their effectiveness. It is made clear that such a role is by no means an easy one, but at the same time not impossible. Growth companies cannot afford to make mistakes and the involvement of their NEDs is therefore critical, yet a NED's role is often quite specific, contingent on the particular circumstances of individual companies or boards.

The report presented here is the result of 32 in-depth one-to-one interviews and three focus group discussions with investors, Chairs, NEDs, CEOs, CFOs, company secretaries and nominated advisors (see Appendix 1: Methodology). It is divided into four parts:

- Part 1:** The nature of growth companies and how they differ from large listed companies
- Part 2:** Chair practices and NED effectiveness in growth companies
- Part 3:** A model of four types of growth company and the NED role and contribution
- Part 4:** Applying corporate governance codes in growth companies: the NED role and contribution

We hope that the insights found within the following pages prove useful both for Chairs and NEDs in clarifying the NED role and in enabling boards to be more effective.

Henley Business School would like to thank all the participants who so generously gave of their time and experience for the benefit of this research project. We would also like to thank the QCA and Downing LLP for their support.

Henley Business School Research team:

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¹ QCA and NEDA (2018). Boardroom Behaviour and the QCA Corporate Governance Code. Available at <https://bit.ly/2SZJb92>

Executive Summary

This research highlights three key aspects of the NED role in and contribution to growth companies. First, while the Chair is central in creating the necessary conditions for NED effectiveness through the implementation of sound governance practice, it is the individual NED experience, skill and will that remains the decisive factor. Second, while there is wide variation in how a NED role can be carried out, four basic company types can be identified, each implying a particular approach by NEDs and requiring specific experience, skills and behaviour, and also a specific approach by the Chair. Third, while all NEDs are tasked with some form of monitoring, in growth companies this is achieved through engaged stewardship.

The more specific findings from this research are as follows:

1. The NED role in growth companies is idiosyncratic, reflecting the dynamism that characterises these companies and the environment in which they operate.
2. The role is shaped by certain company-level characteristics, such as: ownership concentration and type; company size and stage of development; and the level of business/operating model complexity. Beyond that, each company is unique and the NED role is influenced by the dynamism of circumstances and varies almost on a situation-by-situation basis.
3. It is therefore no surprise to find no single consensual picture of the role and contribution of the NED. Nevertheless, a few basic scenarios and themes emerge.
4. It is generally recognised that the greatest contribution of NEDs in growth companies is to add value through engaged stewardship and support for the company's ambitions. The basic level of good governance consists of strong internal controls and financial discipline, but the distinct NED contribution lies in mentoring and stewardship of the CEO, the top team and/or the company as a whole, by bringing to bear their experience, their specific and general business skills, and even their links to key stakeholders.
5. The relative balance between monitoring and mentoring is therefore dependent on the type of business and its circumstances.
6. This report, along with other recent research from Henley², reveals a number of practices that Chairs must adopt to enable NEDs to be more effective. The critical nature of these practices depends on the company's characteristics and the circumstances within which it finds itself. These are "hygiene factors", and they too require NEDs with the right experience, skill and will. The Chair practices are:
 - Board composition and succession planning (QCA Code, Principle 6)
 - Board policies on NED engagement with the business (QCA Code, Principle 5)
 - Board policies on proactive shareholder engagement and communication (QCA Code, Principles 2 and 10)
 - Alignment of views: Chair–CEO communication and NED-only meetings
 - Regular board evaluations (QCA Code, Principle 7).
7. The NED role in both large and small companies encompasses serious legal and regulatory responsibilities. Directors have a fiduciary duty to shareholders and failure to discharge their responsibilities has serious legal, regulatory and financial consequences for both individuals and firms.

² See for example: Morais, F., Kakabadse, A., and Kakabadse, N. (2019). "Dealing with strategic tensions on the board: The role of the Chair in fostering engagement and debate". In: Gabrielsson, J., Khlif, W., and Yamak, S. (Eds.), *Research Handbook on Boards of Directors*. Edward Elgar Publishing.

8. This report identifies four different types of growth company, each of which requires a distinct approach by the NED; these types have been labelled “Keep the business on track”, “Keep the CEO on track”, “Develop the team” and “Making sense of complexity”. A simple two-by-two model has emerged, in which the role and contribution varies depending on ownership (concentrated/dispersed), size and business cycle (small/entrepreneurial or large/mature) and the complexity of the business/operating model (low/high). This shapes the balance of the NED role and focus in terms of mentoring/monitoring, strategy, culture and the key NED characteristics (independence, expertise, time and effort) **(QCA Code, Principle 9)**.
9. Company growth remains the central and sometimes the only concern of the board and management; much less or even zero consideration is given to broader stakeholder and social responsibility and how that might impact on the company’s sustainable growth **(QCA Code, Principle 3)**.
10. Board oversight of the company culture is recognised as an important responsibility, especially as companies grow and change (for example, by acquisition). However, boards and NEDs are still grappling with the best way to discharge this responsibility **(QCA Code, Principle 8)**.
11. This report finds that NED involvement in setting strategy is greater in smaller companies with limited resources and skills around the executive team. But in larger companies there is a clear division of responsibilities whereby the executive develops the strategy and the NED role is to scrutinise, challenge, shape and eventually approve the strategy which is owned by the CEO. Here NEDs are important in ensuring that the pace of growth, and therefore the level of risk-taking, is appropriate **(QCA Code, Principles 1 and 4)**.
12. Building boards that are well-structured, independent and with the right mix of skills remains a challenge for many growth companies. The risk–reward profile and the time commitment can both make the job unattractive.
13. While great progress has been made in making codes of governance less prescriptive and recognising the specificities of growth companies, a feeling continues to permeate the director community that the current regulatory apparatus encourages more of a policing role for NEDs when a stewardship or enabling role is more desirable.



1



Part 1: The nature of growth companies and how they differ from large listed companies

1.1 What do we mean by growth companies?

There is no universally accepted definition of “growth company”. For the purposes of this report we will define growth companies as those that have business growth as their main strategy and focus.

These companies typically grow faster than the general economy but are yet to identify and/or consolidate a sustainable position in the marketplace. Many often lack the financial strength, structure and experience to support their growth ambitions and therefore seek external finance and a supportive regulatory environment. The London Stock Exchange (LSE) Alternative Investment Market (AIM) was created in 1995 primarily to support the growth of entrepreneurial companies by enabling access to capital³ from the public market, thereby creating a supportive ecosystem in which issuers and investors could thrive.

