

What Every New Chairman Needs to Know



What does it take to be successful in your first chairman role? Criticleye speaks to four leaders that have made the transition and found out what they learnt

Taking a chairman role for the first time often involves a shift in mindset. Whether you're used to being a heavily involved CEO or a less active NED, you must understand when and how to act. This means recognising what the company and its board needs from you.

"A good chairman will be able to strike the right balance between leading the board and being a critical friend to the CEO," says **Tom Beedham**, Director of Programme Management at Criticleye. "Their ultimate role is to hire and fire the CEO and their primary responsibility is to ensure the obligations to investors and

stakeholders are both understood and met. They will be able to draw the best out of people around the table, while also directing and guiding conversations before, during and after board meetings."

Here, a range of chairmen give advice on finding balance as a first time chairman. >



Debbie Hewitt

Chairman, Moss Bros Group

Get to Know the Business

Chairmen roles come in a variety of guises and it's critical that a first time appointment thinks about the context. For example, listed and private equity businesses may have different needs. The performance of the business and the maturity of the executive team will also certainly have an impact on the chairman's priorities.

Make sure that you truly, deeply understand the business you are chairing, how it wins and retains its customers and how it makes money. Boards can get into real problems if they fail to spot a change that undermines the business model or creates new risks.

I'd look at the last 12 months of board minutes, including what's been discussed, challenged and concluded. It will tell you something about what the board has seen as its priorities, how it makes decisions and where it has made trade-offs. Minutes can also tell you something about the kind of culture the board is creating. Finally, I'd look at the board processes including the frequency of meetings, the agendas and the quality of papers and board presentations.

I also constantly think about the balance between change and continuity. Too much change and a board can lose its expertise, too little and it can get complacent. Effective chairmen balance this well.

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Caroline Silver

Chairman, PZ Cussons

Mine Your Network for Advice

I took my first chairman role at the beginning of the year, so have recent experience of preparing for the job. The first thing I did was to use my chair network to ask advice on things that worked well for them and what they'd learnt over the years – such as setting the strategy or issues around managing talent and succession.

I had also watched my strong and experienced incumbent chair for a couple of years beforehand. I think there's an increasing trend for incoming chairs to serve on the board prior to taking the role. If you've got the ability to be on the board you will chair, take it – it gives you a good

window to assess the dynamic of the board, ask 'dumb questions' and view the relationship between the outgoing chairman and CEO.

The tone in the boardroom is clearly set by the relationship between the CEO and chairman. If that is strong and built on mutual trust, then the boardroom will be a well-functioning place. Don't expect to be on the phone to the CEO the whole time, but the rule of 'no surprises' is a good one.

I think you should also take some honest self-reflection and benchmark yourself against the best chairs you've seen. Ask what you need to strengthen and hone, and be honest about it.



Alison Carnwath
Chairman, Land Securities

Master the Art of Respectful Debate

Boards are live, animate organisms. They are difficult to write strict guidelines about, but it is helpful to understand that the art of chairmanship is to create a respectful atmosphere in which challenging issues can be openly discussed. Anyone should be able to say anything so long as the atmosphere is one of respect and everyone does their work.

I think the key is to establish a good working relationship with your CEO and to make them feel comfortable with what you want from them. You should aim to get to a stage where they share their concerns early to see if you can be of assistance. That's especially essential if you have a first-time CEO who is coming up against pressure points for the first time.

You need objectivity, enthusiasm, commitment and enjoyment from all board members. Those who arrive having not read their board papers is a slight disappointment, to put it mildly. NEDs also have to be able to get their messages across without making completely crass statements.

In many board meetings there are additional attendees, such as employees giving presentations or joining the meeting for one topic, and I think the chair needs to suitably manage the tone of board members there too. For example, in financial services you may have a regulator sitting in the board meetings and that would create a very different environment.



Philip Aiken
Chairman, Balfour Beatty

Consider Your Leadership Style

I don't believe in over-dominant chairmen and think they rarely find the right balance of directors. My approach is to engage all the board members and ensure they know they each have a role to play. If they haven't said something I would try to directly ask what they think.

It is sensible for a chairman to talk to directors about issues independently, but to me, trying to do deals outside of the boardroom is not a good trait.

A good chairman will sit back and let a discussion take place, a bit like an orchestra leader, moving the conversation between participants but will know when it's time to make a decision. That is probably one of the most important things a chairman does.

It's also good to understand where you can add value. I'm finding shareholders don't really have a lot of interest in talking to the chairman, their relationship these days

seems to be with the CEO and the CFO. I could impose myself on the shareholders but am confident they know I'm available if they need me.

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