



The Director Competency Framework

Your guide to becoming
a better director.



Setting the standard

Being a director is a skilled, demanding, and challenging profession. The IoD is here to support you. We have extensive experience in helping senior leaders across the world learn, develop, and adapt to the complex challenges of an ever-changing world. We consult with high-performing boards and offer specialist qualifications created by directors for directors.

The IoD Director Competency Framework is an important tool for directors and their equivalents that sets the standard for professional practice – regardless of sector, industry, role or location. The Framework defines the distinct and wide-ranging competencies required for effective governance and leadership, putting knowledge of finance and business strategy on the same level as ethical decision-making, effective communication and the encouragement of diverse views.

We hope you will use the Framework as a benchmark to identify how you are performing, as well as a blueprint for successful leadership and governance.



The IoD exists to further the public interest by supporting directors in the effective running of their businesses. 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 IoD Director Competency Framework distils the IoD's considerable knowledge and experience of leadership, governance, and board practice into manageable steps for directors at all stages of their careers.

Emerging

Aspiring directors who want to learn the fundamentals of good governance and how to prepare for a role on the board.

Active

Directors who are actively practicing and want a greater understanding of and confidence in discharging their duties and responsibilities.

Established

Directors who have made significant impacts in their careers and are looking to refresh and enhance their current skills and experience.

Directors can use the framework to support individual learning and development. For example:

- self-assessment and reflection
- continuing professional development
- planning learning to meet organisational and personal goals
- performance measurement and 360° assessment

An **'emerging'** director can use the framework to build the foundations as they start their development journey.

An **'active'** director can use the framework to guide their development as they grow in their role.

An **'established'** director can use this framework to deepen their existing capabilities, refresh their thinking and ensure they remain relevant.

At its core, the IoD Director Competency Framework is about developing better directors, to create better organisations for a better world. The Framework is aligned with the IoD Code of Conduct for Directors and its principles of leading by example, integrity, transparency, accountability, fairness and responsible business. It also makes direct reference to a director's legal duties and responsibilities.

The content of the Framework contains 16 core competencies across three main groups – knowledge, skills, and mindset.

