

# Role of the Director and the Board

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## Module syllabus

**Programme aim:** To enable delegates to gain an understanding of the key competencies required to be an effective director, including the director's role, duties, legal responsibilities and the workings of the board, and to provide opportunities to develop and practise some of these competencies.

### Section 1 – Corporate governance

**Learning outcome:** Reflect on the purpose and evolution of corporate governance globally.

**Assessment criteria** (*by the end of this section, delegates should be able to*):

- **AC1.1:** Describe the different models and structures that can be adopted, including the difference between mandatory rules and codes  
*Competency standards: K1.1, K1.2, K1.5*
- **AC1.2:** Apply the key common tenets of corporate governance to the board's role in demonstrating good corporate governance  
*Competency standards: K1.2, M1.2*

**Content:**

- What is corporate governance?
- International corporate governance
- Corporate governance codes
- Principles- versus rules-based regimes
- Principal tenets of corporate governance
- The board's relationship with key governance stakeholders
- Why is corporate governance so important?

### Section 2 – Legal and regulatory basis of organisations

**Learning outcome:** Discuss the differences between typical business forms and identify arrangements and frameworks that have implications for the governance of organisations.

**Assessment criteria** (*by the end of this section, delegates should be able to*):

- **AC2.1:** Identify different business forms and not-for-profit organisations  
*Competency standards: K1.1, K1.3*
- **AC2.2:** Apply the concept of limited liability and the main constituent participants in companies  
*Competency standards: K1.1, S1.3*
- **AC2.3:** Explain the principles of the main internal governance frameworks that apply to limited liability companies  
*Competency standards: K1.2, K1.3*

**Content:**

- Different legal forms
- Features of a company
- Regulatory and legal framework

## Section 3 – Directors’ roles, responsibilities and liabilities

**Learning outcome:** Contemplate the individual director’s role and differentiate between different personalities of the board and types of directors.

**Assessment criteria** (*by the end of this section, delegates should be able to*):

- **AC3.1:** Interpret who is responsible as a director  
*Competency standard: K1.2*
- **AC3.2:** Explain how organisations can put in place systems to enable directors to more effectively understand and discharge their duties  
*Competency standards: K1.2, K1.3, K1.4*
- **AC3.3:** Describe different types of directors, their role on the board and responsibilities to the organisation and its stakeholders  
*Competency standards: K1.2, K1.3, K1.4, K2.6, K2.7*
- **AC3.4:** Analyse the potential consequences of getting it wrong  
*Competency standards: K1.1, K1.2*

**Content:**

- Who is and can be a director?
- Attributes and competencies of ideal directors
- What is the board/director’s role?
- Breach of duty
- Discharging directors’ duties

## Section 4 – The effective board

**Learning outcome:** Consider the responsibility of the board for the leadership of the organisation and look at factors that help create more effective board dynamics and meetings, including different board models and the functions of committees.

**Assessment criteria** (*by the end of this section, delegates should be able to*):

- **AC4.1:** Explain the role of the board in strategic leadership, oversight of governance and accountability activities  
*Competency standards: K1.4, K1.5, K3.1, K4.1*
- **AC4.2:** Analyse the elements that generate more balanced decision-making  
*Competency standards: K1.5, M4.2, M5.4*

- **AC4.3:** Compare the roles of different individual participants and structural components of the organisation

*Competency standards: K1.4, S1.2, S2.1, M2.3, M2.5, M4.5*

**Content:**

- Roles and tasks of the board
- Board decision-making
- Board evaluation
- Future planning
- Board committees

## Section 5 – Risk governance

**Learning outcome:** Consider the board’s role in managing risk, and look at tools and processes that should be utilised to enable boards to successfully identify, assess and mitigate risk within the organisation.