Due to the number of growth companies on AIM, the intended audience of this report is primarily AIM-listed companies, company directors and other AIM agents (investors and nominated advisors). However, it will also help similar growth companies on the Main Market of the London Stock Exchange and the NEX Exchange as well as those considering an IPO on one of these markets.

1.2 Small and mid-caps versus large caps

The worlds of small, mid and large caps are very different. Large-capitalisation companies, such as those in the FTSE 100, typically offer a lower risk profile for investors, due to revenue streams that are well diversified by product, service and location, and due to experienced, professional management teams and governance. These companies pay out attractive dividends. Mid-caps demonstrate similar characteristics but tend to produce dividends less frequently, while enjoying good growth potential and being likely acquisition targets for larger companies. Both classes of company typically have sufficient resources and differentiated structures of governance with a clear separation between the executive and non-executive roles.

³ London Stock Exchange (2015). *A Guide to AIM*. Available at the London Stock Exchange website: <https://bit.ly/1CHR4L4>

The small- and micro-cap world is quite different. Firms typically enjoy high growth potential but also demonstrate extraordinary volatility, requiring more long-term investment and stewardship. The board typically owns a large percentage of the company stock due to the presence of founder-CEOs; resources are much scarcer (for example, in terms of company secretarial services, consulting, etc.), and the management team is often less experienced and less differentiated than in the higher-cap world. Because of this small resource base and high volatility, NEDs are often more involved, with the focus of their role differing significantly from their large- and mid-cap counterparts.

1.3 The role of the NED in large companies

The Non-Executive Director role in both large and small firms encompasses serious legal responsibilities. The Companies Act 2006 places responsibility on directors to promote the best interest and the success of the firm (section 172). Directors' duties (Sections 173-177 of The Act) include exercising independent judgment, reasonable care, skill and diligence, avoid conflicts of interest, not to accept benefits from third parties and to declare interests in transactions. In addition, the requirements and responsibility to keep proper books and records and for the integrity of the financial statements lies with directors. Directors owe a fiduciary duty to shareholders. Failure to discharge any of these responsibilities has serious legal, regulatory and financial consequences for both individuals and firms. These include, for example, disqualification or jail time for individual directors and fines and de-listing for firms. Just recently, failure to comply with AIM rules on corporate governance by company Real Good Food culminated on censoring from LSE and a fine settled at £300,000.

In large listed companies, governance requirements are enshrined in the UK Corporate Governance Code (hereafter, "the Code")⁴ on a comply or explain basis. The Code and the associated guidance⁵, issued by the Financial Reporting Council (FRC), sets out the responsibilities and behaviour norms of different roles within the board. Reviewing the Code and its associated guidance on board effectiveness, we can see that the availability of resources means that board roles are specialised and NEDs receive support from company secretarial services, legal services; as such, much of the compliance and administrative aspects of board functioning are often absorbed by other roles. Top management teams are large, professionalised and experienced, in contrast to smaller companies. It is therefore unsurprising that in large listed companies the NED role has a different emphasis compared to smaller firms with fewer resources. The Code and its associated guidance discuss NEDs in terms of challenging management proposals and ensuring robust debate around major decisions, including hiring and firing of CEOs. NEDs are to achieve this by demanding of management clear, high-quality and timely information about the company and seeking the independent views of a variety of stakeholders, including shareholders. The focus of the NED role, according to the Code, is one of monitoring and control: over the robustness and appropriateness of strategy, over culture and management remuneration, and providing assurance about the integrity of accounts.

Against this background, we aim in this report to clarify the role and contribution of the NED in a less well-documented area: that of growth companies, characterised as they are by greater volatility and resource scarcity.

⁴ Financial Reporting Council (2018). *The UK Corporate Governance Code (July 2018)*.

Available at the Financial Reporting Council website: <https://bit.ly/2LeuopV>

⁵ Financial Reporting Council (2018). *Guidance on Board Effectiveness (July 2018)*.

Available at the Financial Reporting Council website: <https://bit.ly/2urwHwc>

2



Part 2: Chair practices and NED effectiveness in growth companies

The first theme to emerge from this research was that NED effectiveness partially depends on the Chair creating the right board operating environment through careful implementation of a set of board practices. Participants in this research highlighted the importance of context and Chair practice in NED effectiveness.

“I have met very few NEDs who I think are individually poor. I have seen several boards, which have operated suboptimally due to the team or the Chairmanship or the mix or the dynamics for each.” (Focus Group)

“It’s different to different companies, very much driven by the culture of the company, or the culture of the board and that is influenced mainly by the personality and the competence of the Chairman and certainly the personality of the Chief Executive.” (NED)

The key practices identified are:

- Board composition and succession planning;
- Board policies on NED engagement with the business;
- Board policies on proactive shareholder engagement and communication;
- Alignment of views: Chair–CEO communication and NED-only meetings;
- Regular board evaluations.

The relevance of each of these practices, or the degree to which they are accepted, depends on the board context within which the NED operates. However, while the presence of these practices increases the chances of effective NED contribution, it is down to the NED as an individual to make the best use of them. These practices are “hygiene factors” which the Chair must ensure are meaningfully put in place. But the experience, skill and will of the NED remains the decisive factor.

The next sections discuss each of these board practices in turn.

2.1 Chair leadership: board composition and succession planning

Chairs are the leaders of the board and responsible for ensuring that their board has an adequate balance of experience, skills and independence to face present and future challenges. However, it is apparent that smaller companies are yet to take this responsibility seriously enough, whereas medium to larger companies find it difficult to find NEDs with the desired profile.

“What to me has become quite apparent is that the role of the Chair of the board is very fundamental. The ability of the Chair to, together with the Chair for nomination which is a different individual, to plan with a good degree of foresight (three to five years) and identify those skills gaps that exist on the board and start to identify individuals that might be able to join is critical.” (Investor)

“It is very difficult to manage situations where a company moves from a growth phase to being financially constrained, over-exposed, and needing restructuring. And therefore you can't always match, in the medium term, all those skills, but you're trying to get that breadth of experience.” (Focus Group)

Chairs bear the important responsibility of making sure all NEDs that join the board are clear about their role. What is expected in terms of contribution, time and effort? What is acceptable and what is not? A NED operates best with clarity of purpose and when the board enjoys a balance of experience, skills and independence. Key experience and skills that need to be represented on the board are: broad business experience, industry expertise, PLC experience, and finance and marketing.

