

The IoD Director Competency Framework
Your guide to becoming the business director
you want to be



Setting the standard

Directorship is a skilled, demanding and challenging profession. The Institute of Directors, with its many years of experience educating and developing senior leaders around the world, consulting with high-performing boards and providing specialist qualifications, is here to help you rise to the challenge.

The Director Competency Framework is an important tool for directors and boards, defining the distinct and wide-ranging competencies required for effective leadership. Putting knowledge of finance and business strategy on the same level as ethical decision-making, effective communication and the encouragement of diverse views, the framework sets the standard for professional practice for directors.

We hope that you will use the framework as a trusted resource to gauge how you are performing as well as a blueprint for great organisational leadership and success.



The IoD is an organisation which is in the public good - designed to support directors in the effective running of businesses in the public interest. Better directors mean better-run businesses, better businesses mean a better economy. And a better economy means a better world.

Jonathan Geldart
Director General



Do you know what you need to know?

The Director Competency Framework was created by amassing and distilling the IoD's considerable knowledge and experience of leadership and board practice. It is the first clear attempt to set out the competencies that define the standards of practice for directors as a professional group – regardless of sector, industry, role or location.

The framework can be applied in a number of ways to support learning and development. These include:

- self-assessment to identify and address any development needs
- undertaking continuing professional development
- planning your learning to meet your career goals
- performance measurement and 360° assessment
- board evaluation to review performance and the balance of competencies
- recruitment, selection and succession planning for boards.

The Director Competency Framework contains 15 core competencies across three dimensions:

Knowledge

The director's understanding and appropriate application of essential practical and theoretical information.

Skills

The expertise that a director brings to their role.

Mindset

The attitude and disposition that shapes a director's responses and behaviour.

Each competency is accompanied by a statement of purpose that explains its role in the director's effective performance. This is further defined by a set of standards that are expressed in observable terms, are assessable and identify the behaviour a director or organisational leader should demonstrate.



Knowledge

The director's understanding and appropriate application of essential practical and theoretical information.

K1

Corporate governance

Directors need to have the knowledge to steer the organisation towards achieving its objectives while operating effectively, responsibly, legally and sustainably. The director should demonstrate an understanding of:

Laws and regulations	K1.1	Laws and regulations applicable to your industry/sector and its jurisdiction and how your organisation complies with these.
Corporate governance practice	K1.2	Best practice in corporate governance, including relevant governance codes and the roles, duties, responsibilities and accountabilities of individual directors and of the board as a whole.
	K1.3	Your organisation's governance structures, processes and practices.
Board dynamics	K1.4	Board and director relationships, board composition and boardroom behaviours.
Ethics	K1.5	Business ethics, ethical codes and ethical decision-making.
	K1.6	The ethical policies and practices of your organisation.
Risk oversight	K1.7	Risk appetite and the role of risk in growth and value creation.
	K1.8	The structures and systems that enable your organisation to effectively identify, assess and manage risks and crises.

K2

Leadership and stakeholder relations

Directors need to understand how to deliver effective leadership, build good stakeholder relations and develop a strategically aligned and values-based organisational culture in order to achieve good organisational performance. The director should demonstrate an understanding of:

Values	K2.1	The nature and purpose of organisational values and how to create and embed them.
	K2.2	The values of your organisation.
Culture	K2.3	Organisational culture, its role in performance and the director's role in developing and shaping culture.
	K2.4	The existing and envisioned culture of your organisation.
Leadership	K2.5	Theory and good practice in organisation and team leadership.
Stakeholder engagement	K2.6	Methods and tools for effective stakeholder engagement and management.
	K2.7	Your organisation's key stakeholders, their perspectives and relative influence.

