What are the competences that one requires to be an effective director? This is an important question for the training and development community if concerns that have been expressed about the competence of directors are to be addressed.

Directorial competence and board effectiveness are generally interrelated, and both may be addressed by an integrated development programme. Thus the competence requirements of individual directors can derive from what is needed to complement the qualities and attributes of colleagues, and improve the operating dynamics of the boardroom team, while the effectiveness of a board can be enhanced or constrained by the strengths or limitations of the individual members.

Directorial competences

Certain foundations need to be in place. At minimum directors should understand the role and function of the board, their legal duties and responsibilities, and the essence and distinctive nature of direction, while directors themselves have identified perspective, strategic awareness and personal qualities such as integrity as key attributes of the competent director. Account may also need to be taken of the position, ambitions and the size of a company and the nature of the directorial challenge faced by a particular board.

When directors themselves are asked to describe “what makes a good director?” certain terms such as strategic awareness, judgment, common sense, vision, wisdom, honesty, tact and communication skills frequently recur. Awareness of critical success factors, performance levers, winning ways and potential is especially valuable.

Identifying competences

There is not one correct approach to competence categorization, but the following groups have been identified and illustrate the diversity of directorial attributes and qualities:

- Personal qualities such as integrity, wisdom, authority, judgment, “leadership”, courage, independence, a positive outlook, tact and diplomacy.
- Awareness of the business environment and of what constitutes value to customers.
- A sense of accountability to stakeholders, and a willingness to put responsibility to the company above self-interest.
- Vision and a strategic perspective that should embrace the totality of the company's operations, situation and context.
- Business acumen and sound commercial judgment.
- Knowledge of relevant governance, legal and financial issues and requirements.
- Understanding of the structure and operation of the board, effective boardroom practice, and matters such as the succession, assessment and remuneration of directors.
• Skills in such areas as decision making and teamwork in a boardroom context, strategy determination, formulating and achieving objectives, delegating, organizing and motivating people, and the monitoring of performance.

• Experience of relevance to the particular corporate context.

• Ethical awareness and sensitivity to the attitudes and values of others.

In a particular context, some competence categories may appear sharper and more relevant than others. Ethical awareness, for example, might seem vague and ill-defined, but qualities such as integrity, courage and adherence to principles in the face of challenge and temptation can save a company and its reputation. Personal standards of conduct and behaviour are vital in individuals who are expected to act and behave as role models. While it may feel it is able to cope with other deficiencies, a board cannot afford to be without integrity.

Directorial knowledge

Knowledge relating to the role of the board can be helpful to board members, as can knowledge of the company and its business environment, and of the particular board and how it operates, of the rights of directors – for example, to information and advice – and how they are supported, and of the contribution an individual director is expected to make. While there may be greater consensus than used to be the case among chairmen concerning the overall contribution directors ought to make, the main contribution actually expected of many executive directors continues to be expertise, knowledge and experience of their own areas.

It should not be forgotten that “employee directors” generally have both managerial and directorial responsibilities. The duties, accountabilities and responsibilities of the board and the director need to be understood, along with matters such as the structure, composition and operation of boards, and the selection, appointment, remuneration and conduct of directors. Certain governance, legal and financial knowledge is also of value.

In difficult trading conditions, there may be particular matters that should be brought to the attention of board members. They should be aware of their responsibilities to creditors and will need to know what to do when a company gets into financial difficulties. While managers worry about the prospects of redundancy, their directorial colleagues may be more preoccupied with the risks of investigation and the prospect of legal action or disqualification.

Information and knowledge will not of themselves result in competent direction if a vision is not clear, goals are not shared, objectives are confused, and a strategy is inappropriate. Information does not necessarily increase understanding, while the wrong conclusions can sometimes be drawn from information about marketplace challenges and opportunities. The most dangerous directors can be those who are energetic and tenacious in ensuring the implementation of a flawed strategy.

Many directors are assailed and neutralized by an excess of irrelevant information. What is needed is knowledge and understanding that is relevant to the type of company, its stage of development, its ambitions, the marketplace within which it operates and its particular business.

The boardroom context

Acquiring relevant knowledge is but one aspect of being an effective director. A competent director needs not just knowledge, but the ability to use that knowledge in the boardroom context.

It is advantageous for directors to be well informed and this might be the product of a broad, rather than a specialist or technical, education. Apart from having a sound
understanding of their own field, executive directors with functional responsibilities should know how to obtain relevant knowledge and information about unfamiliar areas, and how to apply their knowledge, as appropriate, to unfamiliar situations.

Specialists who are managers tend to apply their knowledge within particular fields, leaving the directors with the task of taking account of the experts’ views in the context of the company’s needs. The individual qualities and particular knowledge of a director are not as important as the way these come together in the context of the boardroom to add value to the discussions and decisions of the board. It is possible to be very knowledgeable, yet contribute little. An effective contribution often requires a mastery of the dynamics and processes of the particular board, which may be different from those found in other boardrooms. A ‘star’ on one board is sometimes a passenger in a different context.

Any knowledge and other aspects of competence that have been acquired need to be kept up to date and relevant to contemporary boardroom issues and concerns. In particular, knowledge about directors duties, responsibilities and liabilities should be current and relevant to the country of incorporation and arenas of operation.

**Questions for training and development**

When assessing the competence development needs of directors, the following are some questions that may need to be addressed in respect of a particular board:

- Have the individual members of the board been assessed against a prioritized list of core and group requirements? What action should be taken in respect of any gaps or deficiencies that have emerged?

- Have the members of the board identified and prioritized their key competence requirements? Are they able to distinguish between the competences applicable to their managerial responsibilities, and those that relate to their directorial role?

- How portable are the qualities that need to be developed? How might they relate to a move to another board within the group? Could a deficiency gap be filled by bringing in someone with the required qualities?

- How do the competence requirements that have been developed relate to the expectations the chairman has of members of the board? Have these expectations “distorted” or inhibited the development of certain board members? Do these expectations conflict with the development priorities that have emerged?

- What is the relationship between the competence requirements that have been identified and the vision, goals, values and objectives of the company? Should the development priorities be amended, or do the vision, goals, values or objectives of the company need to be reviewed?

- How do the development needs of individual directors relate to those of the board as a whole? Should development initiatives involve individual directors, and/or the board as a whole? What has been learned concerning how the structure or operation of the board might be changed in order to improve its effectiveness?

- Can the competence gaps be filled by director development only or by changing the composition of the board? Is there other action, to complement director development that should be taken?

- Which directorial competences are best developed by formal activities, and which could be built as a result of informal development by such means as action learning?
Directors need to be robust and resilient, as well as sensitive and aware. A certain level of energy and commitment may be needed in the case of a board that has to bring about a fundamental change. A development review can sometimes represent an opportunity to renew and energize directorial motivation and commitment.

Finally, directors need not be perfect if they are self-aware. Many directors who have been interviewed have admitted to deficiencies that might prove fatal to the career prospects of an ambitious manager. However, awareness of deficiencies allows them to be taken into account, and addressed where appropriate, while directorial colleagues can bring compensating strengths to the boardroom.

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