There is an increasing appetite for more specific skill-sets above and beyond these, according to circumstances. These may include: links and experience in the City; human capital knowhow and managing an expanding workforce; a macro-view of economic, political, technological and social developments; turnaround and restructuring skills; or M&A skills. However, such an expanded range of skills is not always readily available:

“The key issues that we continue to see companies struggle with, not just in the small-cap segment but also in the large-cap and across market segments is the establishment of well-structured independent boards. When we look at the board more broadly there may not be the skill-set there that can support a company in implementing a new strategy, for instance. So, specifically in turnaround situations, or growth situations, it may be difficult for companies to rely on the directors who have served them maybe very well for a number of years but in this instance require slightly different combinations of skills and particular technical expertise.” (Investor)

What is more, there is an indication that the current demands of the NED role, and the risk–reward profile associated with it, are forming an additional barrier to recruitment: while there may be those with the required skill-set, they are not necessarily prepared to take the reputational risk:

“NEDs having had a good, successful track record as an executive throughout their lives, they're not going to be taking a gamble recklessly at the age of mid-fifties to move into something small and perhaps a bit dicey.” (Focus Group)

A NED's soft skills – qualities such as emotional intelligence, influence and persuasion, political savviness and resilience – are described as fundamental in navigating certain business scenarios (see Part 3 of this report):

“The value comes from those who have got that emotional intelligence to be able to ask the right questions.” (Focus Group)

“I think the soft skills of influence and persuasion is tantamount in a small business. It's how you can influence somebody to take on your advice or your experience, and how you can explain it to them, and put it into their framework so that they can take that decision.” (Focus Group)

2.2 Board policies on NED engagement with the business

In order for NEDs to develop and mentor executive teams effectively, or to monitor and challenge them, they will require a deep knowledge of the business that goes beyond the information routinely provided by management; this is especially true for large and/or complex businesses. It is therefore up to the Chair of the board to ensure that there are agreed board policies about NEDs' engagement with the nuts and bolts of the business.

"You can't have a bunch of Non-Execs round the table who haven't been out on the shop floor. But they need the blessing and the encouragement of the Chairman." (Focus Group)

"If we are told by a Non-Executive Director that they have freedom of access in terms of site visits or obtaining information or talking to any layer of the organisation, for example, that provides us with much more confidence in the investment than where we're getting the impression from Non-Execs that their access is restricted." (Investor)

Such engagement can be manifested in many different ways – for example, site visits; discussions with employees, suppliers and customers; or inviting expert employees to present before the board. The important point is that these practices are agreed and that the CEO accepts them as a necessary condition for maximising what NEDs have to offer.

"What I try to do is to facilitate contacts and relationships from the Non-Executives deeper into the organisation so I'm not just a funnel for everything. I think it would be totally wrong if I just synthesised all the data and passed it up. I think it's very important that NEDs have access and, maybe that's a way of creating that independence whereby they actually get second or if not third view of what's actually going on." (CEO)

However, the job isn't done once the policies are in place. NEDs must acknowledge that they need to be proactive, do their own analysis, and triangulate information to come up with an evidence-based view, which can then be used to mentor or challenge as appropriate.

"I think you should be more self-sufficient that actually you should take information, but know that it's probably imperfect, and that you might have to do some of your own analysis around it." (Focus Group)

"One of the challenges for a Non-Executive is to be in contact with a broader range of people than just the two or three executives. You obtain alternative ways of gathering information. You triangulate information from different sources to make sure you're getting the right perspectives. And sometimes you encourage other people to make their views heard, when they perhaps were being ignored, or not listened to." (NED)

2.3 Board policies on proactive shareholder engagement and communication

It is the board's responsibility to deliver effective shareholder communication. Understanding shareholders, and what they need and want, is key.

To discharge their role and responsibilities effectively, NEDs, require not just information about the company but also about shareholders' expectations and concerns in order to make informed decisions and communicate with the market. Company–shareholder engagement is beset with serious challenges. From the company's perspective, there are concerns and frustrations which can impair the value of engagement; for example:

- Fears about providing a particular shareholder with price-sensitive information.
- Shareholders disagreeing with each other: for example, about remuneration:

"Shareholders are getting more active as they should, but it would be jolly nice if they agreed with each other." (NED)

- Smaller- to mid-cap companies not getting enough "air time":

"For the last three years I have gone through the process of phoning the major investors saying, 'Would you like a meeting? It might be helpful.' And for the most part the implied response was: 'No, not really. Life is too short.'" (Focus Group)

- Misalignment of priorities (i.e. ESG vs growth):

“I’ve been across the Atlantic to talk to one of my investors and the two ladies’ first question was: ‘Okay, I am the ESG specialist – what is your policy on ESG?’” (FD)

“Fund managers want to see you in their own office, they want to ask you their own personal questions and it takes so much more of management’s time. It’s another anchor on the back of management.” (CEO)

- Investors not wanting to engage with firms:

“If your business is doing pretty well, they don’t want to see you. If it’s doing badly, they sell their shares.” (CEO)

And investors have their own frustrations about the level and quality of engagement demonstrated by their investees:

- Companies prioritise their top few shareholders, therefore marginalising smaller ones who may nonetheless have a sizeable stake and interest in the company:

“Often companies feel their job is done once they have spoken to the top five. Previously it was the top ten, and often companies would go down the shareholder register to obtain a plurality of views. We agree in many things with our colleagues, but there are differences on how each organisation approaches stewardship.” (Investor)

- Family-owned companies fail to turn up to meetings or show any interest.

- Many Chairs are not sufficiently engaged with the business:

“Sadly, the common themes are that the Chair isn’t that really engaged; they’re a box-tick as opposed to being engaged with the business.” (Investor)

In addition to this absence of a framework to enable productive company–shareholder engagement, there are problems around NED access to shareholders and who should be involved in the engagement:

“The NED has to say ‘Right, what’s best for the company and what’s best for the view of the shareholders and how can I get across that?’ But in many cases we hear that the NED doesn’t know what the shareholders want because they don’t get access to them.” (Focus Group)

There is a strong perception that the preferential access to the investors enjoyed by the CEO provides the latter with yet another tool with which to “manage the board”, who in turn lack first-hand information:

“Reading into the CEOs that I meet, they are quite delighted that they are the ones that have access to the investors with the FD, because it actually divides and conquers. The NEDs are receiving second-hand information.” (Focus Group)

“As a Non-Executive Chairman, you should see the big institutions with the Chief Executive and make sure that he/she is actually telling them what he’s told you and told the board. I have been caught in that circle.” (Chair)

A clear policy on engagement is therefore required to make sure everyone has the same level of information.

