

THE MINDSET OF THE CHAIR

In the first of our View from the Boardroom series, **Alastair Lyons**, Chair of Glas Cymru (Welsh Water) and a Board Mentor at Criticleye, speaks to Senior Editor **Emily Jones** about the current landscape for Boards and why culture needs to be seen as a key business risk



Workplace culture is no longer confined to the realms of HR or broad company value statements. It has emerged as a critical business risk and a key determinant of an organisation's success.

For **Alastair Lyons**, Chair at Glas Cymru (Welsh Water), the role of the Chair has never been more integral in maintaining a healthy organisational culture. "The CEO sets the culture for the business, but this is reinforced by the Board [and] led by the Chair," he says, noting how the behaviour and operations of the Board are closely observed by the wider business and its stakeholders.

He explains: "Culture starts at the top of the organisation. And if you've got the wrong culture, then that presents a real problem for the Board. The way in which the Board addresses people and issues is very important in reinforcing culture."

Over his career, **Alastair**, who is also a Criticleye Board Mentor, has served on businesses across a wide range of sectors. Apart from Welsh Water, he is currently Chair of Vitality UK and the publicly listed Harworth Group.

He's also the former Chair of the FTSE 100 insurer, Admiral Group, along with public services provider, Serco Group. Given this experience, he recommends the importance of the Board instigating periodic cultural audits to ensure the values and behaviours of senior leaders and the wider organisation are in the right place.

He says: "You're looking at whether there's a diverse business, or if the culture leads to a lack of diversity. Is it a team-based culture? Or is it a culture of the individual? I would certainly recommend anyone who's looking to join a Board to really try to get your orientation of the business's culture first. Triangulate as much as you can, talk to people who've had past dealings with the company and insist on meeting with not just the current Chair and CEO, but other senior executives and gain those different inputs to get a view of what it is really like in the business."

That said, cultural audits are not static processes, as **Alastair** goes on to say: "You have to also recognise that cultures can change, particularly if you've got a rapidly growing business. It may take

on international expansion or acquire new businesses, which will have different cultures. I'm very much an advocate for the chief executive to do a cultural audit every five years or so, or if there's a new leader coming in, to use this to assure themselves that there is the right culture in the business."

If a business is to perform at the highest level, then there needs to be transparency and effective governance and internal controls. However, it's the freedom to communicate and raise issues without fear of censure that are absolutely essential. "What you're looking out for is a lack of openness in the business or fear to speak up. You don't want a business which is overly results-driven, so that people lose their moral compass; you want them to balance results against the wider impact on all stakeholders of what that business is doing."

The relationship between the Chair and the CEO is at the core of this cultural stewardship. Through this, the Chair provides valuable support for the CEO and the culture they establish. "There's only room in the company for one ego >



and that's correctly the chief executive's because they are the one who has to get the business to believe in them and to take their direction," he explains. "A good Chair is a good listener. They ask questions rather than make statements, and never blindside the CEO."

Alastair also acknowledges that whilst the Chair has to maintain a degree of independence, they will have a greater personal investment in the business than the other non-executives. "If the business is doing well, I feel good. If the business has issues, I hurt," he admits.

Board Effectiveness

When discussing the Boardroom more widely, **Alastair** questions the traditional Board divide between executive and non-executive roles, seeking a unified, team-based approach. "The Board is a team just as the senior executives are. You have one group of people with a common purpose to deliver the strategy and the objectives of the business. I very much believe in running Boards as informally as possible, because that is what contributes to openness and sharing of inputs.

"Then, when you look at who needs to be around the Board table, you focus on recruiting the skills and experience that are relevant to the business and its objectives over time."

This collective purpose needs to remain responsive to the shifting needs of the organisation. **Alastair** believes it is essential that Chairs also familiarise themselves with the day-to-day running of the business: "You need to work out what life is like below the Board and not just what you see in a Board meeting –

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it is possible for you to be presented with a very different picture.

"You can't make decisions about a business sitting in a Boardroom reading Board papers. To know what the business does, you have to understand the challenges for people on the front line. Get to understand where it hasn't got the resources which it really needs, to see the problems people face in actually doing their job in delivering products or services."

The Chair has an integral role in shaping organisational strategy and performance by working closely with the CEO to reinforce what makes the organisation tick, which includes its customers and other stakeholders. To ensure the Board maintains the correct balance between the strategic and the operational, **Alastair** also notes the

growing importance of Committees in helping a Board keep on top of an ever-expanding agenda risk register that now features climate change, cyber, supply chains, regulatory reform, as well as the ongoing uncertainty around the economy and geopolitics.

"Use your Committees effectively," he says. "You can get them to do the heavy lifting and deep dives on audit, risk, ESG and tech to exercise that greater degree of examination and scrutiny than the Board as a whole will ever have time to do." ■

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