



Industry Professionals serving as non-executive directors to Alternative Funds

The Dominant Director

VW, Tesco, RBS, Kids Company: what do they all have in common?

Apart, that is, from a period of doing exceptionally well followed by a dramatic and swift descent into financial turmoil? It's arguable that it's the person at the top, the over-controlling central figure who spends too long in the job and who ensures there are no obvious successors.

These are public and dramatic examples, but the principle remains the same in all walks of corporate life - and alternative funds are no different. We at IPAF focus much of our attention on creating balanced boards, with a variety of skills and personalities. The point is so simple and obvious that we've hesitated to put pen to paper on the subject, but our experience is that many people in the industry have not *really* taken it on board (excuse the pun).

The problem, of course, is that in the "bad old days", the all-powerful founder PM viewed his board as a necessary nuisance and corporate governance roughly translated as unwelcome interference. A good fountain pen was a director's most useful attribute.

There have been significant changes since then, driven by investor demand, regulation and just plain good business sense. There is undoubtedly still room for improvement. And, leaving aside the advantages of having a team of experienced and good advisers at your disposal while building your business, why fail investor due diligence on something that is – with a little thought and effort – so easy to achieve?

We are often asked whether a founder PM should be on the board of the funds. We think it's pretty much a 50/50 call. If the PM is on the board, it increases his/her liability, focus and responsibility. The opposing argument goes back to the Dominant Director Syndrome: will the other directors have the clout and the confidence to do a good job for the shareholders? So it goes back to the point above about selecting a board with a good mix of personalities and expertise. It's really not difficult!



About IPAF

IPAF provides Industry Professionals – independent, knowledgeable and experienced people - as non-executive directors to Alternative Funds. IPAF is run from London with a panel of 16 directors across 9 jurisdictions: Cayman, Luxembourg, Ireland, Switzerland, the Channel Islands, Malta, Bermuda, Barbados and the UK. All the IPAF directors are independent of each other and no additional fee is charged by IPAF to a fund that selects a member of its panel: the fund only pays the director's fees. For more information please telephone 020 7340 6316 or email info@ipafgroup.com.

Executive Directors: Caroline Hoare, Stella Murrell, Nicola Floyd