A further question for Chairs and NEDs is how they go about eliciting the expectations of, and engaging with, retail investors when their company has few or no institutional investors.

2.4 Alignment of views: Chair–CEO communication and NED-only meetings

In addition, to ensure a well-balanced and independent board, and effective NED engagement policies with the business and with shareholders, Chairs need also to ensure that there are mechanisms in place to continuously align views across the board. Two fundamental mechanisms are i) establishing regular productive communication between the Chair and the CEO; and ii) ensuring NED-only meetings.

Frequent Chair–CEO communication is fundamental in ensuring alignment of views and allowing the board to work as a unit. These two top roles need to ensure that levels of engagement are maintained and that policies are working, discuss tensions, and also share their insights into the views of NEDs, shareholders and other stakeholders.

“The working relationship between the Chairman and CEO, I couldn’t reinforce more, it is just crucial. It’s so key. They should be having conversations guaranteed at least once a week for an hour or so, if not more. And I’ve seen it: it can be extremely valuable. Particularly if you’ve got a young CEO who really needs guidance and mentoring through the whole thing.” (Focus Group)

“I have a weekly call with my Chief Executive who happens to be based in the States. And we call every week from one to two hours.” (Chair)

“I try and have a monthly lunch with our Chairman because we have got a board of five and there’s so much going on that I think it’s quite important that I keep him up to speed.” (CEO)

This relationship emphatically sets the tone for how NEDs can operate and the value that they are allowed to bring into the boardroom.

Another important mechanism often used to ensure that views are aligned and that board meetings are effective are NED-only meetings. Here NEDs can speak freely and test hypotheses about aspects of concern or opportunities for improvement on executive performance.

“The then Chairman had a meeting with all the Non-Executives in the hour before the board meeting. He said, ‘OK, you’ve all read the board papers. What are you worried about? What do you think the issues are?’ And so therefore the Non-Executives had an opportunity to chew the fat around before the board meeting started. So that then meant, instead of the Non-Execs going up a learning curve during the course of the board meeting and thinking, “Blow, I should have asked that question but I didn’t get it.” (NED)

However, it is important for these meetings to be transparent, with the CEO being informed by the Chair of any conclusions:

“Quite important that NEDs, certainly when a company gets to a certain size, have a meeting about the execs and the senior management team independently. And I don’t think there’s anything wrong with that from an executive point of view as long as then the Chairman explains to the executives what the NEDs are thinking.” (NED)

2.5 Regular constructive board evaluations

One further practice that Chairs need to make happen on a regular basis is a board evaluation. This may be formal or informal, internal or external, but what is important is that it enables a serious, rigorous and constructive review of the board structure, composition and processes, and the performance of individual board members:

“It was good meeting because we were actually quite transparent, even if we didn’t like the dollop of information that was dropped on the board table in front. So as a non-confrontational feedback process, I thought that was quite interesting.” (Focus Group)

In pursuit of continuous improvement, some boards have sought to augment this annual review:

“But I think with all these things, when you come and just do it like once a year you, you’ve kind of failed already, because actually it is a continuous process. I’ve done the full board evaluation, but I have actually just taken aside the Non-Execs, and we started doing a session after each board meeting on where we thought we had succeeded and failed.” (Focus Group)

Board evaluations are important tools with which to ensure continuous improvement of the functioning of the board and eliminate potential sources of ineffectiveness.

3



Part 3: A model of four types of growth company and the NED role and contribution

An analysis of the interviews and focus group discussions led the research team to develop a model of four types of growth company, each with their particular approach to the NED role and that of the Chair.

It is important to recognise that the model does not intend to place companies or individuals into boxes, but rather provides a general model: as well as the stated variables, a company's position in the model will depend on other circumstances such as the level of company performance and specific issues confronting it.

The model reveals that three fundamental company-level characteristics, captured on three axes, set the requirements and boundaries within which the NED role is enacted. These are:

i) Business size and lifecycle. The NED role and contribution varies according to whether the business is small/entrepreneurial or large/mature. These factors have implications for the differentiation of roles among board members and the top team, related structures, and the availability of resources; for example:

"As a Non-Executive Director you really have to slowly work your way into the board, because growth companies and particularly fast-growing companies tend to be run by entrepreneurs. They are very enthusiastic but they haven't necessarily got the experience. More mature companies tend to have more of a mature management team who move forward at 5% growth. And there's just different skills needed depending on which type of company you are involved in." (NED)

"It's linked to their market capitalisation, their size and stage of development." (Investor)

According to many, the NED role's balance between mentoring and monitoring is indeed a function of the size and maturity of the company:

"Non-Executives need to get the balance right and be able to challenge in a constructive and positive way whilst remaining independent. If they can achieve that balance, they are doing their job well in terms of adding value from corporate governance to commercial. But this balance depends on the board and the maturity of the company as well." (Focus Group)

ii) Business/operating model complexity. The complexity of the business model and how the company operates has implications for how the NED role is performed. For example, geographically dispersed businesses in multiple institutional jurisdictions and subject to a plurality of regulatory frameworks and cultural influences may require of their NEDs greater time, insight and involvement. Equally, companies with product markets

characterised by high technological innovation and change require greater effort from their NEDs both to understand the business and be up to date with changing dynamics.

“It strikes me that you can have very different requirements for NEDs, depending on the type of business it is. For example: Is it highly regulated? Is it not? Is it UK-based solely? Is it international? Is it growing? Is it not? And what sort of circumstances are you faced with?” (Focus Group)

iii) Ownership concentration/dispersion. Many businesses have significantly concentrated ownership, especially as they enter the market: the presence of significant founding shareholders is not uncommon. Certain dynamics may be in evidence which, for example, impede NEDs from adding value to the business or maintaining independence. At the other end of the spectrum, dispersed ownership structures present their own challenges around shareholder engagement and representation of shareholder views on the board.

