



50 YEARS

In Search of the Extraordinary Executive

10 keys to becoming a successful board member:

How to contribute to the
success of a board

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Mercuri Urval

It's All About People

The role of being a non-executive board member has been dramatically transformed. What has sometimes been seen as a simple control function with a few meetings per year is now a much more complex and demanding challenge. Successful board members are no longer defined by what they know, but rather by how they work. So how do you make sure that you – as a member of a board – contribute to its success?

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In this article we focus on how you as a non-executive member of a board can improve your effectiveness. We do it by answering the important – but often overlooked – question: *What traits and capabilities do you need to be a successful board member?* We approach the question by combining our deep experience and knowledge with the perspectives of professor emeritus Manuel Theisen – a distinguished expert on boards – and John Pettigrew, CEO and executive board member of FTSE 100 Company National Grid. Together we provide a comprehensive discussion and 10 key takeaways for how to become a truly successful non-executive board member.

Uncovering the blind spot of the successful board member

The importance of board composition must not be underestimated, and the link between diversity in backgrounds and experiences and the success of a board is well-established. However, it is still commonly noticed that even ideally constructed boards do not always perform as well as they need to.

“It is surprising to see that even in well-staffed qualified boards, the overall performance rarely reaches the sum of the individual board members’ potential”, says professor emeritus Manuel Theisen, executive editor of “The Board” and the leading expert on corporate governance in Germany.

How is it that even optimal constructed boards sometimes end up underperforming? One important explanation is the existing blind spot around the individual capabilities and qualities

that distinguish a successful board member from an average one. One simply cannot overestimate the complexity of the role, and while the transition from being a successful executive to becoming a successful board member may appear as smooth is tempting, for many it is often surprisingly tough.

Having the right mix of members in a board will always be essential. But in order for the board and its members to reach their full potential they must understand the behaviour and personality traits needed to excel in the complex role.

It’s time to uncover the blind spot of the successful board member!

Focus points: A structure for learning the capabilities successful board members need

We have identified five general focus points for the successful board member, regardless of market, culture and the company’s size and type.

1. It's about how you work

The technical competence of board members is much overrated, and expertise can easily be found or bought. Successful board members are not defined by what they know, but rather by how they work.

2. Success is achieved outside of the boardroom

The work you do outside of the boardroom is just as – if not more – important. Board members who are genuinely interested in the business and the issues are by far more effective.

3. Understanding the business

Board members need to be able to constructively challenge the executives, set strategies and hold the executives to account. They can only do that if they've got a good understanding of the business at a high level.

4. Success is time consuming

Being a board member is not a side job. You need to invest time in preparations and get to know the organisation. People who think that the actual meeting is the commitment are always going to be less effective.

5. It's not about you

You are not on the board to be liked or accepted and you are not there for the money. You are there for the owners' and the executives' sake – not your own.

As a successful board member you are expected to help the board envision the company's potential and improve its ability to develop strategies that maximise shareholder value. In order to be an effective contributor in this process, you will need a set of key competencies that weren't necessarily the ones that got you selected. In his role as CEO and executive board member of FTSE 100 company National Grid, John Pettigrew has seen how board members often struggle with this transition:

“You often enter a board as a trusted expert. But rather soon there is a challenging transition in

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It's a mind-set of what you can bring into the discussion that will help the executives form the right plans, as opposed to actually forming the right plans yourself”

John Pettigrew, National Grid CEO

The key capabilities of the successful board member

In the following section we elaborate on the key capabilities of the successful non-executive board member and how they relate to the three dimensions of general leadership from Mercuri Urval's article *10 Statements on Leadership*: the ability to envision, engage and execute.

Envision: As a non-executive board member, how do you successfully improve the board's ability to develop strategies that deliver results?

terms of what is expected of you, and you will have to provide a broader contribution than just your expertise”.

As quickly as possible you need to become a trusted listener with a genuine desire to help and guide. The successful board member is curious, innovative and develops a strong and trusting relationship to the CEO.

Of course, your task is not to solve operational issues but to enable the executives to make sure

the business performs better. To do this effectively you need highly analytical skills and the capability to frame strategic challenges and opportunities in a constructive way.

“It’s a mind-set of what you can bring into the discussion that will help the executives form the right plans, as opposed to actually forming the right plans yourself”, Pettigrew explains.

The key to success is asking the right questions that help others give clarity, propose action and take discovery to a whole new level. The successful board member conducts rational and fact-based analyses, and formulates powerful questions that make others think afresh and explore new perspectives.

“You’ve got to stop thinking about the action and start thinking about the questions that would be helpful for the executives. Asking powerful questions is a great way to challenge the executives and provide a different context”, John Pettigrew explains.

Being well-prepared before every meeting is an obvious and absolute prerequisite to be able to contribute and add value to the discussions. Without spending a great deal of time reading and thinking about the issues that the company faces, you can neither formulate the powerful questions nor constructively challenge the discussions.

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One of the most important requirements for a successful board is that the team fits and that they really act and work as one”

Dr. Manuel Theisen, Prof. (em)

“It’s quite obvious when people haven’t prepared, and that’s very unhealthy for the discussions. You get random comments without much thought, or no engagement at all”, says John Pettigrew and emphasises the importance of curiosity and diligence in terms of taking time and effort to carefully prepare before a board meeting.

“That’s always when you get the best and most successful board meetings.”