**Assessment criteria** (*by the end of this section, delegates should be able to*):

- **AC5.1:** Demonstrate the importance of risk appetite and risk tolerance to the organisation’s business objectives  
*Competency standards: K1.7, K1.8, S2.3*
- **AC5.2:** Use methods and processes for risk evaluation, identification, assessment and mitigation  
*Competency standards: K1.7, K1.8, S1.4, S3.3*
- **AC5.3:** Discuss the board’s role in the oversight of internal control systems and procedures  
*Competency standards: K1.2, K1.7, K1.8*

**Content:**

- Principles of risk management
- Risk management models
- The role of the board in risk management
- Setting risk appetite
- Board oversight – risk assessment and management
- Establishing a risk-aware culture
- Role of the board committees
- Relationship between internal control, internal audit and risk management
- Crisis management

## Section 6 – Ethics and corporate culture

**Learning outcome:** Consider the broader issues for directors in relation to governance, environmental, ethical and social responsibilities as well as the relationship with stakeholders, which all impact upon the long-term sustainable success of the organisation.

**Assessment criteria** (*by the end of this section, delegates should be able to*):

- **AC6.1:** Interpret the benefits to the organisation of evaluating and managing the relationship with stakeholders

*Competency standards: K2.6, K2.7, S6.3*

- **AC6.2:** Analyse the importance of environmental, social, governance and other non-financial measures in relation to legal requirements and issues of long- term sustainability

*Competency standards: K1.5, K1.6, K2.3, M1.1, M1.2*

**Content:**

- The importance of ethics and values
- Stakeholders
- Environmental, social and governance criteria
- The wider responsibilities of the board

# Finance for Non-Finance Directors

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## Module syllabus

### Section 1 – Finance – the director’s role and responsibilities

**Aim:** This section looks at the director’s role and responsibilities in relation to finance, and the relationship between financial and corporate strategies. It also introduces the concept of risk and the importance of risk assessment and management.

**Learning outcomes (By the end of this section, the delegate will be able to):**

1. Explain the individual and collective responsibilities of directors in relation to finance (K4.1)
2. Describe the importance of assessing and managing risk (K1.8)
3. Explain the key elements of financial strategy and examine its relationship with corporate strategy (K3.4, K4.3)

**Content:**

- Directors’ roles and responsibilities – collective responsibility/accountability of executive and non-executive directors in relation to finance and reporting, accounting regulations, the role of the board and sub-committees and their relationship with the board, appointing external auditors, how finance is managed and reported. Insolvency, including legal rights and obligations
- Risk management – importance of identifying and managing risk, links to strategy and governance, UK Corporate Governance code, guidance and codes for unlisted companies and public sector organisations; internal controls, role of risk in decision-making
- Financial strategy – key elements of the strategy and how organisations achieve their corporate strategies and create value. Shareholder value, profitability, capital structure, cash flow. How financial information is communicated to shareholders/stakeholders (annual reports, strategic reports)

### Section 2 – Understanding financial statements

**Aim:** This section focuses on common financial statements, how they relate to each other and how they are affected by business decisions.

**Learning outcomes (By the end of this section, the delegate will be able to):**

4. Outline the generally accepted accounting principles with which financial statements must comply (K4.2)
5. Use common financial statements to determine the financial status of an organisation and explain the key principles behind common financial calculations (K4.2, S2.2)
6. Question accounts when clarification is required and challenge assumptions that have been made (K4.2, S2.4, M4.4)
7. Distinguish between cash and profit, and discuss the importance of managing cash flow (K4.2)

**Content:**

- Generally accepted accounting principles – accounting standards/ regime, how they meet relevant regulatory criteria, preparation of financial statements in accordance with basic accounting principles.
- Common financial statements – financial concepts, conventions and terminology. Using balance sheets (Statement of Financial Position), P&L statements (Income Statements) – how they relate to each other and how they show profitability. Understand why the numbers are subjective estimates, they can be challenged. Reinforce that directors are responsible for the assumptions made and need to understand and challenge them. Questions may reveal errors in the accounts and intentional manipulation or fraud. Difficult trading conditions can result in changes of behaviour.
- Difference between cash and accounting profit – explain profit concepts, factors that affect profit and cash flow, understanding the cash flow statement, calculating profit. Difference between realised and unrealised profit (can only pay dividends out of realised profit). Effects of transactions on financial statements. Depreciation
- Audit report – significance of the report and the nature of the relationship with external auditors
- Public sector, charity, not-for-profit financial statements – jargon differences and how statements might differ (not examinable content)

## Section 3 – Assessing financial health

**Aim:** This section explains how to use financial ratios, and analyse and interpret accounts in order to assess the financial health of an organisation.

