

Make way for young ones

JAMES JENKINS

Under-fifties are a rising force on boards, but what strengths do they have compared with older rivals, asks **Carly Chynoweth**

Expect to see less grey hair round the boardroom table in future: non-executive directors (Neds) seem to be getting younger. It is still unusual to see a thirty-something on a FTSE 100 board — Martha Lane Fox at Marks & Spencer is one of fewer than 10 — but there is a growing cadre of accomplished business people leaving executive life behind in their forties and early fifties to become portfolio Neds, according to the latest Board Dynamics report from Iddas, the board development consultancy.

“This move reflects the fact that top-level executive careers are starting and ending earlier,” the report said.

The growth in Neds’ responsibilities has also contributed, said Helen Pitcher, chairman of Iddas. “The role has become meatier and more demanding, so people see it as an interesting career option and a role in which they can make a serious contribution,” she said.

But the move to a portfolio career is not always made by choice: ageism is also a factor, said some of the non-executives interviewed for the report. “An increasing number of people run out of road in their fifties... [so] there is an emerging trend of professional Neds, consultants and advisers in their early or mid-fifties,” one said.

Another pointed out that partners at professional services firms are expected to step down at 50, while a third said it is rare to see chief executives aged much over 60. “He or she is much more likely to be late forties or early fifties,” the interviewee said. “So those people who want to continue [in business] will make the move into non-executive directorship.”

Younger managers not yet ready to move to a portfolio career are also seeing Ned experience as a way to develop their executive careers rather than as something that happens when those careers are complete, Pitcher said. “It adds to their skills base around influencing and challenging, and it improves their external radar and their understanding of what is happening in organisations.”

An added advantage of this approach is that first-time Ned candidates are most attractive to headhunters when they are still in an executive role, she said. “Getting your first Ned role is difficult,” said Pitcher.

“We tell people to do it when their currency is highest. Combining executive and non-executive roles does create pressure on your time, but doing this is always more effective than people coming to us after they have retired from their executive role.”

There is little point, however, in looking for a role too early, said



Martha Lane Fox was only 34 when appointed by M&S in 2007, but had broad experience from founding Lastminute.com

Kate Grussing, managing director at Sapphire Partners, an executive search firm. “You need to be at a stage where you can point to directly relevant executive experience,” she said.

“You will be most credible when you have run a business and overseen profit and loss. We see too many executives thinking that they will be credible in their forties. Too many read about the demand for people with diverse

backgrounds and think that they do not have to tick all the [other] boxes, but chairmen are being far more specific.”

She believes that young Neds will remain the exception rather than the norm at the biggest companies, as boards demand a degree of experience that few executives develop before their mid-fifties. “I think mid-fifties is the sweet spot where you are perceived to have the time and the experience.”

Ageism is a factor for older candidates, said Hilary Sears, a former headhunter who is now a coach and mentor. “If you were starting to look for a Ned role at 60, you would struggle unless you were a very prominent person — say, a finance director,” she said.

This is bad news for older individuals, and also for companies as having older Neds is one of the two clear factors correlated with boardroom success, according to

research by Andrew Kakabadse, professor of international management development at Cranfield University School of Management. (The other is independence.)

The way we think changes with age, he said. Younger people have “fluid intelligence”, which is connected to problem solving, abstract thinking and the ability to think on your feet. In our sixties, “crystallised intelligence”, which integrates learning and

They think you're past it at 65

When Bill Tudor John retired from his executive career at Allen & Overy, the law firm, search firms were tripping over themselves to talk to him. Over the next 10 years he took board roles at a number of businesses, including Nationwide, Grainger, Portman building society and Nomura International.

"When I retired at 56 my phone did not stop ringing with big head hunters and companies saying they would like to see me," he said.

These days, however, the 67-year-old banking specialist is finding things much quieter. "I stepped down from one board in February and am about to step down from another, and I have not had one phone call."

Tudor John is not expecting an enormously enthusiastic response when he approaches companies. The message he is getting, at least anecdotally, is that British boards are keen to appoint younger people.

"A lot of companies believe that people are past their sell-by date when they are past 65," he said. "There is a drive to hire non-executive directors who are in their late forties or early fifties, and that's not altogether a healthy thing. While those people might be at the peak of their ability, they will be in full-time employment elsewhere and will not be able to devote as much time as someone who has retired.

"I know from the boards that I have sat on that it is

time-consuming. I reckon that my Nationwide board role takes 50 to 60 days a year."

He also believes older Neds who have finished their executive careers can bring a unique perspective. "You are much more clear-headed and objective in your approach, and you have the confidence and experience to challenge executive decisions," he said. "Younger people have more of a desire to be macho, to show how forceful they are."

While British businesses may be leaning towards younger appointees, this is not the case across all cultures, Tudor John added: Japanese and American businesses have a great deal of respect for age.

experience and allows us to better handle complicated situations, moves to the fore.

Kakabadse believes that non-executives are becoming younger because the assessment processes used by nomination committees and recruiters are more of a test of fluid intelligence. "It's true that as you get older you are not quite as quick," he said. "However, speed does not make for great strategy."

It also rather misses the point of having non-executives by making them too similar to executives, Kakabadse added. "Boards are being populated by people who have transactional deal-making skills and we are losing the skills of strategic stewardship that balance this."