K3**Strategy**

A thorough knowledge of the strategic process can enable directors to create and implement effective strategies that will deliver value and growth for the organisation. The director should demonstrate an understanding of:

Vision and value creation	K3.1	The need for a clear vision and purpose to guide the strategy.
	K3.2	Your organisation's vision and purpose and how it adds value in the context of its industry or sector.
Strategy development	K3.3	Models and methods of strategic analysis, option evaluation and creating an organisational strategy.
	K3.4	Your organisation's strategic objectives and current strategic position.
	K3.5	Your organisation's political, economic, social and technological environment and changes of relevance to the organisation's strategy and future direction.
Strategy implementation and change	K3.6	The factors involved in successful strategy implementation and leading organisational change.

K4**Finance**

Directors need to understand how to assess the organisation's financial position and steer its financial performance in order to stay solvent and develop sustainable plans. The director should demonstrate an understanding of:

Financial reporting	K4.1	The collective responsibility of the board for accurate financial reporting.
Financial health and performance	K4.2	How to interpret financial statements and accounts in order to assess the financial health of an organisation.
	K4.3	The financial performance of your organisation in the context of its strategic objectives.
Sources of finance	K4.4	The sources of finance available to an organisation and their relative merits and risks.
Valuation	K4.5	How to assess the financial value of an organisation and potential business opportunities.

Skills

The expertise that a director brings to their role.

S1

Strategic thinking

The ability to think strategically enables directors to propose ideas, options and plans that take advantage of available opportunities while reflecting a broad and future-oriented perspective. The director should be able to:

Identifying opportunities and threats	S1.1	Identify opportunities and threats to the organisation, taking account of the internal and external business environments.
Taking a broad perspective	S1.2	Offer a broad view beyond the immediate problem and own area of expertise, including short, medium and long-term perspectives.
Proposing options	S1.3	Propose alternative options and present creative solutions and innovations.
Considering the impact of decisions	S1.4	Identify the potential impact of decisions and offer contingency plans and risk mitigation.

S2

Analysis and use of information

Directors need to be able to obtain, analyse, interpret and use information effectively to develop plans and take appropriate decisions. The director should be able to:

Using a range of sources	S2.1	Actively seek reliable, sufficiently detailed and timely information from a wide range of sources.
Synthesising information	S2.2	Assimilate and synthesise financial, technical and qualitative information.
Evaluating and interpreting information	S2.3	Consider the applicability and limitations of the information and make objective interpretations.
Simplifying complexity	S2.4	Simplify complex information.

S3

Decision-making

Directors need good decision-making skills in order to arrive at a course of action in a timely manner that provides a clear direction and moves the organisation forward. The director should be able to:

Evaluating proposals	S3.1	Evaluate proposals using a range of criteria and identify their advantages and disadvantages.
Handling uncertainty	S3.2	Make decisions, even in the face of uncertainty and incomplete information.
Taking appropriate risks	S3.3	Take calculated risks in the context of the organisation's strategy and the appetite of the board.

S4**Communication**

The ability to communicate effectively through a variety of modes and channels and with a range of audiences is necessary for directors to work successfully with others and to fulfil their duties on the board. The director should be able to:

Listening carefully	S4.1	Listen dispassionately, carefully and attentively.
Communicating frankly and openly	S4.2	Demonstrate transparency, frankness and openness wherever possible.
Communicating clearly	S4.3	Communicate articulately, clearly and concisely.
Adapting to audience	S4.4	Tailor their communication style to the needs of the audience and the situation, using appropriate modes and channels.

S5**Leadership**

Strong leadership skills enable directors to solve problems, cope with crises and change, and inspire others to follow them in pursuit of the values and goals of the organisation. The director should be able to:

Conveying self-assurance	S5.1	Display confidence, self-assurance and conviction.
Taking action	S5.2	Take action quickly, under pressure and in difficult circumstances when necessary.
Embracing change	S5.3	Show flexibility, adaptability and willingness to embrace change.
Defusing conflict	S5.4	Defuse conflicts and arguments and facilitate compromise when necessary to achieve an acceptable outcome.
Inspiring others	S5.5	Inspire, support and motivate others, generating willing followers.