A guide to successfully formulating powerful questions

Powerful questioning is a critical capability of the successful non-executive board member. Here are 6 keys to asking powerful questions that effectively stop evasion and confusion – and make people think afresh:

- **Ask open-ended questions.** Don’t ask “Why”. “How” is a better formulation to activate positive thinking.
- **Understand the thinking.** The best questions are often not automatic but come from prepared effortful thought.
- **Ask follow-up questions.** Avoiding making statements after your initial question, ask another question.
- **Enjoy the silence.** You can learn and contribute more from someone filling a gap.
- **Learn.** You might have no idea, but they do! Can you help them think and learn even though you are not the expert?
- **Take notes.** Demonstrates respect and – for many – helps give extra time for effortful thinking.

Engage: How do you successfully engage and relate to the board and the executives?

When you enter a board you become part of a team. Your task – more than any other thing – is to make others good. The successful board members are excellent team players with high levels of influence, impact and exceptionally strong listen-

ing skills. They understand how and why the board is composed as it is, and what it is in their own character that adds value to the board.

“One of the most important requirements for a successful board is that the team fits and that they really act and work as one”, says Manuel Theisen.

As a non-executive board member, the most effective contribution you can make is to help the executives excel. You need to be self-confident and control your ego in a way that enables you to listen and work in the team without engaging in the operational activities. Even when you think you can help by actively solving a problem, you need to be able to hold yourself back and keep working constructively through powerful questioning. This sense of self-control is a key capability of the successful board member. But to new non-executive board members, particularly with former executive experience, it can be a challenging task.

“That self-control is incredibly important. One of the most damaging things impacting board effectiveness is when you have a non-executive who is very opinionated and feels a need to have a say on every single item”, says John Pettigrew.

In order to successfully engage as board member, you need to develop strong relationships with the executives in general and with the CEO in particular. Being close is important, and investing in good personal relations where people are relaxed and trusting are vital enablers for your success. The successful board member understands the importance of also committing outside of the

board room, and actively connects the executives to new relationships – both within and outside the industry.

“People who think that the actual meetings are the commitment, are always going to be less effective. The work you do outside of the boardroom is just as – if not more – important. It’s that engagement outside of the board with positive intent that is by far the most important thing”, says John Pettigrew.



The mind-set of being there to critique rather than constructively challenge and assist, is probably the number one problem I’ve seen in board”

John Pettigrew, National Grid CEO

Execute: How do you successfully secure and review the performance of the executives, the board and the organisation?

A key characteristic of successful board members is the capability to secure that the executives, the board and the organisation operate effectively and efficiently to maximise shareholder value. They are confidently expressing their opinions, and never silently accept a decision or leave the room without being on board. But they also understand the

importance of maintaining an encouraging and constructive tone in their evaluation of others.

“That positive tone is incredibly important. Board members shouldn’t underestimate the impact they can have on an organisation simply by how they respond to things, especially of performance in a board meeting. The behaviour towards non-board members is particularly critical”, John Pettigrew argues.

Effective executives are constantly sceptical and critical towards their business, and the board has an important responsibility to encourage them. When you as a board member challenge executives about their results and performance, you should always be constructive, inquisitive and to the point. A useful approach is to combine being both result-driven and charismatic in the way you review performance.

“The mind-set of being there to critique rather than constructively challenge and assist, is probably the number one problem I’ve seen in board”, Pettigrew says.

While you display your interest and positive intention in an encouraging way, you also need to remember that your task is to help the executives improve the performance of the business. There is a fine line between being enthusiastic and actually having executive authority, and as a non-executive board member you must respect that.

“Typically, former executives who become non-executive board members really struggle with that line. But non-executives must always stay away from the executive activities”, Pettigrew says.

A final trait that sets successful board members apart from others, is their attitude towards the assignment. They understand the transience of the position and the need for continuous review of their own ability to add value. And when the chairman decides who will remain on the board, the successful board member always respects the decision.

Key takeaways

10 keys to becoming a successful board member

1. **Passion for the business and its success**
2. **Extraordinary curiosity into industry and sector**
3. **Excellent listening skills**
4. **High level of self-control**
5. **Rapport and closeness with the executives**
6. **Being fully committed and well prepared**
7. **Being calm and supportive**
8. **Being innovative**
9. **Formulating powerful questions**
10. **Framing strategic challenges and opportunities**



Writers & contributors

Distinguished board experts:

Prof. (em) Dr. Manuel R. Theisen (external contributor)

Manuel is executive publisher of professional publication "Der Aufsichtsrat" ("The Board"), and held a chair at the Ludwig-Maximilians-University in Munich until 2010. He has held hundreds of seminars and conventions about boards and corporate governance, and is said to be the leading expert in Germany.

Stig Bøgh Karlsen (Mercuri Urval)

Stig has been CEO and board member of several companies, and is currently chairman of four Danish and international companies. At Mercuri Urval, Stig runs our board appraisal business, working extensively with developing boards by evaluating composition of capabilities and coaching board members and chairman.

CEO perspective:

John Pettigrew (external contributor):

John has been with National Grid, a multinational electricity and gas utility company and FTSE 100 constituent, for nearly 25 years. He joined the board as executive director in 2014 and became CEO of the company in 2016.

Leadership experts:

Richard Moore (Mercuri Urval)

Richard Moore is an Executive Vice President in Mercuri Urval, and a member of the Executive Committee with commercial responsibility for consultants and managers globally. Richard has sat on various boards in the US and Germany, led corporate re-structuring programmes, run product development teams and managed teams worldwide.

Christian Kurt Nielsen (Mercuri Urval)

Christian is a Managing Director in Mercuri Urval Denmark and has decades of experience in working with board evaluations, Executive Search and has extensive consulting experience from almost all sectors during his 25+ years as a consultant. Christian is currently chairman of a board and board member in various international boards.

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