

## **Championing the role of Independent Directors for SMEs**

A non executive director (NED) is a completely independent director (ID) who sits on the board of a company, but has no direct managerial responsibility, or involvement, in the day to day running of the organisation. In fact, they are usually a company's best kept secret. A good independent director can bring enormous value to the operational board; using their experience and expertise to provide high quality independent advice, which can help SMEs fulfil their potential. The best IDs have 'seen it all before' and consequently will know the best options for helping a company to improve.

Independent directors bring a 'fresh pair of eyes' to the table as well as offering constructive criticism. Their ability to quickly assimilate, listen to and absorb information and ask challenging and unique questions, usually leads to improvements in boardroom performance. This also helps facilitate the establishment of better organised, more structured and ultimately, more effective, board meetings. As well as acting as advisors, IDs can also help to coach executive directors, enhancing the chances for success.

Fundamentally, IDs should introduce specialised knowledge and relevant business experience, which will strengthen the management team and give the organisation greater external credibility potential investors, suppliers or even the bank. Their in-depth experience will also mean they can help the company build robust business plans and policies, provide valuable information on the competitive environment and liaise with sector contacts and other third parties, even helping to win business.

NEDKnot is a regular, informal discussion group of IDs, Executive Directors, SME owners and investors. Its objective is to rebrand the role of the ID for the SME sector, challenging the perception that they only fulfil a compliance or investor representative role. Founders Peter Neal and Neil Warwick are interested in collaborating with active IDs or those interested in becoming IDs, as well as business owners and entrepreneurs considering long term, strategic development for their businesses.

For more information about the benefits of using IDs and how to get involved with NEDKnot please contact:

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