



# UNIFYING PUBLIC & PRIVATE SECTOR BOARDROOMS

*Criticleye speaks to **Sir Andrew Foster** about why boards need to see beyond traditional sector prejudices and take a more collaborative approach.*

After a long and distinguished career in the public sector, Sir Andrew Foster now enjoys a varied and successful non-executive portfolio including positions on the boards of Royal Bank of Canada, National Express, PruHealth, Commonwealth Games England and the 2020 Public Services Commission. Sir Andrew's operational career spans local government (as Director of Social Services for Greenwich and then Yorkshire), the National Health Service (initially as Regional Chief Executive in Yorkshire and eventually Deputy Chief Executive for the entire NHS based in Whitehall) to his final executive role as CEO of the Audit Commission where he spent 10 years.

With so much time and experience in the public sector, it may surprise some that Sir Andrew holds several non-executive roles in private organisations. "Not so," says the man himself. Private and public boards have much to learn from each other and, as companies look to gain more public service work in the aftermath of the recession, there has never been a greater need for public sector experience on private sector boards.

## PRIVATE VS. PUBLIC

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With over 20 years of board-level experience, both as an executive and now non-executive, Sir Andrew knows a thing or two about what constitutes a successful board. "I've worked with good chairmen and bad chairmen, naming no names, and believe that truly effective non-executives are those who set the long-term vision, don't get overly involved with day-to-day issues and provide a supportive but challenging presence on the board," he says.

All boards should have non-executives who are 'informed generalists' according to Sir Andrew. These are not only individuals with 'substance' and an understanding of the subject matter, but those who take a wider approach to strategy based on a grasp of the world outside the organisation. "Non-executives should not be doing the executives' jobs," says Sir Andrew. "They need to challenge decisions and performance-manage against the strategy; this applies across both private and public sectors."

The differences between public and private boards are a matter of debate with various prejudices held on either side. The culture in each is clearly very different, as Sir Andrew explains: "Private sector organisations have one overriding aim, which is medium-to long-term profitability. The public sector is a political environment where organisations are more risk averse than

## SEEKING A NEDSHIP IN THE PUBLIC SECTOR SIR ANDREW'S TOP TIPS

Think strategically about which areas of the public sector interest you most

Do a critical skills audit; do you have specific expertise, such as finance? Think how these might be utilised in the public sector

Be prepared for bureaucracy and some frustration

Remember that remuneration will be significantly lower in public sector roles

Think about the developmental benefits the public sector can offer. Keep an open mind

their private sector counterparts and have to ensure that every action and decision is making the best use of taxpayers' money. "A common feature is a straight and open relationship between chairman and CEO, where both have a clear understanding of their roles. The nature of this partnership and leadership is critical for success."

Obstacles to collaboration include the perception that private sector executives are seen as only driven by finance, whilst the private sector sometimes says that public sector executives are inefficient, bureaucratic and have a poor understanding of business issues. However, these prejudices are often unfounded and, in Sir Andrew's view, unhelpful. The current era has presented, more than ever it would seem, a greater need for understanding across public and private sector organisations, therefore dispelling the myths and sharing best practice across sectors is needed in order for boards to perform most effectively.

### SHARING EXPERTISE

It is clear that organisations across the public and private sectors would benefit from more sector-based diversity on their boards, but this is often not the initial reason it occurs. "When companies ask me to sit on their boards, it is often because

they want to gain a better understanding of government and the public sector," says Sir Andrew. "They believe that I must have some useful public sector contacts; that because of my background I will know a government figure or two who might be good for business. In time, they discover that public sector representation on the board can offer much more than this, encouraging a broader approach to a win-win partnership."

"For many, the downturn has provided a wake-up call in terms of attitudes to risk," says Sir Andrew. "Both private and public sectors need to challenge existing thinking around risk management and accountability to shareholders. Changing attitudes to risk and responsibility across organisations is very important."

Additionally, for private companies, there is a business opportunity from the public sector to consider. "As public sector services increasingly open up, a new area of business will surface for private sector organisations," says Sir Andrew. "Around 42 per cent of the economy is made up of public sector services, many of which will be outsourced, so companies need to understand how the public sector operates to take advantage of this."

"Going forward, we will certainly see more partnerships among public and private sector organisations and greater collaboration to increase efficiencies across the board. For this reason, the need for a public sector presence on the corporate board has never been greater," he says.

### BECOMING A PUBLIC SECTOR NED

Securing NEDships in public sector organisations can be a rather bureaucratic process. "Individuals need to think strategically about what they can offer the public sector, do a thorough audit of their skills and, perhaps most importantly, be prepared for some frustration. There is also the issue of remuneration which is minimal in comparison to the private sector," says Sir Andrew.

THE NETWORK  
OF LEADERS

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"That said, non-executive roles in the public sector can be highly rewarding and a great addition to any portfolio," Sir Andrew continues. "You will be working in an accountable and developmental environment on complex and value laden issues, which in my opinion, is set to become more innovative as spending cuts dominate."

More than ever, the public sector needs effective boards to drive it through the inevitable consequence of spending cuts. Time will tell how deep these cuts will be, but strong leadership will be a vital component to how well organisations perform. Chairmen and non-executives will have to step up to the mark so that organisations emerge robust and more efficient on the other side, with a clear focus on serving the citizen more effectively.

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**Sir Andrew Foster**  
Deputy Chairman,  
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Sir Andrew has a keen interest in sport and a wealth of experience within the business world. In addition to his position at RBC, he is Chairman, Commonwealth Games, England. He has had a long and distinguished career in public service. He was knighted in 2001 for achievements within health and local government. He is an independent member of the Cabinet Committee Public Services Inspection; Non-Executive Director Sport England; Non-Executive Director National Express; Non-Executive Director PruHealth; Non-Executive Director Nestor.

Contact Sir Andrew through [www.criticaleye.net](http://www.criticaleye.net)

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