Knowledge

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

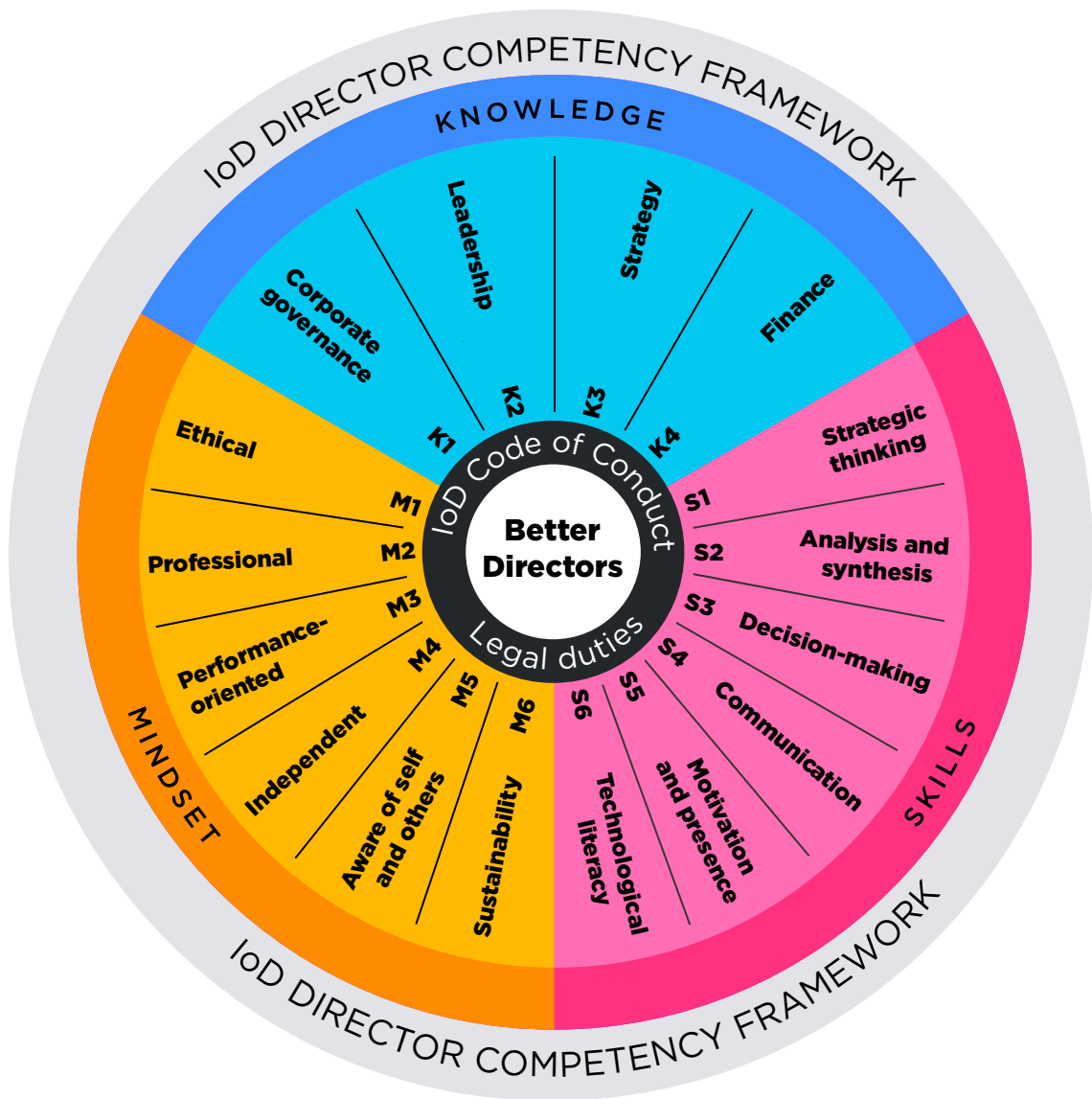
Skills

The director's ability to perform a specific task or solve a problem.

Mindset

The attitude, disposition and mental framework that shape a director's responses.

In the pages to follow, each competency is accompanied by a statement of purpose explaining how it helps directors perform effectively. This is further defined by a set of standards that are expressed in observable terms and are measurable. Together, the competencies and standards – **knowledge** to understand, **skills** to action, and **mindset** to orient and prioritise – articulate the behaviours a director or organisational leader should demonstrate in their role.



Knowledge

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

K1
Corporate governance

Corporate governance knowledge enables you to steer the organisation towards achieving its objectives while operating effectively, responsibly, legally and sustainably. It means demonstrating 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, particularly in reference to director's legal duties and obligations, and the organisation's constitutional framework.
Corporate governance best 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, which include policies, management systems, internal control and assurance processes and reporting mechanisms.
Board dynamics and succession	K1.4	Board and director relationships, current and future board composition and boardroom behaviours. Dysfunctional board behaviour (for example, biases) and how to discourage it.
Ethics	K1.5	Organisational ethics articulated by the board and practised through use of codes, policies, and decision-making processes.
	K1.6	Oversight of internal reporting mechanisms and processes, including whistleblowing.
Risk management	K1.7	Risk governance through a unified approach, including risk culture, 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 opportunities.
	K1.9	Crisis management (preparedness and execution) to enable business continuity.

K2
Leadership

Understanding how to deliver effective leadership, build good stakeholder relations and develop a strategically aligned, values-based culture helps you achieve sustainable organisational performance. This means demonstrating an understanding of:

Vision and purpose	K2.1	The role of vision and purpose in driving collective aspiration, people engagement, positive behaviours and effective performance.
Values and culture	K2.2	Organisational values and culture, and their role in performance. The director's role in developing and shaping culture through demonstrating organisational values.
Leadership theory and practice	K2.3	Developments in leadership theory and good practice and their applications in modern organisations and team leadership.
	K2.4	The relationship between leadership and diversity, equity, and inclusion.
	K2.5	As a board member, understanding your role as a leader, creating good followers and followership practices.
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 helps directors create and implement effective strategies that will deliver sustainable value and growth for the organisation. It means demonstrating an understanding of:

Business model	K3.1	The need for a clear vision and purpose to guide the strategy.
	K3.2	Your organisation's vision and purpose and how they add value in the context of its industry or sector.
Strategy development	K3.3	Models and methods of strategic analysis, risk appraisal, option evaluation and creating an organisational strategy.
	K3.4	Your organisation's strategic objectives and current strategic position.
	K3.5	The importance of horizon scanning your organisation's political, economic, social, technological, environmental and legal, and competitive environment and responding to the implications for strategy and direction.
Strategy implementation and change	K3.6	The factors involved in successful strategy implementation and leading organisational change.
	K3.7	Monitoring of strategy implementation.

