



Industry Professionals serving as non-executive directors to Alternative Fund

The High Cost of Cheap Governance



People like a bargain. There is a small, private satisfaction in paying less than expected, as though one has briefly outwitted the system. This instinct, admirable in the purchase of wonky-shaped apples, becomes more questionable when applied to governance.

The non-executive director has always been an inviting target for such economising. After all, the NEDs are not 'doing' anything in a day-to-day sense: they are not trading, selling, coding or pitching. They sit, they listen, they speak. Surely this can be procured on the cheap?

This is rather like suggesting that one might economise on a ship's navigator because he is rarely seen to be adjusting the wheel.

The purpose of a good NED is not activity, but judgement. And judgement is both rare and expensive. It is gained over decades, sharpened by experience and very valuable. All IPAF directors have many years of 'coal-face' experience under their belts.

When governance fails, no one asks whether the board represented good value for money. They ask why it failed at all. The fee saved is never set against the loss incurred. The cheapest option is often the most expensive mistake.

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 19 directors across 7 jurisdictions: Cayman, Luxembourg, Ireland, Switzerland, the Channel Islands, Portugal and UK. All the IPAF directors are independent of each other and no fee is charged by IPAF to a fund that selects a member of its panel; the fund only pays the director's fees.

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