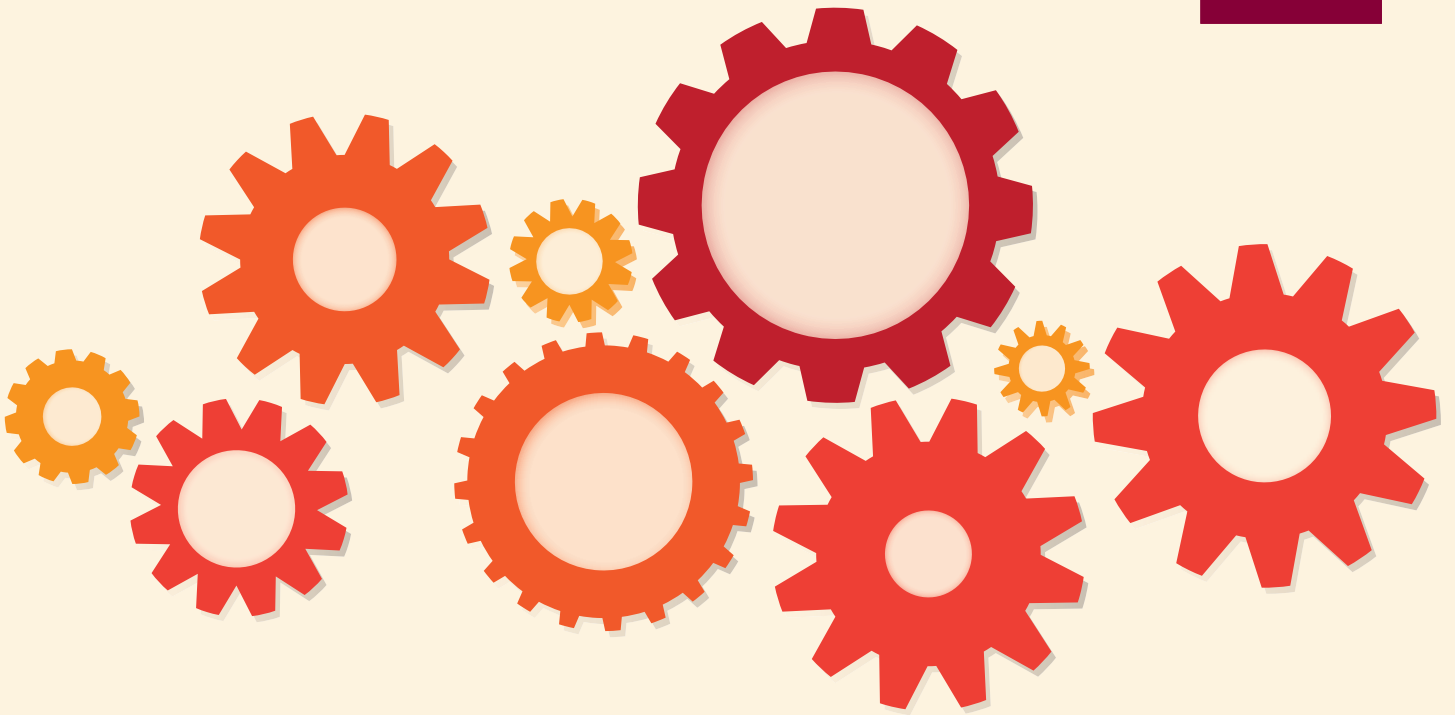




CRITICLEYE



What Makes a Good Chairman?

A good chairman can make a huge difference to the long-term success of an organisation. Criticleye finds out what it takes to run a board

A solid record of excellence in an executive role, traditionally that of CEO or CFO, has been mandatory for anyone looking to become a non-executive chairman.

While that still holds true in many cases, the qualities required to run a board are arguably growing in complexity, and this means that gaining NED experience before seeking to make the transition has become more important.

Andrew Allner, Non-executive Chairman of transport concern Go-Ahead Group and landscaping manufacturer Marshalls, says: “It’s good for a senior executive to have at least one NED role while still in their executive function. That will really help, especially if they chair a committee, because they’ll see a board from a different perspective, learn how to influence as a non-executive and work with the executive team...

“It would be pretty tough to take on a chairman role without getting non-executive experience first, certainly for a bigger company.”

