



## Augmentum NED Practice

### 01. Background

Augmentum's NED practice was developed on the advice of our panel of FTSE 100 and 250 chairman's advisers, each of whom is a current chairman and, or, a former CEO of a FTSE 100 company. They universally felt that the service offered by the other leading head hunters in this sector was not as effective as they would have hoped in a number of key areas, stating that: chairmen were often shown the same mainly obvious individuals by each of the head hunters; they relied extensively on the 'little black book'; and, fees are high and the basis of charging opaque.

We took the advice of our panel and conducted a programme of comprehensive research and analysis into the sector. The conclusions not only confirmed our advisers' views, including that executive directors were under-represented as NEDs, but the information was sufficiently interesting and detailed that we were able to use it to provide additional guidance to chairmen on boardroom trends and other key issues.

Over the years we have continued with the research and, in parallel, have built a comprehensive, relevant, information base which provides us with the headline career details of each director of each FTSE 100, 250 and smaller cap. company; the information includes each director's executive and external involvements and their previous career details. The information we review not only allows us to assess when chairmen are likely to begin their succession planning for each member of their board, but also the suitability of our candidates, on paper – see the note on our matrix analysis below.

The NED practice is supported by professionals such as Colin Fell who was the number one rated equity analyst in his sector for over ten consecutive years whilst at Kleinwort Benson. With their assistance we conduct our matrix analysis, for which we look at the careers and experience of each of a company's board of directors together with the strategy of the company, matching and comparing these with those of our candidate to see how their experience and skill dovetails with those of the existing board members. This analysis allows us to ascertain the fit between the parties.

This is a thorough, detailed approach which allows the appointing chairman to feel confident that the selection has been made on objective criteria and that the strongest and most ideal candidate has been chosen.

Augmentum also undertakes NED searches in the more conventional way, on behalf of chairmen seeking NEDs. Our detailed knowledge of the executive and non-executive boards of the FTSE 100 and 250 companies provides us with a useful starting point and advantage in these cases. We undertake our matrix analysis in these cases too, ensuring that our short lists have the strongest and most appropriate candidates.

## 02. Engagement

Augmentum was engaged by the chairman of a leading multi-national FTSE 250 company with a market capitalisation of over £1 billion to secure a suitable NEDship for his executive director. Our approach on behalf of the candidate is thorough, analytical and structured and we adopted our matrix analysis which includes the following:

- Time to understand the key drivers behind the individual's requirements of a non-executive position and clarified the 'end goal'. Together we then identify and talk through areas and companies of potential interest, undertaking an initial review of companies which meet the candidate's skills and experience. It should be noted that for candidates who are seeking their first non-executive role, these sessions are also an ideal opportunity to explain how the market operates at this level and offer guidance on how to evaluate any roles that we put forward;
- Undertaking a detailed review to identify to which companies the candidate might add the greatest value. Specifically, we considered a range of criteria including geographical, sectoral, economic, financial, political, and commercial in reaching our conclusions;
- A range of other criteria are taken account of under the term ethos and empathy. These are critical components of the successful working of a board of directors and we are mindful that there needs to be the prospect of a good working relationship between our candidate and the chairman, other independent directors and the executive board whilst ensuring independence is not compromised; and,
- Augmentum's own chairman, who was formerly one of the global M&A heads at Dresdner Kleinwort Benson meets with the candidate to go through each company that has made it to the candidates long list choice. At the end of this session a shortlist of target companies is established and further, more detailed research is undertaken on each of these by Augmentum to ensure that the matrix analysis has identified the best possible fit. A summary of the results of the research is presented to the candidate. The short list usually covers around 12 to 15 companies.

## 03. Outcome

Once an executive has joined our actively managed NED programme, our aim is always to place them as quickly and as efficiently as possible into a role which meets all of the criteria agreed during the process described above, always mindful that the cycle of board renewal is mostly longer than twelve months. On this occasion, the executive director of our client company was placed on to the board of an UK plc within six months of joining the programme.