



THE SUNDAY TIMES

Wanted: superstars of the boardroom

The quest has begun to find this year's top non-executive directors

Dominic O'Connell Published: 12 October 2014



Business brains: past winners and sponsors gather for breakfast at the Houses of Parliament to launch this year's awards (Andrew Parsons / i-Images)



Last Monday morning Tesco put out a routine stock market announcement about appointments to its board. Two new non-executive directors would join from the start of next month.

The reaction, however, was anything but routine. It was the lead story in most business sections the following day, and it even made the leap to some newspapers' front pages.

The exhaustive reporting of the recruitment of Richard Cousins, chief executive of FTSE 100 caterer Compass, and Mikael Ohlsson, former boss of Ikea, was proof, were it needed, of the vital role of that often-overlooked corporate player, the non-executive director.

Tesco, Britain's biggest grocer, is in crisis, battling its first sales decline in two decades, rapid management change, and a nasty £250m black hole in its accounts.

When a company gets into trouble, as Tesco has, the non-executives on the board suddenly come into the spotlight. The appointments had an immediate effect — Tesco finished last week at 185.25p, up 13p, on the hope that the pair would help to sort out the mess.

The Sunday Times has long recognised the importance of non-executive directors (Neds) — individuals who sit as directors on company boards, with all the attendant legal duties and responsibilities, but who are not involved in day-to-day management.

For the past nine years, in association with the leading stockbroking firm Peel Hunt, we have run awards to highlight the best talent at all levels. Today we kick off this year's contest, and ask for entries from all areas of British business, including not-for-profit and public-sector organisations, where Neds also play a vital role.

We invite nominations in five categories: FTSE 100 company; other companies quoted on the main list of the London Stock Exchange; companies on AIM, the junior market; unquoted or private equity backed companies; and not-for-profit or public-sector organisations.

The judges will also give out a special award for lifetime achievement. Full details are available online at nedawards.co.uk.

The winners will be chosen at a dinner on March 5 by a panel of judges led by Sir Roger Carr, chairman of BAE Systems, former president of the CBI and a former winner of our award. The ceremony will take place on April 16.

"The awards have become one of the most important fixtures in the British business calendar," Carr said at this year's launch at the Houses of Parliament last Wednesday.

"Non-executives are front and centre more than ever, having to deal with aggressive shareholders, and the prospect of big deals in some sectors. In each case the people who are called upon to make vital judgments are the Neds," he said.

Neds remain — at least in theory — part-time, and are paid significantly less than the executives they are meant to police. At the same time, they are expected to play a critical role at crucial junctures.

Sir John Buchanan, the former chairman of Smith & Nephew and ARM Holdings, and a non-executive director at BHP Billiton, won last year's lifetime achievement award. He said: "The value of independently minded non-executives, contributing to the success of the corporation along with rigorous monitoring of the executive, is even clearer now after the financial crisis."



Chief judge Sir Roger Carr, left, chats with lifetime achievement award winner Sir John Buchanan (Andrew Parsons / i-Images) Neds are one of the pillars of the British corporate governance system, and have been important in guarding the reputation of the London market, according to Xavier Rolet, chief executive of London Stock Exchange Group, one of the awards' sponsors.

“Good governance is an important factor in maintaining the reputation of the UK’s capital markets. It is widely recognised that Neds have an important contribution to make to the efficient running of companies, which in turn has a positive effect on the economy as a whole,” he said.

Alice Maynard, chairwoman of Scope, the disability charity, won last year’s not-for-profit category. She said private companies should look to charities and other not-for-profits for talent.

“Directors of charities have to take care of the commercial side — unless they are making money, they can’t support their causes.

“In addition they have all the normal oversight and strategy responsibilities that any non-executive would have,” she said.

This year’s awards will have simpler forms for nominees to complete. Carr said the judges were particularly keen to attract more entrants from the FTSE 100.

The experience of a seasoned non-executive can be invaluable outside the boardroom — as David Cameron recognised after seeing off the threat of Scottish independence in last month’s referendum.

He formed a commission to draw up outline plans to devolve more powers for Scotland. The person chosen to lead the commission was Lord Smith of Kelvin — former chairman of Weir, the FTSE 100 engineer, and a former winner of the lifetime achievement award.