S6**Influencing**

The ability to build good networks and relationships within and beyond the organisation is important for the director to gain influence, have impact and progress organisational goals. The director should be able to:

Developing contacts	S6.1	Build and maintain a wide range of contacts in relevant and influential areas.
Persuading and influencing	S6.2	Persuade and influence others, including those of equal, greater or subordinate status and power.
Building effective relationships	S6.3	Identify the needs, interests and influence of internal and external stakeholders and build appropriate and effective relationships.
Commanding respect	S6.4	Command respect within the industry and in the wider business community.
Demonstrating political astuteness	S6.5	Demonstrate shrewdness and political astuteness.

Mindset

The attitudes and disposition that shape a director's responses and behaviour.

M1
Ethical

Directors with an ethical mindset demonstrate high standards of conduct and will be better placed to serve, advocate for and represent the organisation. Directors should:

Modelling organisational values	M1.1	Model the values of the organisation.
Displaying high standards of conduct	M1.2	Demonstrate behaviour which conforms to high standards of public conduct.
Prioritising the interests of the organisation	M1.3	Place the interests of the organisation above oneself in all business matters.
Identifying and managing conflicts of interest	M1.4	Identify and disclose conflicts of interest relating to both oneself and others when they become apparent, and ensure these are managed appropriately.
Treating others fairly	M1.5	Treat others justly and fairly.

M2
Professional

Directors need to bring a professional attitude and outlook to their role in order to have influence and to command respect. Directors should:

Showing care and diligence	M2.1	Maintain high standards of skill, care and diligence in professional activities.
Investing in own development	M2.2	Invest time in learning and personal development applicable to their directorial role, including relevant training and board experience.
Taking responsibility	M2.3	Take responsibility for their own performance and behaviour and that of their organisation.
Acting with integrity	M2.4	Act with integrity and honesty in all dealings.
Championing the organisation	M2.5	Act as an advocate for the organisation, both internally and externally.

M3**Performance oriented**

Directors should have the organisation's current and future performance in mind 'as they carry out their role' in order to bring the most value to the organisation. Directors should:

Focusing on goals and priorities	M3.1	Focus on the goals of the organisation and the priorities agreed by the board.
Showing entrepreneurial spirit	M3.2	Identify and take opportunities to increase the organisation's business advantage.
Setting high standards of performance	M3.3	Set challenging but achievable goals and standards of performance for themselves and others.
Supporting a learning culture	M3.4	Learn from their own successes and mistakes and encourage a culture of learning in the organisation.

M4**Independent**

An independent mindset enables directors to provide the challenge and rigour required to help the board achieve a comprehensive understanding of information and options, as well as high standards of decision-making. Directors should:

Displaying independence	M4.1	Be willing to disagree and take an independent stance in the face of dissenting views and to potential personal detriment.
Encouraging diverse views	M4.2	Encourage rigorous discussion and diverse views in order to prevent and dispel 'groupthink'.
Questioning assumptions	M4.3	Adopt an inquisitive approach and actively question assumptions and test propositions.
Asking for clarification	M4.4	Ask for clarification and explanation.
Challenging the status quo	M4.5	Be willing to challenge the status quo and historical ways of doing things.

M5**Aware of self and others**

Directors need an insight into their own emotions and behaviours and sensitivity to the feelings and responses of others in order to be good leaders and high performers. Directors should:

Displaying emotional control	M5.1	Demonstrate an understanding of their own emotional responses and an ability to manage their emotions appropriately.
Demonstrating cultural sensitivity	M5.2	Demonstrate social and cultural awareness and an ability to relate well to a diverse range of people.
Showing empathy and perceptiveness	M5.3	Display empathy and respond appropriately and sensitively to the emotions of others.
Recognising and limiting bias	M5.4	Demonstrate efforts to explore, understand and limit their own biases and preconceptions as well as those of others.

Better directors for a better world

We're a growing community of directors and leaders with a commitment to professionalism, good governance and inclusion and diversity. Our professional development and insight make the IoD the authority on what today's and tomorrow's directors and leaders need to know. Representing their diverse voices and ambitions, we are also a movement, shaping the agenda and influencing government.

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Jonathan Geldart
Director General, IoD