“It probably depends on what the origin of the company is. Some companies that come to AIM might be relatively early-stage businesses. Some have been family-owned businesses for some years. Some of them are very entrepreneurial-led: a single strong entrepreneurial character who may find corporate governance a little harder to deal with. Some have come from another market; some have transferred from a higher level of governance regime.” (Investor)

“Then you have these kind of odd situations where you have sort of dominant shareholders, but they don’t actually control the company, and I think that is almost the hardest position.” (Focus Group)

It is clear that the type of investors, their importance, and their expectations around governance, influence how NEDs perceive their role within the company:

“I think it is difficult to get the right balance and I think a company which has Non-Execs who are simply policing is not getting the best out of them; but I still think that in today’s world, from the point of view of investors who after all are people who own the company, they see Non-Execs’ principal role as one of oversight and making sure that the Patisserie Valerie situation doesn’t arise.” (Focus Group)

Although company characteristics are important in predicting the NED role, the idiosyncrasies of the board – board dynamics and the circumstances it faces – are highly significant:

“It’s situation by situation. Very different requirements in different circumstances, has been my experience.” (NED)

The three company-level factors outlined above therefore shape the NED role in a number of ways. In this report we will go on to consider task elements and NED characteristics, namely:

- **Role focus.** What is the balance between monitoring/control and stewardship/mentoring by the CEO/executive team?
- **Strategy and risk.** To what degree are NEDs involved in developing, shaping or approving strategy? To what extent do they determine the pace of growth (risk tolerance and risk appetite)?
- **Culture.** How does culture evolve and what is the NED contribution in setting the tone or finding out about culture?
- **Independence.** Businesses that are harder to understand or that have more concentrated ownership may present a greater constraint to NED independence and discretionary behaviour.
- **Expertise.** The amount and type of expertise (e.g. industry, public markets, functional skills) required of NEDs by the board varies according to business model complexity and size.
- **Time and effort.** Larger more complex businesses require more time and effort.

The model⁶ will be outlined and discussed next, with reference to data and quotes from the interviews and focus groups.

Figure 1: A model of four types of growth company and the NED role and contribution



Note: The arrows in the model indicate its dynamic nature. Growth companies are “on a journey” and will move from one approach to another as they get larger, more mature and/or more complex.

This model and the details that follow can be used for different purposes and by different people. For example:

- NEDs can use this model for due diligence and to ensure that they are entering a board on which they will be able to add value.
- Chairs can use this model to reflect and think through current board practice and for NED recruitment purposes.

⁶ The model admits variation. Particularly, there will be variations according to mix and type of investors: venture capital, private equity, family, institutional and retail – or any combination thereof – will produce its own specific dynamics and requirements from the NED.

- Investors may want to examine their investee boards against the model and identify areas where governance can be improved.

The next sections discuss in more detail each of the four company types implying different NED approaches and how the six key NED dimensions and Chair practices relate to one another. At the end of each category is a table outlining key NED skills, the most critical Chair practices, and key questions Chairs should be asking themselves.

3.1 Company Type 1: small and low complexity – “Keep the CEO on track”

These businesses are typically small and not complex, being at early stages of their development. The CEO, typically the founder, is central to the company, and the NED role in this scenario is therefore to keep the CEO on track through active mentoring and monitoring behaviour.

“But the fundamental role of an experienced Non-Executive on board, from my personal experience, is to help these entrepreneurs, hold their hands, mentor them, act as financial psychologist, ensuring that they’re keeping to the rules in order to take them to the next level.” (Focus Group)

“I ended up having to help the CEO to understand what a strategy development looked like. There was an element of helping to show him what it might look like, getting him to take the first two or three steps and then he had to own the strategy that was developed but there was a lot of help just getting him along that learning curve.” (Focus Group)

“We’re investing, these businesses are still relatively young, embryonic, growing and facing challenges where the management teams do not have half the answers, never mind all the answers. So they do need, well I believe they thrive when there’s a board round about them that can give them that support and challenge.” (Investor)

The key risk here is of a CEO that is inexperienced in scaling a business – that the growth ambitions of the individual may stretch the balance sheet – hence the importance of mentoring the CEO and challenging and monitoring the growth strategy. NED independence is important, but difficult to achieve, and substantially depends on the personality of the CEO.

“Where there’s a CEO who is a founder you are going to impact on the independence and also on the culture of the company because you want to run it like you ran it in the past. And unless he is prepared to grow and understand how the public company has to grow in terms of the people involved, and show that he can delegate properly, the company’s going to go nowhere.” (Focus Group)

NEDs need to have the strength and self-respect that comes of experience to stand up to the CEO if circumstances demand it. Relevant industry experience is important, but fundamental skills in finance, marketing and public market rules are critical. In this category the culture of the business is still heavily influenced by the founder; therefore, how the behaviour of the founder and what he/she communicates internally and externally are all indicators that NEDs need to monitor. Demands on NED time and effort can range from low to very high depending on circumstances. It is not uncommon in these companies for NEDs to be a source of expertise in executing particular activities. If the relationship with the CEO (who is often a major shareholder) deteriorates, the time demanded by the role can increase substantially. Table 1 summarises, for this category, the key NED role focus and skills, critical Chair practices and key questions for Chairs.

Table 1: Key aspects of the category “Keep the CEO on track”

Key NED focus, skills and capabilities	Chair practices	Key questions for the Chair
<p>Key focus:</p> <ul style="list-style-type: none"> • Mentor the CEO <p>Key skills:</p> <ul style="list-style-type: none"> • Strong general business experience • Experience in scaling businesses • Links to the City • Finance and marketing experience • Experience in publicly listed companies • Emotional intelligence, to deal with own and others’ emotions (NEDs can develop this through training or through experienced mentoring) • Influencing skills, to help the business leader realise and act on important aspects for the business • Some degree of industry experience can be useful • Ability to face up to changing and difficult business circumstances 	<p>Key practices:</p> <ul style="list-style-type: none"> • Succession planning • Alignment of views: Chair–CEO communication 	<p>Key questions:</p> <ul style="list-style-type: none"> • What are the CEO’s strengths and weaknesses? • How does the CEO communicate through his/her behaviour internally and externally? • How evidence-based is the CEO as opposed to just passionate? • Is the CEO willing to learn, develop and delegate as the business grows? • Is there a robust succession planning process?

3.2 Company Type 2: large and low complexity – “Keep the business on track”

In these types of companies, the NEDs’ role is essentially one of keeping a large, mature but relatively simple business “on track”.

“My company is well established for decades. So new companies: you are very much kicking, scratching and biting early on. The corporate company: “I’m fine, let’s get this, we’re trying to get this business working.” (Focus Group)

“The only time you ever get pressure is if the numbers aren’t looking good, and then the question arises: why aren’t you keeping management on track? (Focus Group)

This is about monitoring performance and major risks to the business. The NED role in strategy development and implementation is one of challenging the fundamental assumptions of the strategy developed by the executive and then monitoring its implementation through carefully selected KPIs.

