

# CUTTING IT AS A DIRECTOR

BENEDICT LIM

The training of directors is increasingly recognised as crucial in a rapidly changing and more complex regulatory and business environment.

The revised Code of Corporate Governance, for example, specifically requires directors to receive regular and ongoing training and the board to disclose information on such training.

## OLD DOGS, NEW TRICKS

Yet, without any mandatory qualifications to be a director, I have seen far too many cases of corporate executives or former executives taking up board seats without adequate orientation and training for

the new job at hand. No doubt, these new directors do bring some skills to the table, usually specific functional or industry expertise relevant to the company. However, their experience is often related to management and operations.

The fact, however, is that governance and the board, represent a different world from that of management and operations – even in the same company. Moving from a manager to a director is more than a change of responsibility. It is a major change in role, identity and behaviour.

The approaches and nuances of governance differ from that of management. Often, directors need to rein in their instincts and impulses to take direct action as managers, and check that they instead operate with supervisory oversight and merely provide direction to management. Directors need to function at a much more macro level than intervene by micro-managing the activities of management.

For a new director, the rules and regulations applicable to directors, and their responsibilities and liabilities also need to be learnt and appreciated.

The knowledge and skills needed for the role of a new director are more effectively learnt in a structured environment rather than through the osmosis of performing board work. Formal classes conducted by experienced third-party faculty, with facilitated peer sharing, allow for open and non-threatening learning in a short and intensive period.

While most boards do conduct some form of induction training for new directors – and this is essential – these orientation sessions are often focused on the content and practices of the company and its business industry, rather than on board practices and relationships.

## SHARPENING THE SAW

After undergoing the requisite training to understand the implications of their new role and the basic tools to be an effective director, the learning for a director should not stop there.

I am reminded of a childhood story of the woodcutter. A diligent man, he went out daily at dawn and cut down trees till dusk. One evening, his daughter saw him sitting forlornly at home. When asked why, he sadly confided in her that the amount of wood he was cutting each day was declining. He felt that he was getting old, becoming less effective as a woodcutter and much less as a man.

His precocious daughter reassured him, “Daddy, it is not you. It is your saw that is no longer sharp. You just need to sharpen it.”

In all tradecrafts and professions – whether it be legal, accounting, medical or woodcutting – the saws and other tools need to be sharpened and re-sharpened. Directorship is a profession. For directors, their saws are their minds and their understanding of the economic, social and regulatory environment in which their companies operate.

Continuing professional development (CPD) is a personal responsibility of each professional and, in our context, each director. It is the means by which directors maintain the knowledge and skills needed for them to be effective.

To ensure that directors keep pace with this need to stay current, and to assist them in doing so, SID, as with many other professional bodies around the world, has established a CPD policy and a CPD curriculum.

The CPD policy requires SID members to invest a certain number of hours each year over a rolling three-year period, in various types of disciplined training. Part of the training must be structured, while the other part can be informal and self-directed.

Complementing the CPD policy is a CPD curriculum that addresses the varying needs of different types of directors (of private, listed and international companies) for the various stages of their journeys (from aspiring and new directors to chairmen of board committees and boards).

The very basis of CPD is to help directors stay interested and interesting. It seeks to ensure that directors maintain an adequate level of professional knowledge and skills to be effective in responding to changing regulatory expectations, technological developments and evolving economic conditions.

At the same time, the presence and implementation of the CPD policy and programme will hopefully boost the confidence of investors and the public in the quality of our directors as well as directorship in general. ■