CRITICALEYE VIEW FROM THE BOARDROOM

ADDING VALUE AS CHAIR

Experience counts in this business climate. **Paul Lester** talks to Criticaleye's **Marc Barber** about his career as a Chair across different asset classes and the ways in which a good Board can unlock value and support high performance

A veteran across publicly listed, family owned and private equity-backed businesses, **Paul Lester** is relaxed and self-deprecating in conversation. He's spent years working at the highest level with senior executives, non-executive directors, customers and investors. You get the sense he's seen it all.

He is Chair of McCarthy Stone, a property company backed by the US PE house Lone Star Funds, Telent (formerly known as Marconi), and the privately-owned Funeral Partners. There is an extensive list of companies he's Chaired over the years, primarily across the construction and engineering sectors, such as FirstPort, Readypower, Forterra, and the FTSE 250-listed global manufacturer, Essentra.

Paul, who in his executive career was Group Managing Director of Balfour Beatty and CEO of engineering services specialist, VT Group, knows what he's looking for in the Boardroom. "When I recruit NEDs, I tell them that the style is down to earth. There are no 'airs and graces' and certainly no one with egos. We don't want that — we're after their knowledge, intellect, and I also want it to be the case that they never walk away from a Board meeting wishing that they had said something."

Each newly appointed NED will have a review after three months. They should, he says, enjoy the Board meetings. "You want people to look forward to those >

three or four hours. I try to limit each meeting to that length of time, with a dinner included as well where possible, as that's where you can discuss strategy and risk as you never have time to do those topics justice in formal meetings."

The relationship with the CEO is crucial and **Paul** is again straightforward in articulating what he expects from both the chief exec and himself as Chair. "I think you've got to add value," he comments. "What it can't be is that you're all over the CEO like a rash — hopefully they realise that the skill-set you've got means you can help them, whether that's through networking, recruitment, reviewing people or red-teaming proposals. …

"I would say the ultimate point of inflection is where you get a call and they say, 'Can you join a pre-strategy meeting and get involved in it early?' It's that early involvement in something that lets you know you have crossed a bridge."

Face to Face

Paul comes back to the importance of relationships and getting in-front of people. He will schedule meetings with the CFO, divisional directors, as well as undertaking on-site visits. "I'll go on my own, not with the CEO. I'll go back to the CEO and give them my thoughts on what I've seen and heard.

"You can pick up on the atmosphere and culture of a business pretty quickly. If I go to a factory and walk around, I can tell whether the place is health and safety conscious, or whether people are happy or miserable. It's the same on a construction site; you get a feel for it straight away. You can't rely on the figures you're given, that's for sure. You've got to see for yourself and I think you're paid to do that."

> *"What it can't be is that you're all over the CEO like a rash"*

Paul doesn't see this as crossing any territorial lines with the CEO and senior leadership team. "A good CEO is totally open," he comments. "They know what they're doing. They have the right team and they're not worried about what someone might say to me. I'd be very worried if they started to clam up."

While he expects the CEO and CFO to be taking the lead on shareholder communications in public companies, he does note it's the job of the Chair to stay in touch. "I've never pushed myself on shareholders, saying, 'I'm coming to see you,'" he explains. "They've got to want to see me and it's good to catch up with them. I've known these people mostly for years anyway."

The governance and reporting side of Plc life doesn't faze him, but he likes the contrast of PE, particularly its speed and directness. He explains: "I've been doing Plc stuff for a very long time so I find it easy. The PE is definitely exciting from the point of view of getting things done — they move quicker because you've got the shareholders in the room, so you can make decisions. And you make more money as well in a PE environment than you do in Plc, that's for sure."

Paul has a strong track record of turning round the fortunes of businesses that have fallen into trouble. His first Group CEO role was at Cambridge Electronics Industries, which eventually became Graseby Plc. "It was a [ragtag] of 24 businesses spread all over the place — Europe and the US," he recalls.

"It had debt problems, which is why they changed the CEO. You never get a job where they say, 'This business is brilliant.' You've just got to turn up and turn a few handles. It was a bloody mess."

After removing cost and selling off a third of the business to renowned PE mogul, Jon Moulton, who back then was at Schroder Ventures, performance improved and the company was eventually acquired by Smiths Industries (Paul's first PE Chair role arrived a few years later via that early encounter with Jon Moulton, who liked what he saw).

