



# What Makes for an Effective Board?

Richard Gillingwater, Chairman at SSE and Henderson Group, tells Dawn Murden what characteristics make for a good board dynamic, as well as where it can fall down

## Firstly, what are your priorities as Chairman?

It's crucial to understand the role of the board and be clear on that; I see this in two veins. One is the challenge function, the other is support.

In order to do this, you need the right non-executives around the table. You're looking not only for expertise relevant to the business but broader economic and commercial perspectives, and you're looking to build good chemistry.

You need the right mix of people – individuals that can bounce interesting and important views around the table. What I don't mean by that is a bunch

of 'yes' people – you need contrarian thinkers as well as those who are more empathetic. You don't want five contrarians all hammering each other on a board, for example.

Great thought must be given to who from the executive team is on the board and what capacity they have to represent the company. There needs to be debate about whether it's just the CEO and CFO, or perhaps a broader selection.

Finally, be clear on agenda setting and what key elements the board should debate and when, and how to balance those. Within that it's also giving prominence to strategy, which can sometimes be crowded out.

## How do you get the balance right between governance, compliance and looking at strategy?

That's one of the perennial challenges. The chair has to get that balance right between good governance and challenge, as well as spending time on forward-looking issues.

How this is achieved, in a way each company will be different. But you have to find that balance and you know when you've got it.

You can certainly calibrate it through the evaluation process. I currently wear three hats and chair two boards, one of which is energy company SSE. We had a board >



evaluation at SSE in 2015 and one of the conclusions was that we needed to spend more time on strategy and up the quality of debate. That happened at the end of the previous Chairman's watch and I absolutely adopted that view.

It's very important that a new chair takes stock – you have the capacity to make changes and shake things up.

Now, there isn't a board meeting that goes by without some strategic reflection on the business. We've brought strategy into almost every board meeting, as well as a regular strategy event that runs over two days. We got there by essentially feeling our way to the right mix.

### Do you expect NEDs to visit individuals in the business and 'walk the floor'?

Absolutely. Visiting the business and meeting as broad a cross section of individuals at a variety of locations, on top of looking at ways of bringing groups of people onto the board either formally or through lunches is important.

At SSE, we go further. We travel as a board and rotate around a lot of sites. We also encourage NEDs to do a couple of visits on their own every year, so they will randomly pick somewhere then go and see it.

We spend time at the beginning of each board meeting sharing experiences of what we've found at particular locations.

### Is there a reason why this is more prominent at SSE?

We do it at Henderson, which is a global investment management

company, but there you're seeing offices and meeting people.

At SSE you're seeing kit, processes and people, as well as customers. You're potentially seeing a broader range at SSE. There are a number of different and complex issues – we're obsessed with safety, for example.

Those visits are about reinforcing views as well as forming them; it's also about encouraging and challenging those within the business.

### Should NEDs be policing or supporting the executive team?

I don't like the word policing. Challenge is a more optimal word, but it is difficult because sometimes you have to be quite fierce.

Of the three boards I'm on, two of them are highly regulated and have authorities with very active agendas. I'm constantly having to make sure we have a good relationship with them and that we are doing everything in our power to meet their regime. Not only to the letter but also in spirit; sometimes that requires forthright challenge and banging the table.

At the same time you have to think: X regulation is coming in and that's going to involve major change – what is a realistic pace at which that can be introduced? It's wonderful as a NED to think you can wave a wand, but you've always got to think about how things get implemented.

It is a mix of sometimes being fierce, and then at other times being understanding and supportive.

### What does diversity mean to you in terms of an effective board?

It means a number of things. First of all diversity of background, thinking and approach. I like the idea of having people that don't think the same way. Getting diversity in that sense is really important, so that you develop the right challenge and stop group think.

Between 2006 and 2009, I was on the board of Debenhams and it was entirely male. And yet, our target market was women. Boards are becoming more diverse but it's up to chairmen to push the issue. ■

Richard Gillingwater is a speaker at our Non-executive Director Retreat, in association with Santander. Find out more [here](#)



**Richard Gillingwater**  
Chairman  
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Richard has been Chairman of SSE since July 2015 having joined the board in 2007. He has also been Chairman of Henderson Group since May 2013, is the Senior Independent Director of Helical Bar and Pro Chancellor at the Open University.

Previously, he was Dean of Cass Business School in London, and served as Chief Executive and then Chairman of the Shareholder Executive. He has been the Chairman of CDC Group and a Non-executive Director of Debenhams, Tomkins, Kidde, Hiscox and Morrison Supermarkets.

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