



The Board's Role in High Performance

Shriti Vadera, Chairman, Santander UK, talks to Criticaleye about why diversity is essential if boards are to perform at the highest level

The political and economic landscape continues to shift rapidly. How can boards establish a clear strategy given this ongoing volatility and uncertainty?

In such an uncertain environment, resilience to various scenarios and macro outcomes is central to a business strategy. Boards can bring invaluable input in understanding the external environment from diverse

perspectives, and in ensuring that resilience is not traded off for short-term pressures.

What do you regard as the core characteristics of a high-performing board?

In individual directors, independence of mind and willingness to speak up are the most important characteristics.

They are essential to avoid group think. However, as important as the individuals, is the composition of the board as a whole, and how the characteristics, skills and experience of directors complement each other and bring different perspectives.

Diversity of thinking is the key to a high performing board. It is something I found well-articulated in a book called *Willful Blindness* by Margaret Heffernan, which >



explains that the imperative for gender and other forms of diversity is not political correctness, but an insurance against group think or what she calls, “internally generated blindness that leaves institutions exposed”.

Are you seeing a change in the types of skills and insights needed at the boardroom table?

In the financial services sector, as well as other sectors, being a NED requires much more effort and commitment than it did 10-15 years ago. Changing career paths is also making boards younger and more diverse. Inevitably, the types of skills the board needs also changes with the rapidly shifting business and macro environment. For example, pretty much all sectors are more reliant on technology and so experience in this area has become invaluable.

How can chairmen ensure there is robust discussion on the board about the medium to long-term strategy?

Mainly this is about setting the agenda correctly – a key part of a chairman’s job. As is steering the board’s discussion and not becoming imbalanced by more immediate, pressing or operational issues that might justifiably be playing on the minds of management.

It is important to ensure issues are brought to the board before final decisions need to be made, allowing for early engagement which can bring a longer term ‘step back’ view.

The culture of the board is critical and the chairman and directors need to make sure that they foster

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an environment where directors feel able to engage on strategy and challenge shorter term thinking.

Do NEDs have to be more proactive in understanding how a business operates? Is it important to get out of the boardroom to see what’s happening in the business?

Yes, I think it is very important for NEDs to understand the key drivers of the business and, on occasion, they should get out of the boardroom and speak to employees from across the company and, importantly, find ways to understand customers.

Site visits are a key part of the agenda on all the boards I sit on. Workshops also allow a deep dive and fuller discussion to familiarise the board with certain parts of the business or particular issues.

NEDs must of course, at all times, be conscious of the line between executive and non-executive.

How should the relationship work between the chairman and CEO?

It is the most important relationship for good governance. It requires regular, open dialogue, trust and a

consistently fine-tuned balance between support, advice, counselling and challenge.

How important is it for senior executives to step away from the day to day aspects of their roles, so they are reflecting on the medium to long-term strategy for the business?

Businesses cannot succeed for very long in such a changing world unless senior executives regularly lift their eyes to the horizon. ■

Santander is the lead partner in Criticleye’s [Non-executive Director Retreat 2017](#).



Shriti Vadera
Chairman,
Santander UK

Shriti was appointed to the Board of Santander UK Plc and Santander UK Group Holdings Plc in January 2015 and became Chair on 30 March 2015. She is also Chair of the Santander UK Plc Board Nomination Committee.

She was an investment banker with S G Warburg / UBS, on the Council of Economic Advisers, HM Treasury, Minister in the Cabinet Office, Business Department and International Development Department and G20 Adviser.

Shriti is also a Senior Independent Director of BHP Billiton and Independent Non-Executive Director of AstraZeneca.

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