“You’re there to, really, there’s always a given element of keeping the business safe but then the executives should be concerned about keeping the business safe as well.” (Focus Group)

“But the role of a NED is also to make sure that the organisation optimises its cash flow and if you have that high on the agenda, I always think you make the right decisions because nobody’s pet project gets away too easily.” (Focus Group)

In this category, the culture of the business is typically well understood and relatively simple, and here the role of the NED is really to monitor this “winning culture” and sustain it and help it evolve in the context of a potentially changing environment. NED independence is important because this type of company has a lot of forces for convergence: it’s a simple, well-understood business model, so operation and culture may drive groupthink and complacency, encouraging the executive to relax and take things for granted (thereby ignoring major risks that might be developing). It remains important

to have industry expertise on the board, something that tends to be chiefly brought by the executive team, but a degree of diversity in sector experience is healthy in obviating groupthink and sectoral “recipes”.

“What went wrong at Tesco was that they had so many like-minded people who were all from a retail background; they understood the sector, but they didn’t know what was going to hit them from outside.” (Focus Group)

NED functional expertise is valued in these companies. The time required to be an effective NED here is moderate, unless there is a crisis to resolve. Table 2 summarises, for this category, the key NED role focus and skills, critical Chair practices and key questions for Chairs.

Table 2: Key aspects of the category “Keep the business on track”

Key NED skills and capabilities	Chair practices	Key questions for the Chair
<p>Key focus:</p> <ul style="list-style-type: none"> • Challenge strategy and monitor major risks <p>Key skills:</p> <ul style="list-style-type: none"> • Risk management both as a technical skill and as a mind-set • General business experience • Functional skills (finance, marketing, HR, legal) • Sectoral experience in other sectors • Ability to contribute a macro-view to the board 	<p>Key practices:</p> <ul style="list-style-type: none"> • Board composition • Board meeting leadership style • Alignment of views: NED-only meetings and Chair–CEO communication • Board evaluation 	<p>Key questions:</p> <ul style="list-style-type: none"> • Is the board diverse and independent enough to avoid groupthink and see beyond “industry recipes”? • Are board meetings led in a way so as to allow open and robust challenges? • Are NEDs given a real opportunity to align views before and after board meetings on things such as strategy, risk and performance? • Is there sufficient and effective communication with the CEO? • Are major blind spots recognised and acted on as a result of board evaluation?

3.3 Company Type 3: large and high complexity – “Make sense of complexity”

These businesses are large and complex with dispersed ownership. This presents NEDs with a considerable challenge in making sense of the complexity of interests, divergences of opinion about competitive advantage and strategic direction, and often contradictory information. An effective NED in this environment is one that can navigate often shifting agendas, exercise judgement and bring clarity to the board table.

“I think that potentially the position of a Non-Exec is actually extremely difficult unless you have a very small group of core shareholders where three or four institutions can make decisions; but if you have a broad spread nobody wants to stand up.” (Focus Group)

“And it’s quite a challenge reconciling those interests, but there were probably counterbalancing dominant shareholders in that. And I relied heavily on the independent Non-Exec that I’d brought in.” (Focus Group)

“Highly committed NEDs are wanted here, those who spend time in the business and talk to other layers of management, customers, suppliers and other stakeholders to form an evidence base that enables him/her to exercise independent, informed judgement in the boardroom. Its size and complexity means that the business has a differentiated and well-developed management team which owns the strategy; the NED role is therefore to challenge, shape and approve it, based on a deep understanding of the business.” (Focus Group)

“The best NEDs come to us and say, ‘You are one of the largest investors: what do you actually want us to do with this company?’ They go and see the suppliers, they go and see the customers, they come up with a view of strategy, they independently chatter through the Chairman, the CEO, they come back on business plan and they say, ‘OK’: their role is to tell us where the alignment from the investors and what the strategy is missing and that is, our view, the role of the NED is to communicate, the shareholder representatives to communicate: is the strategy aligned to shareholders? (Investor)

It is by walking around and talking to people in and around the business that NEDs can mentor the CEO and the team through implementation. Similarly, the culture of the business is multifaceted and requires a considerable degree of NED involvement. Independence is critical yet very difficult to achieve in a meaningful way as the shifting business circumstances and divergent interests make it harder to make a judgement call at any given moment. Industry expertise is moderately important, and derives mostly from the management team; diversity is critical in mirroring the complexity faced. The time commitment is very high, and it is inadvisable to have more than two such directorships. Table 3 summarises, for this category, the key NED role focus and skills, critical Chair practices and key questions for Chairs.

Table 3: Key aspects of the category “Make sense of complexity”

Key NED focus, skills and capabilities	Chair practices	Key questions for the Chair
<p>Key focus:</p> <ul style="list-style-type: none"> • Monitor and mentor the team through strategy development and implementation <p>Key skills:</p> <ul style="list-style-type: none"> • Executive experience with large complex businesses • Breadth and depth of business experience • Diversity of skills and experience, to mirror the complexity of the business • Evidence-based, but able to deal with ambiguity • Influencing skills, to continually realise alignment • Political savviness, to understand the shifting agendas and interests and remain effective • Resilience, to cope with complexity 	<p>Key practices:</p> <ul style="list-style-type: none"> • Board composition • Board policies on NED engagement with the business • Board policies on proactive shareholder engagement and communication • Board meeting leadership style • Alignment of views: NED-only meetings and Chair–CEO communication • Board evaluation 	<p>Key questions:</p> <ul style="list-style-type: none"> • Is there clarity about the company’s purpose and competitive advantage? • Are NEDs bringing well-substantiated questions and ideas, based on evidence collected from a variety of sources? • Are the board and management team working well together? • Are difficult issues brought up and discussed robustly among the board? • Is the alignment between NEDs, Chair–CEO, and with the investor base, sufficiently robust? • What else can the board do to help the management team through complexity?

3.4 Company Type 4: small and high complexity – “Develop the team”

The final category is similar to “Keep the CEO on track” but with additional complexity in the business/operating model. The additional complexity requires NEDs to extend their focus from the CEO into developing the management team as a whole. Coaching and mentoring the team to work together through complexity is the greatest contribution a NED can make in this scenario.