**Learning outcomes (By the end of this section, the delegate will be able to):**

8. Use accepted financial ratios to assess the financial performance of an organisation (K4.2, S2.2)
9. Evaluate and interpret the cash flow statement in order to make informed decisions (K4.2, S2.2, S2.3)
10. Discuss the key financial drivers of success in the context of an organisation's critical success factors and wider strategic goals (K4.3)
11. Recognise the early financial signs of business distress and assess the potential options available to the organisation (K4.2, S1.3)

**Content:**

- Ratios – principles, what do the numbers mean? Use the ratios to determine the financial health of the organisation – what is a good ratio, what is a cause for concern? What should directors look for and when should they investigate further? What do different ratios mean in different types of organisations?
- Cash flow statement – how free cash flow gives you the key to knowing what the organisation can do next.
- Financial drivers of success in relation to CSFs and wider strategic objectives.
- Signs of business distress, causes of corporate failure (management, cash flow, over-gearing, undercapitalisation, debt, financial controls)

## Section 4 – Management reporting

**Aim:** This section outlines ways of ensuring that management reporting is effective in enabling the organisation's strategy to be achieved.

**Learning outcomes (By the end of this section, the delegate will be able to):**

12. Choose appropriate financial performance measures in the context of an organisation's strategy and evaluate their success (K4.2, K4.3, S2.1, M3.1)
13. Discuss the role of cash flow, break-even and risk analysis in forecasting (K4.2)

**Content:**

- Performance measures – financial measures and their link to broader performance measures and the organisation's strategy (the golden thread) (consider the organisation's KPIs), balanced scorecard. Difference between management accounts and statutory accounts. Operational gearing.
- Linking remuneration and rewards to strategic goals. Role in motivation and inspiring employees, not as a restrictive control (light coverage as motivation is covered in detail in the Leadership module).
- Forecasting – how to use cash flow and break-even and the role of risk analysis.

## Section 5 – Creating sustainable value

**Aim:** This section outlines how financial value is created and why it is critical for a director to fulfil their duty to promote the long-term success of the organisation. It looks at the key factors to consider in relation to funding requirements and possible funding options, as well as financial measures that can help to assess longer-term value in an organisation. It will also introduce techniques that can be utilised to manage financial risk, which in turn, will allow organisations to take opportunities.

**Learning outcomes (By the end of this section, the delegate will be able to):**

14. Define value in a financial context and describe the factors that impact upon value creation (K1.7)
15. Use common appraisal techniques in order to determine the value of investments (K4.5, S2.2)
16. Identify the drivers for funding requirements in an organisation (K4.5, S3.1)
17. Compare different financing options and analyse the possible risks to an organisation (K4.4, S3.3)
18. Discuss available business valuation methodologies and evaluate their advantages and disadvantages (K4.5, S3.1)
19. Discuss the impact of an organisation's risk appetite and risk tolerance on financial decision-making (K1.7, S,1.4, S3.3)
20. Evaluate common techniques boards can use to manage financial risk that best ensures the effective long-term viability of the organisation (K1.7, K1.8, S3.3, M3.2)

**Content:**

- Drivers for funding requirements – capital expenditure and working capital. Appropriate use of long- and short-term debt. Capital structure of a business.
- Sources of finance – risks associated with different options so that directors can make an informed decision, a decision which is most appropriate for the situation. Debt/equity balance.

- What is value? What impacts upon value/value creation? Relationship between value and risk.
- Appraisal techniques – calculate cost/risk vs return. Include WACC. Is a return good enough? Debt/equity, impact on the cost of capital to a business. Competing projects/demands on capital – are there enough resources to do more than one? If not, how do you decide which project to work on?
- Business valuations – the options available and principles behind valuing quoted and private organisations. Advantages and disadvantages of methods so an informed choice can be made.
- Decision-making in the context of an organisation’s risk appetite and risk tolerance. Role of internal audit. Using a risk register and its relationship with decision-making. Consider currency risk
- Assessing and managing risk – taking risks to achieve the organisation’s strategy (understanding and managing risks effectively), mitigating risk (committees, policy, reporting and risk awareness), sensitivity analysis (what if it costs more than you anticipate), creating value, taking opportunities, using insurance as a method of transferring risk, business continuity



# Strategy for Directors

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## Module aim

To enable delegates to gain an understanding of the key competencies required to create, implement and evaluate an organisational strategy and to provide opportunities to develop and practise some of these competencies.