Debbie Hewitt, Non-executive Chairman of menswear retailer Moss Bros, glazing and lock specialist Evander Group and privately owned fashion retailer White Stuff, says: “It’s unusual for a board to take a risk with a first-time chairman. You’re more likely to get an opportunity from somebody who can strongly recommend you. If they have seen that you possess chairman-like qualities, they are much more likely to have influence in getting you appointed.”

When a position does become available, it’s a case of conducting thorough due diligence. **Theresa Wallis**, Non-executive

“It’s good for a senior executive to have at least one NED role while still in their executive function”

Chairman of medical technology concern LiDCO, says: “You have to speak to the board and the directors. In my case, I spoke to the Chief Executive, the finance and sales directors, the outgoing Chairman, and I also actually spoke to a couple of the doctors who use the products.”

It’s a case of minimising surprises for both parties and doing everything you can to make sure your skills complement the business and its strategy. “A chairman will be taking a company through a particular stage and that will vary, so they need to understand whether they have the right experience and attributes for that journey,” she adds.

Philip Aiken, Non-executive Chairman of infrastructure services business Balfour Beatty and engineering software provider AVEVA, says: “A non-executive chairman has to think about what they bring to the table. Boards have to address strategy, corporate governance and succession, so you have to consider the

general issues that the company faces and what you can personally contribute.

“It’s good to take a NED role while still an executive in order to understand what the responsibilities entail and broaden your experience away from your day job. It’s hard enough making the move to being a good NED but it’s a big stretch to suddenly being a non-executive chairman.”

To be effective, a chairman might not necessarily possess deep sector knowledge but they will absolutely need to have experience of how a business works, what good governance and corporate reporting look like, and how to influence others.

“A chairman needs to be able to provide ‘air cover’ to let the chief exec get on with what they’re doing but they must also be prepared to take tough decisions, cutting through complex issues,” comments **Joëlle Warren**, Executive Chairman of executive and non-executive search firm Warren Partners.

“A hugely important responsibility for a chairman is to appoint a CEO and then to really back him or her. They have to be able to act as a mentor, providing support, but also be prepared to challenge and, ultimately... sack them if they’re not performing.”

The magic ingredient for a chairman is to understand where mistakes are often made and what slows a business down. “They’re not just there to chair meetings and be a figurehead,” continues **Joëlle**.

“It’s a case of being much more attuned to what’s going on, so they’ll know if management are tackling the big issues.” ▶

Andrew Allner says: “My objective, as Chairman, is to look at how to draw the best from the people round the table who have a lot of skill and experience between them. You need to create an environment where people feel comfortable about raising questions and issues they believe are important. It requires real transparency and honesty.”

If there are risks to the business, they need to be identified and addressed. However, a good chairman will frame the dialogue so that everyone can reflect on the bigger picture too. “There can be an awful lot of focus on the short term, but one of the jobs of the board is to extend the horizon so that we’re thinking about strategy for the medium to long term as well,” adds **Andrew**.

JOINED-UP THINKING

Underpinning all of this will be the relationship between the CEO and chairman. When the two aren’t functioning correctly, it can have a hugely damaging effect on the entire organisation.

Debbie says: “The chairman is accountable for making sure that the company has the right CEO and that they are performing.

“Any chief executive, whether they’re highly experienced or new to the role, needs support, encouragement, a sounding board and a mentoring-type relationship.

“It’s fundamentally about trust – does he or she respect your judgement when they ask for advice? They need to feel that you have a helpful and

“*My objective, as Chairman, is to look at how to draw the best from the people round the table*”

constructive perspective and value the contribution you can make.”

Philip of Balfour Beatty says: “I’ve had long discussions with CEOs before taking on a position so we clearly understand our roles... It’s very important, as a chairman, to know when to be firm and when to be supportive.

“There are times, I think, when the chairman has to be the leader and in other instances they will need to be the counsel.”

Andrew Minton, Executive Director of Criticaleye, says: “To think of the chairman’s responsibility as being solely focused on governance is to misunderstand the role fundamentally.

“The real value lies in providing support and challenge for the CEO, and ensuring the board prioritises what’s right for the long-term interests of the business and its stakeholders.”

For anyone considering the move, they should never think of the position

as simply being a facilitator or box-ticker. As **Philip** says: “I was once taught years ago that it’s very important that the CEO runs the company and the chairman runs the board.

“If there is conflict between the desires of management and the board, the chairman needs to be the one who tries to arbitrate, mediate and, in the end, they’ve probably got to bite the bullet and make the final decision.” ■

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Featuring Commentary From:



Philip Aiken
Chairman
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