K4**Finance**

Understanding sustainable financial planning and how to assess the organisation's financial position and steer its financial performance helps your organisations stay solvent. This means demonstrating an understanding of:

Reporting	K4.1	The collective responsibility of the board for accurate financial and non-financial reporting.
Financial health and performance	K4.2	How to interpret financial statements and accounts to accurately assess an organisation's financial health.
	K4.3	Your organisation's financial performance 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 an organisation's financial value and potential business opportunities.

Skills

The expertise that a director brings to their role.

S1 Strategic thinking

Thinking strategically enables you to propose ideas, options and plans that consider risk and take advantage of existing opportunities while anticipating future possibilities, scenarios and challenges. This means being able to:

Identify opportunities and threats	S1.1	Identify opportunities and threats to the organisation, taking account of the internal and external environments and the organisation's ambition.
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.
Propose options	S1.3	Propose alternative options and present innovative solutions.
Consider the impact of decisions	S1.4	Identify the potential impact of decisions and offer contingency plans and risk mitigation.

S2 Analysis and synthesis

Obtaining, analysing, interpreting and using information and data effectively helps you develop plans and make appropriate decisions. This means being able to:

Use a range of sources	S2.1	Actively seek reliable, sufficiently detailed and timely information and data from a wide range of sources.
Synthesise	S2.2	Assimilate and integrate financial, technical, quantitative and qualitative information and data to inform and support participation in discussions and effectively justify decisions.
Evaluate and interpret	S2.3	Consider the applicability and limitations of the information and data and make objective interpretations.
Simplify complexity	S2.4	Simplify complex information and data for effective use.

S3 Decision-making

Good decision-making skills help determine the best course of action in a timely manner, enabling you to provide clear direction and move the organisation forward. This means being able to:

Evaluate proposals	S3.1	Evaluate proposals using a range of criteria and identify their advantages and disadvantages.
Handle uncertainty	S3.2	Make decisions, even in the face of uncertainty and incomplete information.
Take appropriate risks	S3.3	Take calculated risks in the context of the organisation's strategy and the appetite of the board.
Utilise data effectively	S3.4	Utilise an evidence-based approach and data analytics to inform and support participation in discussions and effectively justify decisions.

S4 Communication

Effective communication builds good networks and relationships within and beyond the organisation, through a variety of modes and channels, and ensures you work successfully with others. This enables you to have impact, progress organisational goals and fulfil your board duties. This means being able to:

Listen actively	S4.1	Listen actively, show empathy, avoid distractions and reflect on conversations to ensure understanding and thoughtful response.
Influence	S4.2	Persuade and influence others, regardless of their status or power.
Communicate clearly and with agility	S4.3	Communicate transparently, clearly and concisely, while adapting your communication style to the needs of the audience and the situation.
Develop relationships	S4.4	Develop and maintain a wide range of contacts and networks in relevant and influential areas.
	S4.5	Identify the needs and interests of these stakeholders to build effective relationships.

S5 Motivation and presence

Motivation and presence help you solve problems and cope with crises and change. It also inspires others to follow you in pursuit of the organisation's values and goals. This means being able to:

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

S6 Technological literacy

Understanding how digital tools, data, artificial intelligence and other emerging technologies drive strategic decision-making, enhance cybersecurity and foster innovation within the organisation. This means being able to:

Adopt technology	S6.1	Incorporate technology into how the organisation works, its systems, strategic planning, and decision-making processes.
	S6.2	Allocate resources efficiently to technology projects and initiatives.
Build cyber resilience	S6.3	Actively promote and ensure robust cybersecurity measures, policies, insurance/mitigants and recovery plans.
Advocate for innovation	S6.4	Encourage and support innovative initiatives within the organisation and cultivate an environment that embraces innovation.
	S6.5	Engage in ongoing education about emerging technologies such as artificial intelligence and digital trends, to understand risks and opportunities.
Demonstrate digital governance	S6.6	Identify and mitigate technology-related risks and monitor and manage the ethical and safe use of technological tools and data management.

