

Requirements of Executive Board Members of small and medium-sized businesses

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Professional Executive Board Members are the great need of the moment. While large enterprises have long been engaged in repopulation, small and medium-sized businesses are hard put to professionalise their Boards. What requirements must a Board Member fulfil?

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The requirements of Executive Board Members have increased dramatically. The painful fact is that many small and medium-sized businesses are performing a balancing act between red and black because they cannot manage to keep up with the rapid changes in the market. Dynamism and change yield to rules and order.

Personality as a key factor

Whereas at one time experience in a traditional business sector or personal relationships sufficed as recommendations for a mandate on an Executive Board, today special skills as well as managerial or entrepreneurial qualities are indispensable requirements. One's appointment must depend on how he or she is able to contribute and transfer knowledge and ability to the day-to-day workings of business.

A survey in America commissioned by Russel Reynolds Associates in 1997 lists the duties of an Executive Board in the order of their importance:

Duties of an Executive Board Member

- Overall management of the company
- Formulation of the long-term strategy
- Planning for successors to the members of the Corporate Management
- Monitoring of strategy implementation
- Public image
- Leadership in and through crises
- Possible threatening scenarios
- Balancing of various interests
- Forming strategic networks
- Fostering of relationships with authorities

In whatever manner the concrete distribution of duties within the Executive Board and between the Executive Board and the Corporate Management is undertaken, only close and trusting collaboration will insure the success of the company. This success will be checked and judged on the basis of hard facts: market position; power of innovation; productivity of work, money, time, and knowledge, as well as optimisation of these factors; attractiveness to qualified personnel; liquidity and cash flow; profitability; and shareholder value.

Executive Board Members as “Movers and Shapers”

That is an indication of the broad spectrum of requirements a Board as executive body has to fulfil, and of the entrepreneurial responsibilities which must be discharged by an individual Board. Simply stated, a Board Member must become a “Mover and Shaper”. The personalities comprising an Executive Board are what will decide how effectively and efficiently the “Movers and Shapers” will be able to have a timely and appropriate influence.

Important: The selection process

Experience shows that the following characteristics should undergo a closer examination in the case of consideration for Executive Boards: personality, entrepreneurial skills, social competence, leadership abilities, and personal work behaviour. Should the thorough preliminary clarification of professional and entrepreneurial skills and experience indicate that the existing Executive Board would be able to interact professionally with the applicant, a two-step selection process is recommended.

Procedure in steps

The first step involves documenting preferences, strengths, and weaknesses, which allows for a positioning of the “new member” within the existing Board. Through the use of a twofold profile, divided into a core and an aggregate profile, the following can be clarified:

- The core profile is the “conditio sine qua non”. Here, the core competencies required for a mandate are recorded and evaluated. The candidate thus attains the first “entry ticket” onto the Executive Board.
- In the aggregate profile, all personality factors are included in the evaluation and, with an eye to the core profile, the capacity of relocation and integration as opportunity and risk is evaluated. The candidate thus attains the second “entry ticket” before the final decision.

An advantage: “Roundtable” with current Board Members

In a second step, the “roundtable contact”, it is assumed that no psychological examination can replace practical intuition and experience in personal contact. This is particularly true for the “chemistry” and the capacity for integration into the existing Board. In the “Executive Board roundtable”, all qualifications are evaluated as a whole and the “chemistry” is verified. During an “Executive Board roundtable”, practical company business-related problems are discussed with the candidate. The candidate is joined by one or more representatives from the existing Executive Board. It is advantageous to have a neutral moderator who insures that concrete evaluation criteria constitute the basis for the screening of the candidate for the right combination of professional and leadership abilities together with the personality factors decisive for success, as well as the ability to apply them to practical problems.

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