

“The ideal non-exec is rare and a careful sifting of candidates is needed”

Help is at hand with the right non-exec

Getting access to competent non-executive advice is traditionally very difficult. But things are getting easier. By Neil Sen

There is a new breed of non-executive director on the streets. These days the typical non-exec is less likely to be a well-lunched grandee attached to a large company. Instead they are more likely to be a well-qualified, no-nonsense adviser to owner-managed businesses and SMEs.

Businesses are keen to use senior advice as more and more begin to accept that, in the words of a recent report by Warwick University Business School, “the single most powerful determinant of success in an SME is having a non-executive director on board”. Finding the right non-exec may be an obvious flaw in the plan but fortunately help is becoming increasingly available. A particular problem is that many non-execs available on the market are used to working only with large, listed companies, and there are also numerous under-qualified people offering their services.

“For owner-managed businesses and SMEs, the biggest problem with non-executive directors is finding them,” says David Fort, managing partner of HW’s Manchester office. “There might be plenty of them available, but many of them will have experience with listed companies. Typically you need different skills when you’re working with owner-managed businesses and a lot of it is personality-driven.”

HW is able to point companies in the right direction: “We come across suitable non-execs in the course of our work and we do refer our clients to them,” says Fort.

All that most small businesses need from a non-exec is two days of advice a month, but this can make all the difference. “Non-executive directors can be valuable. They act as a sounding board and give companies a chance to think outside the box,” he adds.

HW partners can also act as non-exec advisers to those companies who prefer to work with a professional they know well, rather than a completely external person with whom trust has to be built up.

Franklyn Roberts, managing partner of OXNED, a newly-formed company that provides non-exec services to companies and which is supported by HW, agrees with Fort: “In our view, most SMEs are persuaded already of the need for, and value of, non-executive directors who do not sit on the board,” he says. “The problem for SMEs is getting access to the right sort of people. We act as principal and we have 35 highly experienced people spread across England and Wales who can give senior-level, non-specialist, advice and support to SMEs.”

HW believes that the ideal non-exec is a generalist with experience of sales, marketing, management and finance. He or she will be able to give both strategic advice and to empathise, offering the lonely owner-manager some much-needed moral support from somebody who has been there before. Such a person is rare and a careful sifting of candidates is needed.

Franklyn is clear on what companies should avoid, keenly aware as he is of the seamier side of the non-exec business: “There are a lot of incompetents out there offering (allegedly) such support.

OXNED’s people are extremely carefully chosen; each one of us has at least five years’ experience as a non-exec as well as up to 20 years of operational experience. We also have MIBA (Full Member of the Institute of Business Advisers) or FIBA.”

Fees among non-execs can vary greatly, so filtering is important. HW is very familiar with this process, and can easily guide companies through it. The message from HW and its friends is that, with careful selection, the right person can be found.

See www.hwca.com and www.oxned.co.uk for more detailed information. ■