

Proposal for increased SME representation on the techUK Main Board

28 June 2021

Summary

This proposal for increased SME representation on the techUK Main Board is to make the Board more representative of our membership and to engage smaller members more actively in our governance.

Our recommendation is that Elected Director vacancies are made available only to SMEs, that the Election process is made more active and engaging, and that SMEs appointed to the Board have staff support from techUK for their role.

This change will require a change to the Articles, to be addressed through a Special Resolution at the 14 July AGM.

Background

techUK's Board structure is intended to ensure Board members represent, as much as possible, the variety and diversity of our membership, whilst at the same time ensuring that the executive and staff are guided and governed by active, committed and suitably skilled individuals. To that end, there are two categories of Board members:

- Selected Directors: nominations are considered by the Nominations Committee, which makes recommendations to the Board for decision.
- Elected Directors: nominations are invited through an annual election process, with voting by members.

This approach has largely worked well. The board has always been tremendously valuable, and we are extremely grateful to past and present board members for their contribution to techUK's success.

However, with much welcomed increasing interest in the available Board places, issues are emerging around SME representation and engagement in the election process.

Issues to be addressed

SME representation on the board

We have a growing concern at the lack of SME representation on the Board. Whilst techUK membership is overwhelmingly made up of SMEs, as is our industry, at present we have only one SME Board member.

The Elected Director route had been expected to offer smaller members greater opportunity. However, it is invariably the case that well known companies gain the most votes, meaning large companies are voted in despite the strength and breadth of SME nominations.

Change to the process is therefore needed to enable more diverse representation, with smaller companies able to participate fully in techUK governance.

Engagement of member companies in the election process

Although there is clear enthusiasm from those wishing to join the Board, with around 30 candidates for the elections in each of the last two years, the majority of our members do not actually vote in the elections.

Change is needed so that the election process is more meaningful across the membership base. An election process with greater ceremony and participation should be implemented to attract a much higher proportion of our membership, in particular showing that votes can ensure a strong voice for SMEs at the heart of our strategic deliberations and planning.

Consultation

Following recent discussions with the Board, input has been sought and received from a number of board members, from companies of different sizes. It has been agreed that the above two issues should be addressed, and that restricting eligibility of Elected Members to SMEs is a way to solve the problem and ensure the 'SME voice' on the Board.

The following caveats were stressed in this consultation:

- It is important to ensure that mid-sized (larger than SME) companies are not squeezed off the board. This should be achieved through the Selected Director process, with the Nominations Committee considering balance of size and company type/sector.
- The stability of the board and the ability of members to contribute over time is valued. Again, this can be maintained through the Selected Director process.
- The election process needs to be significantly enhanced to increase member engagement, including a better and more exciting way to allow candidates to present themselves to voting members.
- SME Board members need support to fulfil their role, as they are less likely to have staff to support them in this particular role within their own company and hence are likely to find it difficult to remain fully briefed on the wide variety of topics that arise at the Board. We propose allocating techUK staff to provide this support for SME Board members.

Proposal

We therefore propose the following in respect of the Elected Director positions:

1. Election eligibility is restricted to individuals from member companies who are classified as SMEs in accordance with the UK Companies Act definition.
2. A process is put in place which attracts much greater interest across the membership base, to include hustings, election videos and podcasts during the month before the elections.
3. Ongoing staff support is provided for the successful SME candidates.

Notes:

- There will continue to be one vote for each member company, and the Nominations Committee will continue to play its role in due diligence.
- There are currently 24 Selected Director positions and 10 Elected Director positions, each serving for 3 years. Therefore, each year, three or four Elected Director positions will be available. The change as proposed, effective in 2022, would result in three SMEs on the board in 2022, rising to ten over the following two years.

Special Resolution

To increase SME representation on the techUK Main Board, a Special Resolution is to be put to the techUK Annual General Meeting on 14 July 2021 to adopt updated Articles of Association. The updates are to Clause 4.2 as set out below.

Current

- 4.2 The Board shall (save as otherwise determined by it) be made up of:
- 4.2.1 up to 10 Directors, each being a representative of a Full Member, nominated by a Full Member, and, on occasions that more nominations are made than there are vacancies available, selected by election among the Full Members, subject to payment of any applicable Membership Fees (such Directors being the “Elected Directors”).

Proposed update (new text in bold)

- 4.2 The Board shall (save as otherwise determined by it) be made up of:
- 4.2.1 up to 10 Directors **from Small and Medium Size companies**, each being a representative of a Full Member, nominated by a Full Member, and, on occasions that more nominations are made than there are vacancies available, selected by election among the Full Members, subject to payment of any applicable Membership Fees (such Directors being the “Elected Directors”).

and for the purposes of Article 4.2.1, a "Small or Medium Company" shall mean a company which qualifies as such for the purposes of the Companies Acts (and the Board may from time to time require any Full Member to adduce to the Board such evidence as the Board may reasonably require to enable it to ascertain whether a relevant company so qualifies).

Notes:

- The current definition of Small and Medium Size company is not more than 250 employees and turnover of not more than £36m.
- The Articles of Association can be found under ‘techUK governance’ [here](#).

Julian David, CEO

techUK