Peter Crow
Independent Advisor and Researcher on Corporate Governance & Strategy and a Chartered Company Director

Internships: A vehicle for getting aspiring directors up to speed?

If companies want a pipeline of board-ready leaders, they need to invest time in training them, writes Peter Crow

The 'profession' of company direction seems to be beset with an interesting challenge: how can or should aspiring directors be introduced to boardrooms without compromising the quality of oversight and effectiveness of the board?

The duties owed by a new director at their first meeting are no different from those owed by any of the incumbent directors and the duties owed by all directors remain unchanged through the entire period of a given appointment. Furthermore, a board is a collective of directors. Decisions made in the boardroom are made by the board as one and all directors (through collective responsibility) are bound by the decision of the board.

Consequently, and understandably, directors need to be competent and effective – board ready – from the very minute they receive a board appointment. Yet several crucial elements of effective direction – knowledge, experience and judgment in particular – typically only emerge as time is spent in the boardroom. This is in the context that all directors are equal – in the eyes of the law, at least.

Aspiring directors, board appointment panels and shareholders face an interesting dilemma. How do aspiring directors gain the real-world experience and judgement necessary to make effective contributions in the boardroom? And from the board and shareholders' perspective, should a higher priority be placed on the recruitment of experienced directors who can contribute from the moment they are appointed or on the longer-term development of aspiring directors (an arguably more altruistic perspective)?

If appointment panels only consider directors with experience, the opportunity to introduce aspiring directors and fresh thinking and to develop the profession over time is lost. Conversely, if a higher priority is placed on the introduction of aspiring directors, the quality of the board's judgment and decision-making may be compromised – in the short term at least –while directors come up to speed.

Bridging the gap

The research suggests that most directors get their start with little if any formal training. Many appointment panels seek to bridge the knowledge and experience gap by recruiting current or former chief executives. The assumption seems to be that chief executives are both competent and experienced in boardroom matters. They may be, but this default position – of treating experienced chief executives as prime candidates to fill vacant board positions – contains flaws. To expect that a chief executive might inherently know how to conduct themselves in a board context and be competent and exercise wisdom carries as much risk as expecting that an outstanding sales representative will also perform well as a sales manager. Some make the transition successfully, but many do not.

Many senior directors have expressed – through statements or their behaviours – a reluctance to retire (the stated motivations expressed to me privately are interesting in themselves, but that's another story). Sadly, many boards don't seem to be that interested in supporting aspiring directors into the profession. Yet, a steady stream of new directors is needed to replace directors that retire, leave the profession or become disqualified. While this reluctance appears to be manageable in the short-term – assuming incumbent directors are coherent and

ASPIRING DIRECTORS
Offering internships could also source board-ready candidates

Apprenticeships, induction programmes and ad hoc coaching arrangements have all been discussed in the board community. Some directors' institutes have promoted 'aspiring director' awards and programmes as a means of endorsing apprenticeships, albeit with limited visible success beyond the endorsement of the award recipient. Surprisingly, internships have received little, if any, attention.

Could a structured internship framework provide a suitable vehicle to bring aspiring directors up to speed? Possibly. A suitable framework would be required, as would an application process (to select suitable interns) and a pool of intern-friendly boards (in a manner similar to teaching practices in family medicine). Interns would attend a recognised training course, observe (participate in?) actual board meetings for a fixed term (subject to a legal opinion to ensure the risk of 'deemed director' is avoided) and complete a suitable assessment or examination. Aspiring directors who successfully complete their internship would be accorded 'board-ready' status.

Moving forward

Internship schemes seem to be a workable possibility, on paper at least. However, a note of caution is needed because internships are not a panacea. To look beyond the immediate burden and risk of developing less experienced directors, for the greater good of the profession, remains untested. A champion is needed to develop, run and promote the scheme. In-country directors' institutes seem to be ideally placed to take up this challenge. They have credibility among established directors, they appear to be adequately resourced and, importantly, the source of their motivation is the long-term good of the profession in most cases. The litmus test is whether institutes are prepared to invest in the development of a suitable scheme, whether boards and senior directors are prepared to embrace them and whether aspiring directors are prepared to enrol as participants.

Notwithstanding these challenges, if directors' institutes are prepared to take up the baton and boards are prepared to embrace the scheme, then an enlarged pool of capable board-ready directors available for appointments is a likely outcome. While this provides no guarantee of good judgement, excellence or effectiveness in the boardroom (let alone business performance), it does provide a strong signal to shareholders and appointment panels – that 'board-ready' candidates are indeed board ready.

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an adequate pool of capable directors remains available – a wholesale problem looms large on the horizon, unless positive action is taken.

Lessons from the boardroom

What options are available to boards and aspiring directors to ensure that a healthy pool of capable and competent directors is not only established and available for appointments but also actually sustained over time? Fortunately, one does not have to look far for guidance. Much can be learned by looking at other professions, many of which have mature development frameworks in place. Apprenticeships and internships are possibilities, as are induction programmes and individual coaching and mentoring arrangements.

Long associated with trades, an apprenticeship is an arrangement whereby a master takes an unskilled person under their wing and teaches them everything they need to know to become a master themselves. Modern apprenticeships include classroom and block course elements and examinations in addition to on-the-job training. Apprenticeships take time – years – and they typically result in the apprentice receiving a permanent appointment if they complete the apprenticeship well.

Internships are similar to apprenticeships, except that the start and end points are generally different. Interns are generally expected to possess relevant classroom knowledge before the internship commences and they typically move on when the internship is complete. Internships are more commonly associated with professional careers, including law and medicine, for example.