“In order to carry on growing, we needed more fire power at the executive director so we recruited the best CFO candidate we could find, which gave us more capacity to do stuff going forwards but also, crucially, created a, split responsibilities of the executive director and two people who could bounce things off each other.” (NED)

“You can’t build a management team on one person alone. And that was partly driven by the NEDs who say, ‘We have got to do this because if we don’t do it we are not going to have the ability to move forward’.” (NED)

One participant put it as follows:

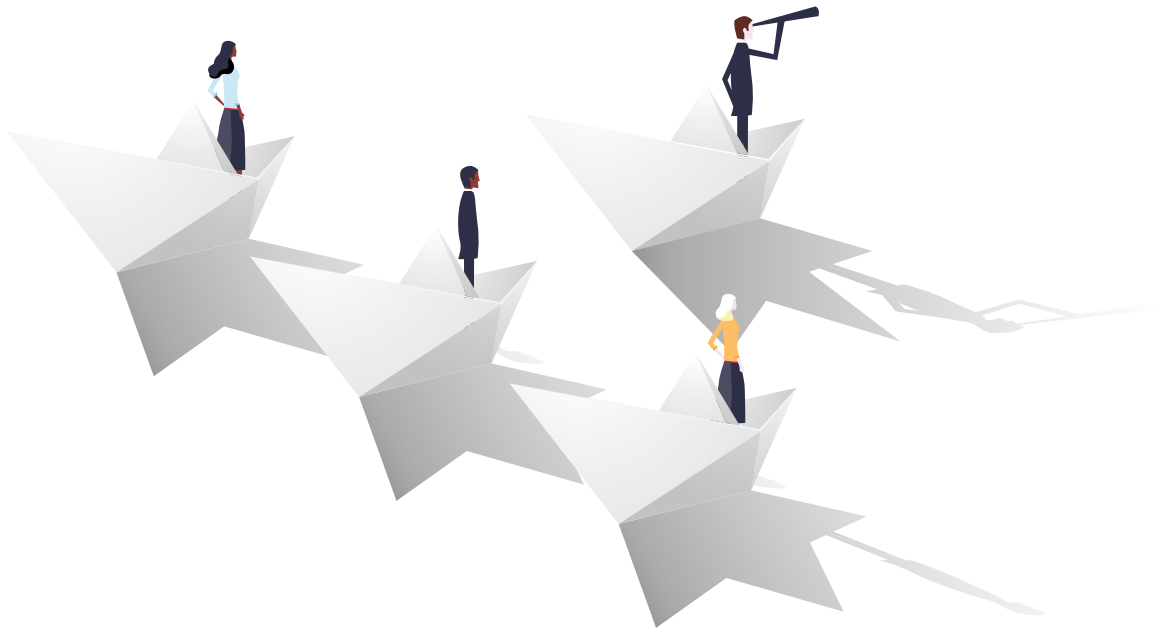
“I think successful boards that I’m part of, they, it’s always been the chemistry within the board, the right personalities, and that striving to do, ultimately the executives want to do well, and they want to succeed. And understanding their drivers, and understanding their blockages and trying to help them through that is what you can do.” (Focus Group)

The management team requires additional resources to cope with complexity, which is something that can disrupt a team who are yet to attain the maturity to confront all aspects of reality. The fact that the board and the top team offer complementary resources means that strategy is often co-developed in these companies. The culture is multidimensional and likely to change as it continues to grow. NEDs need to be highly involved here, too, and must seek to understand the company by visiting operations and talking regularly with key stakeholders – in addition to management. Industry expertise is important, but also expertise in other sectors and in public markets; other equally important skills are finance and marketing.

Table 4: Key aspects of the category “Develop the team”

Key NED focus, skills and capabilities	Chair practices	Key questions for the Chair
<p>Key focus:</p> <ul style="list-style-type: none"> • Mentor the team <p>Key skills:</p> <ul style="list-style-type: none"> • Breadth and depth of business experience • Experience in building top teams • Evidence-based (i.e. evidence is the only and ultimate test) • Emotional intelligence, to deal with own and others’ emotions (NEDs can develop this through training or through experienced mentoring) • Influencing skills, to help business leader realise and act on important aspects for the business and to regulate relationships among key actors • A track record of supporting top teams facing difficult circumstances 	<p>Key practices:</p> <ul style="list-style-type: none"> • Board composition • Board policies on NED engagement with the business • Board meeting leadership style • Alignment of views: NED-only meetings and Chair–CEO communication • Board evaluation 	<p>Key questions:</p> <ul style="list-style-type: none"> • Does the CEO lead the executive team in a functional manner? • Are there appropriate relationships between key roles and clear separation of responsibilities in the top management team (CEO–CFO, CEO–COO, etc)? • Is the executive team composed of the requisite skills and experience to match the challenges being faced? • Do NEDs have the experience and willingness to mentor the top team through difficult situations and dilemmas?

4



Part 4: Applying corporate governance codes in growth companies: the NED role and contribution

In the UK, companies on London Stock Exchange’s Main Market are required to follow the Financial Reporting Council’s UK Corporate Governance Code. On the UK’s Growth Market, AIM, companies were not required to follow a corporate governance code until a rule change in 2018. Now, AIM companies must adopt a recognised corporate governance code but are able to choose which code is best for them. The majority (89%) of AIM companies opted to follow the QCA Corporate Governance Code.⁷

This change in the AIM rules meant that in 2018 many of the UK’s growth companies found themselves adopting a corporate governance code for the first time; hundreds of Chairs and NEDs played a role in this process, which is something we examined in the focus groups and interviews for this research.

Most participants asserted that laws and regulations force NEDs to spend a disproportionate amount of time on monitoring, control and compliance. The increase in NED personal liability is a factor in compelling NEDs to do so:

“Now in terms of getting the balance of the internal controls and processes over supporting on strategy, I’m really sympathetic to that. However, I’m afraid these days with the pressures that are on Non-Executives, there are things that the executives think are disproportionately focused. I would say it’s not just internal processes and control but it’s health and safety, it’s sanctions, it’s anti-bribery and corruption. Why? Because on each and every one of those you are personally liable; it is not a corporate crime: it is your crime.” (NED)

There is some agreement that most codes are skewed towards the “policing” role:

“The overlay that we are suffering from called corporate governance has caused the role of the NED to be much more of an oversight and taking oversight to almost the extent of policing. Now, I don’t actually think that the role of a Non-Exec is to police but that’s the way that the corporate governance rules and codes have taken us.” (Focus Group)

There is also some agreement that shareholders tend to look for someone to blame when things go wrong; if the code is not 100% adhered to, NEDs can become a target.

⁷ QCA website (2019). “Which corporate governance codes do AIM companies apply?” Available at the QCA website at <https://bit.ly/2KpV5GZ>

In the context of this perception that codes of governance encourage a “policing” role to the detriment of more engaged stewardship, it should be noted that companies listed on the AIM have a choice of code; and the emphasis of the different codes that are available varies. In this research, NEDs in growth companies observed the specific roles they played and the challenges they faced in areas such as strategy, shareholder engagement, stakeholder engagement, risk management and culture.

