
A TYPICAL BOARD SEARCH

Boardroom Partners has an excellent track record of sourcing qualified, interesting and appropriate candidates and is able to suggest a variety of approaches to ensure a good outcome for your board.

No two board searches are ever exactly the same but most share common elements. Like any exercise, the benefits gained are directly related to the effort expended. Boardroom Partners undertakes each search process with enthusiasm and experience, agreeing the parameters at the outset with the client, and designing an approach that is able to identify an appropriate number of qualified candidates to be considered.

STAGES OF THE SEARCH PROCESS

Our experience tells us that there are certain core steps in any successful search process. While the emphasis is different for every client, the key parts of the process are:

1. Agree the skills, background and experience that you require for the board

A typical search process commences with a discussion with the person commissioning the review, who in most cases is the Chairman of either the Nominating Committee or the board. During that meeting we establish the background to the vacancy on the board, the key business issues facing the organisation, the board's principal roles and the skills and experience available through existing board members. It is important to distinguish between the essential 'must have' criteria and the desirable 'nice to have' criteria at this stage.

We then gather information about the position, the remuneration, terms, conditions, performance expectations and any particular arrangements that were relevant to the selection process. Once we have this information, a specification for the position is drafted and confirmed by the client as the basis for the search process. At this stage, we factor in to the specification any particular characteristics, experience, demographic or other criteria that you would wish to be included.

A checklist further into this paper outlines some of the information that we find useful to collect at the outset of a search process.

2. Identify suitable candidates

A thorough search process is now initiated. Boardroom Partners has an extensive range of research sources. We have details of existing directors and Chairmen of both private and public companies (including unlisted ones) in Australia, where it is possible that potential candidates for your Board will be found.

Based on our own knowledge and contacts, we can identify several other source organisations with relevant operations and would examine their boards and executives for possible candidates. We have an extensive database, built up over a number of years that includes people we have identified as excellent potential or existing directors, as well as details of all previous candidates.

We are always interested to hear from you and other board members about any ideas and suggestions for potential candidates. It is often preferable to have a third party professional make contact with these individuals and avoid any possible compromise or conflict later in the process. Including suggestions at this point also allows for assessment of all candidates against the agreed criteria. In this way, all candidates are dealt with in an even handed and objective way, which leaves you and your committee free to make decisions about those short listed candidates in whom you have expressed a genuine interest.

3. Discuss each of these individuals with you and agree on a culled list

Once we have assembled a selection of candidates who we believe meet your criteria, we will present brief details of our short list and discuss them with you.

At this point no contact will have been made with the candidates. The size of the list would be agreed with you at the outset, to ensure that you have an adequate pool from which to select.

4. Make contact with those candidates in whom you have expressed an interest to confirm their interest and availability

We will then approach those people in whom you have shown an interest and brief them about your organisation and the particular requirements of the position. At this stage, we will confirm candidate details, availability and level of interest in the position.

5. Update CVs and gather any particular material that you may wish to have available to you as a part of the selection process

For those candidates who wish to be considered for the board, we will provide up to date materials on their background, skills, qualifications and any other information that you may have specifically requested. We will then present this information to you for consideration.

6. Arrange interviews as required

Once you have selected the candidates you are interested in, we will arrange interviews, participating in this process, if required. It is important that these are conducted as peer discussions. Potential directors are certainly candidates, but will not see themselves as 'applicants'. Interviews need to reflect this unique situation and be structured and conducted in a quite different manner from say a prospective employer/employee relationship. (Suggested areas for exploration are available from Boardroom Partners if required).

7. Advise all candidates on the outcome of the process and provide suitable feedback to individuals on the selection

On completion of the interviews, we are available to advise further on areas such as referees, the appointment process and terms and conditions. Additionally, we would make contact with the candidates you have spoken to and advise on the outcome of the process, subject to your confirmation.

Some clients are actively involved in a number of these stages; others prefer that we undertake all steps until candidates are culled and then take over the process from that point. It is always possible to tailor the process to fit the individual requirements of the board in question and the budget available for the search process.

SUGGESTIONS FOR PRELIMINARY DISCUSSION AROUND THE REQUIREMENTS OF A SEARCH PROCESS

Questions about the organisation:

- What is available for Boardroom Partners to provide to potential candidates about the organisation?
- What is the decision making process and who is involved?
- Who will be the liaison person in charge of the process?
- What is the timeframe for completion?

Questions about the position:

- How has the vacancy come about?
- What is the existing composition of the board, in terms of size, skills and experience, years of service and general contributions?
- Are there any specific tasks required?
- How much time would be expected to contribute to the board?
- Will any business development role be expected?
- Is any travel required?
- Would this person be required to sit on/chair any board committees?
- What are the fees for the position and how are they structured?
- What is the system for assessing contributions to the board?
- How does the board monitor its own performance?

Questions about the ideal candidate:

- What is the key contribution expected?
- What is the ideal background for the candidate?
- What are the main areas of expertise that are required?
- Are there particular industries with which the candidate must be familiar?
- Are there any areas that would constitute a conflict, where we should not look to source candidates?
- Is previous board experience essential?
- Are there any preferences regarding location, age, gender, nationality? (Some boards actively search for 'diversity' and seek particular characteristics in addition to the requisite skills and experience.)
- Can the person currently be holding an executive position?
- How important is profile or the ability to open doors?
- What kind of 'style' will work best with the board?

OUR TERMS

Our fees for search assignments are based on the remuneration for the position. This is between 30 – 50% of the annual remuneration, subject to a minimum fee of \$12,000 plus GST in the case of a non-executive director and \$18,000 plus GST for a chair position. This allows us to factor in the degree of difficulty with the search, the number of directors required, and so forth. Fees are payable 50% on commissioning of the assignment, with the balance on completion or after three months, whichever is the sooner.

Where the remuneration is not known, these figures are offered as a general guide, and assistance can be provided with setting an appropriate level. We keep up to date information of remuneration across Australia and can access this if and when you decide to proceed with our services.

Where there is no remuneration payable, or if the organisation is a charity or not-for-profit, then we will negotiate a suitable arrangement whenever possible.

If multiple appointments are made from a search process, then a proportional fee will be charged for additional appointments. (This is generally 50% of the original fee.)

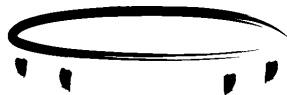
Expenses are charged at cost and only with the prior approval of the client. These are kept to a minimum and would involve any travel and accommodation costs that were required.

About Boardroom Partners

Boardroom Partners commenced business in 1999, and the principals of the company have an additional 5 years of experience in non-executive director (NED) search beyond that. We have successfully undertaken searches in many areas – state and federal government; private companies; co-operatives and mutuals; listed and unlisted public companies; universities, theatres and charities. We have worked with Top 50 companies, the largest government organisations and the smallest start-ups and joint ventures where the companies were at very early stages of evolution.

Additionally, we have a large and diverse database, made up of candidates identified in previous searches; referrals from executive search companies; individuals who have applied to us for assistance in their search for non-executive work, and others who we feel would make outstanding directors.

References are available on request and would be provided to suit the client and offer some degree of comparability.



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