## Section 1 – Strategy and the board

**Learning outcome:** Create, shape and safeguard an organisation’s strategy in order to create long-term value and fulfil its purpose.

**Assessment criteria (*By the end of this section, delegates should be able to*):**

- Explain why organisational purpose is important in the development and appraisal of strategy
- Make use of organisational values and brand identity in making strategic decisions
- Analyse the role of strategy in value creation and its relationship with risk
- Explain the link between the ingredients of effective strategic thinking and the strategy process

**Content:**

- What is strategy? Why investing in strategy is important, governance, directors and strategy.
- What does a good strategy look like? The key elements of strategy, why focus is essential, strategy and risk: key issues, why strategies fail.
- Organisational focus and purpose – strategic space, vision, purpose and values.
- The board and strategic conversations – challenge and boardroom debate, strategic capability of directors when recruiting a board, the role of executives and non-executives in strategy work.
- The role of process in strategy – strategic activity, running the strategy, use of external consultants, the strategy process.

## Section 2 – Strategic analysis

**Learning outcome:** Conduct strategic analyses to gain a comprehensive picture of the organisation’s current position.

**Assessment criteria (*By the end of this section, delegates should be able to*):**

- Conduct an appraisal of macro-external trends and assess their potential impact on an organisation’s strategy
- Analyse a market or industry to reveal areas of possible strategic opportunity or threat
- Evaluate an organisation’s capabilities to reveal relative strengths and vulnerabilities
- Integrate the outputs of analytical strategy models to achieve a holistic understanding of the organisation’s position

**Content:**

- Deriving meaning from information – judgement in a world of uncertainty, pattern recognition, information types and sources.

- Macro-external environment – PESTLE analysis, impact and certainty, scenarios and testing scenarios.
- Micro-external environment – S-curves and market life, customers and consumer behaviour, segmentation, competitive advantage and positioning, five forces analysis.
- Internal analysis – capability and VRIN, core competencies, evaluating capability, value chain analysis.
- Internal and external factors – portfolio analysis, SWOT analysis, combining analyses, understanding the big picture and the main challenges.

### Section 3 – Strategic choice

**Learning outcome:** Use methods and processes to generate and evaluate options and make strategic choices, considering the potential implications for the organisation.

**Assessment criteria (*By the end of this section, delegates should be able to*):**

- Translate a strategic gap into strategic objectives
- Use strategic concepts and models to generate, evaluate and assess strategic options
- Consider the nature of different stakeholder views and evaluate the implications for strategic choice
- Contribute to informed strategic decision-making that leads to a cohesive strategy, having considered the limitations of the data and the potential consequences of the decision

**Content:**

- Strategy as a guiding policy – defining the strategic gap, understanding the challenges, thinking on three business horizons.
- Developing options to close the gap – the Ansoff matrix, product/market matrix, blue ocean approaches and disruptive innovation.
- Evaluation – reviewing the options, SAFe evaluation, weighting, scoring and discussion.
- Sources of capability – outsourcing, strategic alliances and joint ventures, mergers and acquisitions, the role of the parent company.
- Decision-making considerations and commitment to the strategy.

### Section 4 – Strategy implementation

**Learning outcome:** Consider the factors involved in implementing strategy, monitoring progress and assessing its effectiveness.

**Assessment criteria (*By the end of this section, delegates should be able to*):**

- Translate organisational strategy into sub-strategies/functional strategies
- Consider the organisational conditions that have a bearing on the potential success of a strategy
- Explain how to track strategic progress and identify the benefits of review and reflection

**Content:**

- Implementation – commitment to action, why organisations find implementation difficult.