As both a CEO and then Chair, **Paul** has weathered numerous storms and that has its own unique currency in today's landscape of inflation, high interest rates, volatile share prices, trade wars and actual conflict, all of which can swiftly test the resilience of a business and its leadership.

After stepping down from Essentra in November 2024 (his nine-year tenure came to an end), **Paul** says his focus now is on his PE roles. It's evident that he enjoys the world of business and the Boardroom, the personalities and characters, and doing his bit to ensure a company is on the right track. >

The role of the Chair is a peculiar one in the UK. By design, there are clear accountabilities to a business and its key stakeholders, but equally there is a degree of distance from an organisation and its day-to-day operations. He reflects: "They say the CEO role is a lonely job, but I don't believe that because you've got a team. The trouble when you're a Chair is that you haven't got a team.

"I think, at my absolute peak, I was Chair of seven businesses—three Plcs and four in private equity, and you're like a nomad. You go from one office to the next, one Board to the next, and although you do try, you're not part of the team, so it's lonely."

His advice to new Chairs is to make the effort to network and arrange catch-ups with people outside of formal Board meetings. "Mixing somehow with people; having dinner with them, lunch and just chat to them about a few things," he comments. "You know, sometimes you've inherited a couple of NEDs on your Board and they really don't know the ropes, so you should spend a bit of time with them … It doesn't have to be some formal thing."

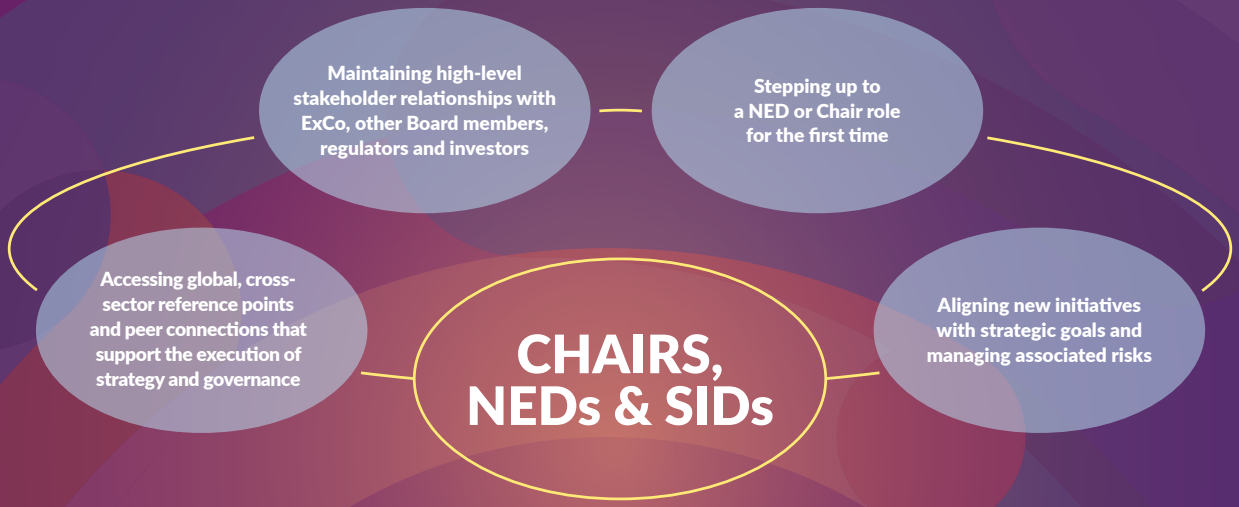
Thinking about the specifics of being a first-time Chair, he says: "You have to stop being a CEO or an executive… You can't get all over the management team — you're not a CEO."

A skilled Chair will know how to communicate and won't duck the difficult issues. **Paul** explains: "It's about asking the right questions which, of course, can come over as negative, but asking a good question should never be a problem for a CEO and the management team.

"You've got to go back to what I said earlier … 'How do you get that invite where they want you to come and join them in a meeting because they want to hear what you have to say?'… The minute they start seeing that you're adding value, it's a different world." ■

Our 360-degree support is designed to assist non-executive leaders in strengthening their impact in the Boardroom, also working to raise profile, expand networks and support continued professional development with our Chair Ready Programme.

We do this by providing them with tailored exposure to other Board-level peers, along with wider access to our senior leadership, ExCo and Advisory Community.



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