- **Strategy.** NEDs in smaller companies have a higher involvement in strategy setting; strategy tends also to be a much more emergent process. In larger companies, NEDs are less involved, and essentially challenge and shape the strategy proposed by the executive. In all instances, NEDs have a responsibility to ensure the business model is robust and creates long-term value for shareholders.
- **Shareholder engagement and communication.** While all agree in principle about the importance of reflecting shareholder needs and expectations with regard to how companies are governed and managed, a framework is lacking that might enable productive engagement; in addition, NEDs don’t always have access to first-hand contact with the investors. The absence of such a framework means that engagement is frequently seen as ineffective.
- **Stakeholder engagement.** Growing the business is the primary – and, for many boards, the only – priority. The predominant mind-set is that stakeholder and wider social responsibilities, or ESG integration, are secondary or irrelevant. We need to see a lot more education and awareness of how growth may be impacted by wider stakeholders and social responsibility.
- **Risk management.** Risk management is widely understood as a determination of the “right” pace of growth. It is part of a NED’s role to contribute to a continuous assessment of whether the company is growing at an optimum rate considering the variety of risks that it faces and its responsibilities to shareholders and its wider stakeholder base.
- **Culture.** There is some recognition that oversight of culture is an important aspect for NEDs and the board to consider. However, problems are often encountered in expressing how this responsibility might be fulfilled: director discourse just doesn’t seem to have the language to talk about ethical values and behaviour and thereby embed them throughout the company’s activities.

Conclusion

In conclusion, board Chairs, by carefully implementing a set of practices in context, have a fundamental role to play in creating an environment for NED effectiveness. But the greatest differentiator is the individual NED’s experience, skill and will, which combine to make the most of that environment. We find that the role of NEDs in growth companies varies according to company characteristics (size and stage of development, business/operating model complexity and shareholding structure) and is further influenced by the dynamism of the board and the particular circumstances facing the company.

Appendix 1: Methodology

This report is the result of a two-step methodology, described below:

STEP 1: In-depth interviews. The Henley team first conducted 32 in-depth interviews with investors and directors. The interviews were conducted mostly by phone and were recorded for accuracy and subsequently professionally transcribed. The interviews included individuals with current main roles as: CEO (8), Chair (8), investor/asset manager (6), Non-Executive Director (6), CFO (2), company secretary (1) and consultant (1). The majority of participants had seats on the boards of AIM-listed companies, with some participants sitting on the boards of companies in the main list. Many participants had multiple directorships.

STEP 2: Focus group discussions. Analysis of the interviews identified several themes that were subsequently debated within three separate focus groups held in London in early February 2019. The focus groups were composed of individuals representing a variety of roles and viewpoints on the themes. The sessions lasted between 1.5 and 2 hours, and the debate was also recorded and transcribed for subsequent analysis. In total, there were 18 participants in the three focus groups.

The material was analysed by the Henley team and a report with findings was produced.



Appendix 2: List of participants

Name	Role	Company
James Abdool	Non-Executive Director	Mediazest PLC
Ross Andrews	Non-Executive Director	InnovaDerma PLC
Adam Attwood	Chairman	Autins Group PLC
Bob Beveridge	Non-Executive Director	Inspiration Healthcare Group PLC
Andy Blundel	Chief Executive Officer	Communis
Stanley Carter	Co Chairman	Cohort PLC
Hugh Cawley	Chief Executive Officer	Real Good Food PLC
Giles Clarke	Chairman	Amerisur Resources PLC
Mike Creedon	Chief Executive Officer	Scientific Digital Imaging PLC
Tim Croston	Chief Financial Officer	Nichols PLC
Malcolm Diamond	Chairman	Trifast PLC
Joyce Disco	Consultant, Board Practice	Norman Broadbent PLC
Bill Douie	Chairman	RTC Group PLC
Don Elgie	Chairman	Kape Technologies PLC
Philip Fletcher	Non-Executive Director	M P Evans Group PLC
Ken Ford	Chairman	Gear4music (Holdings) PLC
Clive Garston	Chairman	Warpaint London PLC
Jeremy Gorman	Managing Director	Corporate Governance Limited
Peter Harris	Chief Financial Officer	Next Fifteen Communications Group PLC
Nic Hellyer	Finance Director	Pelatro PLC
Charles Henderson	UK Equities Business Manager	Invesco Asset Management Limited
Michael Higgins	Senior Independent NED	Plant Health Care PLC
Mark Hodgkins	Chief Financial Officer	Trackwise Designs PLC
Diana Hunter	Board Advisor, Non-Executive Director	Wolf and Badger Ltd, Household Design Ltd
Alex Iapichino	General Counsel & Company Secretary	Majestic Wine PLC
Matthew King	Chairman	Savannah Resources PLC
Reeves Knyght	Chairman	Minerva Lending PLC
Kalina Lazarova	Director, Analyst, Responsible Investment	BMO Global Asset Management (EMEA)
Frank Lewis	Non-Executive Director	Arricano Real Estate PLC
Ishbel Macpherson	Senior Independent Director	Dechra Pharmaceuticals PLC
Gary Marsh	Chief Executive Officer	Solid State PLC
Donald McGarva	Chief Executive Officer	Amino Technologies PLC
Judith MacKenzie	Partner	Downing LLP
Annette Nabavi	Non-Executive Director	Maintel Holdings PLC

Name	Role	Company
Isabel Napper	Non-Executive Director	Scientific Digital Imaging PLC
Trevor Phillips	Executive Chairman	hVIVO PLC
Will Pomroy	Director – Engagement	Hermes Investment Management Limited
Doug Quinn	Chief Financial Officer	SkinBioTherapeutics PLC
Andrew Scull	Executive Director	4imprint Group PLC
Peter Simmonds	Chairman	D4T4 Solutions PLC, Cloudcall PLC
Neil Sinclair	Chief Executive Officer	Palace Capital PLC
Nick Smith	Acquisitions Director and Head of Investor Relations	Gateley (Holdings) PLC
Dick Steele	Chairman	Portmerion
David Tilston	Non-Executive Director	Scientific Digital Imaging PLC
Henry Turcan	Investment Manager	Lombard Odier Asset Management (Europe) Limited
Mike Ward	Chief Executive Officer	Gateley (Holdings) PLC
Paul Watts	Partner	RSM UK
Gervais Williams	Senior Executive Director	Miton Group PLC
Tim Worlledge	Chairman	Filta Group Holdings PLC
Graham Yeatman	Chief Financial & Business Officer & CS	hVIVO PLC



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