



# Press release

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Date **EMBARGOED UNTIL 00:01 Tuesday 21 July 2015**

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Subject **Advisers question the value of Non-Executive Directors**

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Only 41% of company advisers believe that Non-Executive Directors (NEDs) provide good value for money, according to the latest PULSE survey from accountants BDO and the Quoted Companies Alliance (QCA). This perception of value has dropped from 57% when the same question was asked of them in 2013.

The survey revealed a stark contrast in the views of the small and mid-cap quoted companies and their advisers (brokers, bankers, accountants, lawyers etc.), with the companies themselves having a very positive view (83%) of the value for money that NEDs represent, up from 71% in 2013.

In order for NEDs to provide better value, companies suggest that they should work a couple of extra hours a month per directorship in addition to the average of about 14 hours a month that they are currently working. Advisers, on the other hand, believe that NEDs should be making considerably more effort, suggesting a monthly total, on average, of 23 hours would be more appropriate. With NEDs holding an average of three directorships and making an average of £33,400 for each position, they are earning around £110, 000 a year for six full days a month.

There were further differing opinions between companies and advisers over the perceived independence of NEDs. Whilst companies felt overwhelmingly that their NEDs are sufficiently independent (93%), only 64% of advisers felt this is the case. However the two groups did broadly agree that NEDs made a valued contribution in terms of offering a broad view on business matters, providing checks and balances and helping to improve corporate governance, although companies would like them to open their address books more to provide networking opportunities and to provide more forward thinking for their businesses.

Scott Knight, Head of Audit at BDO, commented:

“There is clearly a divide between how companies and their advisers view the value for money that non-executive directors represent. The fact that the vast majority of firms are happy with the return on investment they get from these individuals suggests that the amount of work that they do behind the scenes, in terms of counselling and providing an alternate point of view, is of great value to Boards, but rarely seen by the outside world.”

Tim Ward, Chief Executive of the Quoted Companies Alliance, added:

“Non-Executive Directors are essential for an effective board, however, there are mixed views about whether they are sufficiently independent. Independence may be a state of

mind, but few of us are mind readers, therefore NEDs need to think carefully about how they demonstrate this important trait."

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#### Methodological notes

PULSE is the report of the QCA/BDO Small & Mid-Cap Sentiment Index by BDO and the Quoted Companies Alliance (QCA), powered by YouGov. It is an online tri-annual survey across the small and mid-cap quoted company sector.

Methodology: This survey has been conducted using an online interview administered to members and associates of the QCA. The sample definition is "small and mid-cap UK quoted companies and advisory companies". The responding sample is weighted by industry to be representative of small and mid-cap UK quoted companies, as derived from London Stock Exchange data.

The report is based upon 206 online interviews (133 small mid-cap quoted companies, 73 advisory companies). It was conducted between 11th and 22nd May 2015 by research company YouGov.

Please note that scores in this report may not add up to exactly 100% due to rounding. The margin of error for the survey is +/- 8%.

#### Note to editors

Accountancy and business advisory firm BDO LLP has a clear ambition to be known in the market for exceptional service delivered by empowered people. The 2014 Mid-Market Monitor shows that BDO is the market leader for client satisfaction for the third year running - outperforming all its major competitors.

BDO's heartland is the mid-market. The UK mid-market accounts for less than 1% of all firms but delivers more than 33% of the UK's revenue - over £1 trillion - and one in four jobs. BDO's Mid-Market Manifesto ([www.midmarketmanifesto.com](http://www.midmarketmanifesto.com)) calls for greater government focus on mid-sized businesses.

#### BDO LLP

BDO LLP operates in 18 offices across the UK, employing 3,500 people offering tax, audit and assurance, and a range of advisory services. BDO LLP is the UK member firm of the BDO International network with revenues approaching £400m.

#### BDO International

The BDO International network provides business advisory services in 151 countries, with more than 60,000 people working out of 1,350 offices worldwide. It has revenues of \$7.02bn.

#### The Quoted Companies Alliance

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. We campaign, we inform and we interact to help our members keep their businesses ahead. Through our activities, we ensure that our influence always creates impact for our members. For more information please visit [www.theqca.com](http://www.theqca.com).

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