- Guidance towards stronger implementation – communication through active leadership, using measurables to help drive strategy (balanced scorecard), building effective alignment, applying resources.
- Finger on the pulse of implementation – implementation compass, assessing implementation progress, implementation qualities, agile strategy, evaluating your strategy.

# Leadership for Directors

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## Module syllabus

**Module aim:** To enable delegates to gain an understanding of the key competencies required to be effective leaders at board level and to provide opportunities to develop and practise some of these competencies.

### 1. What is leadership?

**Aim:** This section introduces the concepts of leadership and followership, and considers how leadership can be defined and understood in relation to the director's role on the board.

**Learning outcomes (The delegate should be able to...):**

1. Contrast different definitions of leadership and distinguish between leadership and management.
2. Analyse the leader's role in relation to purpose, values and strategy.
3. Describe some of the characteristics of successful leaders and assess the effectiveness of different leadership styles.
4. Identify and explain some of the key theories and models of leadership.
5. Define followership and examine the relationship between leaders and followers.

**Content:**

- The personal nature of leadership
- Purpose, vision and values
- Styles of leadership
- Theories and models of leadership
- Followership

### 2. Understanding yourself and others

**Aim:** This section considers techniques for developing a greater awareness of oneself and of the motivations and behaviours of others, and how this awareness can contribute to inspirational leadership.

**Learning outcomes (The delegate should be able to...):**

6. Describe the value that a good awareness of self and others brings to effective leadership.
7. Compare a range of approaches to building awareness of self, strengths and development needs, including common assessment tools and coaching.
8. Describe approaches board members might use to identify and develop leadership talent.
9. Identify and evaluate some of the key interpersonal skills required in a leadership role.
10. Apply current theories about motivation and attribution in determining future courses of action.

**Content:**

- Emotional intelligence and influence
- Leadership and the personal brand
- Developing leadership talent
- Motivation and leadership
- Making decisions

**3. Leading teams**

**Aim:** This section looks at how leaders can help to build and sustain high-performing teams, including the board itself.

**Learning outcomes (The delegate should be able to...):**

11. Summarise the purpose of teams and the importance of commitment and competence
12. Define board diversity and evaluate the impact of diversity on board performance.
13. Bring an understanding of board dynamics to the evaluation of high performing and dysfunctional board behaviour.
14. Evaluate different approaches and tools for dealing with conflict within teams.

**Content:**

- How to construct successful teams
- Team development
- Virtual (dispersed) teams
- The board as a team
- Board dynamics
- Problems in teams
- Challenges to board team performance
- Dealing with conflict
- Role of the chair in a high-performing board

**4. Leading your organisation**

**Aim:** The aim of this section is to explain how the director's leadership behaviours help to create the culture which enables the organisation to achieve its strategic objectives and to respond effectively to crisis and change.

**Learning outcomes (The delegate should be able to...):**

15. Define organisational culture and examine the role of the board director in shaping the culture and values of the organisation.
16. Analyse some personal and social responses to risk and explain how to establish a risk-aware culture in the organisation.

17. Recognise the key features of a crisis, describe the ways in which a crisis can develop and escalate and devise effective responses.
18. Explain the need for ethical awareness in business and how the board can embed ethical practices in the organisation.
19. Assess ways in which organisations can foster a culture of innovation.
20. Identify the critical factors in leading successful organisational change.

**Content:**

- Leadership and the board
- Organisational culture
- Responding to risk
- Leading in a crisis
- Leading an ethical organisation
- Innovation, creativity and entrepreneurship
- Leading change

## **5. Leading beyond the organisation**

**Aim:** This section considers how leaders create influence and impact within and beyond the organisation through effective stakeholder relations and an understanding of the organisation in its wider context.

**Learning outcomes (The delegate should be able to...):**

21. Construct a stakeholder map for an organisation and assess relevant engagement strategies.
22. Describe how making connections and having influence in the wider business community can be of value to the organisation.
23. Describe the benefits and challenges of leading an environmentally and socially responsible organisation.

**Content:**

- Building relationships and external leadership
- Corporate responsibility and understanding stakeholders
- Organisations, society and the environment