Mindset

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

M1
Ethical

Having an ethical mindset, in line with the **IoD Code of Conduct for Directors**, puts you in a strong position to serve, advocate for and represent your organisation. This means being able to:

Model organisational values	M1.1	Set the tone from the top of the organisation through your behaviours and decision-making.
Display high standards of conduct	M1.2	Demonstrate and uphold high standards of ethics and behaviour to maintain public trust and stakeholder confidence with reference to the IoD Code of Conduct for Directors or other relevant codes.
Identify and manage conflicts	M1.3	Identify and disclose conflicts of interest relating to yourself and/or others when they become apparent or perceived. Ensure these are managed appropriately.
Treat others fairly	M1.4	Treat others justly and fairly.

M2
Professional

Maintaining a professional attitude and outlook in your role will generate influence and respect. This means being able to:

Show care and diligence	M2.1	Maintain appropriate standards of skill, care and diligence in professional activities.
Invest in development	M2.2	Invest time in learning and personal development applicable to your directorial role, including relevant training and board experience. Commit to developing others as well.
Take responsibility	M2.3	Take responsibility for your performance and behaviour and that of your organisation.
Act with integrity	M2.4	Act with integrity in all dealings.
Champion the organisation	M2.5	Act as an advocate for the organisation, both internally and externally.

M3
Performance oriented

Keeping the organisation's current and future performance in mind when carrying out your role helps you bring maximum value to the organisation. This means being able to:

Focus on goals and priorities	M3.1	Focus on the organisation's goals and priorities agreed by the board
Show entrepreneurial spirit	M3.2	Identify and take opportunities to increase the organisation's business performance.
Set high standards of performance	M3.3	Set challenging but achievable goals and standards of performance for yourself and others.
Support a learning culture	M3.4	Learn from your successes and mistakes and encourage a culture of learning in the organisation.



Independent

Having an independent mindset enables you to provide the challenge and rigour required to help the board understand information and options. It also helps you and the board maintain high standards of decision-making. This means being able to:

Display independence	M4.1	Take an independent stance in the face of different views and perspectives.
Encourage diverse views	M4.2	Encourage rigorous discussion and diverse views to prevent and dispel 'groupthink'.
Question assumptions	M4.3	Adopt an inquisitive approach, actively questioning assumptions and testing propositions.
Ask for clarification	M4.4	Ask for clarification and explanation and being open to help from others when needed.
Challenge the status quo	M4.5	Challenge the status quo and historical ways of doing things.



Awareness of self and others

Having insight into your emotions and behaviours, while being sensitive to the feelings and responses of others creates good leaders and high performers. This means being able to:

Display emotional control	M5.1	Demonstrate an understanding of your emotional responses and the ability to manage your emotions appropriately.
Demonstrate cultural sensitivity	M5.2	Demonstrate social and cultural awareness and the ability to relate well to a diverse range of people.
Show empathy and perceptiveness	M5.3	Display empathy, responding appropriately and sensitively to other people's emotions.
Recognise and limit bias	M5.4	Demonstrate efforts to explore, understand and limit any biases and preconceptions - yours and other people's.



Sustainability

Incorporating sustainability into your organisation's strategy strengthens resilience and relevance in a rapidly evolving landscape. Using business models and methods mitigates material sustainability risks and surfaces opportunities. This means being able to:

Sustainability of technology	M6.1	Recognise the value of technology as core to sustainability solutions, assisting the transformation towards more efficient, less environmentally impactful entities.
Environmental sustainability	M6.2	Act to reduce your organisation's negative impact on the environment, while also protecting your organisation from environment-related external factors.
Societal future generation	M6.3	Understand the impact of your organisation on communities and embrace the principle of social value creation.
Circular leadership	M6.4	Take inspiration from the principles of the circular economy including the elimination of waste and promoting the continual use of resources, in business model design.

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.

iod.com

Next steps

Become a member and benefit from:

- Access to our Professional Director Series (CPD) for free.
- Get information to help you manage and grow your business, with resources, guides and factsheets.
- Be heard. The IoD is its members' voice to UK government, influencing the debate, shaping the agenda and advocating change.
- Learn, share experience and connect with fellow directors and leaders virtually and in-person at events.
- Get unbiased, confidential advice on strategic and operational challenges from our business, tax and legal experts.
- Make one of our hubs your office. Book flexible workspaces and private rooms or take advantage of our free meeting areas.

Please get in touch if you would like to speak with one of our team.

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Never stop learning. The IoD specialises in supporting directors and leaders to be the best they can be, through world class professional development. Come and learn, come and connect with directors like you, and come and have a voice to government.

Jonathan Geldart
Director General, IoD

