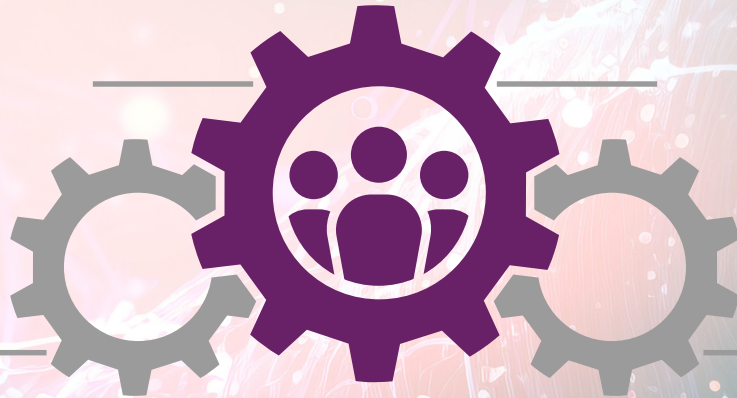




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LEADING THROUGH CRISIS AND TRANSFORMATION

From profit warnings to shareholder activist battles, **Alistair Phillips-Davies** has seen it all. In conversation with Criticaleye Senior Editor **Bridgette Hall**, the outgoing SSE CEO reflects on growth, resilience and the high-wire act of leading a FTSE 100 company





During Alistair Phillips-Davies' 12 years as Chief Executive, SSE has undergone a major transformation into one of the UK and Ireland's foremost clean energy companies. A FTSE 100 electricity infrastructure group headquartered in Perth, Scotland, SSE reported revenue of £10.1 billion and an adjusted operating profit of over £2.4 billion for the financial year ending 31 March 2025, while delivering a record £2.5 billion in energy infrastructure investment.

Alistair joined the Board in 2002 as Energy Supply Director, before moving into senior roles including Generation and Supply Director and Deputy Chief Executive. He became CEO in July 2013 and led the Group until stepping down from the CEO role in July this year, when he was succeeded by former Chief Commercial Officer, Martin Pibworth.

Over his tenure, Alistair oversaw a £20 billion investment programme, repositioning SSE as a leader in renewables and critical networks, while steering the company through regulatory change, activist pressure and the turbulence of the recent energy crisis.

In this conversation with Criticaleye's Senior Editor Bridgette Hall, Alistair reflects on how he navigated the demands of being CEO, the pivotal decisions taken with the Board and the challenges of steering a FTSE 100 company. He shares lessons on leadership, resilience and preparation, offering insight into what it takes to deliver long-term growth.

BH: When did you first seriously start thinking about taking on a CEO role?

“Being a Board Director is like spinning 20 plates. Being a CEO is like spinning 40 plates”

APD: Around the time I became a Board Director. It's a long time ago now, when I was about 34. At that time, I was offered a choice: did I want to be the Finance Director, or did I want to stay where I was? Shortly after, I took on a commercial role.

Prior to that, I'd always thought I wanted to be a Finance Director one day—that was why I'd gone into industry. But as it turned out, I preferred the commercial side. So, I told the Board at the time that I would stay in my commercial role, and that Gregor [Alexander] would make a better Finance Director. At that time, I didn't necessarily have aspirations to be a CEO quite yet, but that was the first time that I would have made that reflection.

Shortly after I became a Director, the CEO changed. I was relatively young at the time, so Ian (Marchant) came

in and became CEO. As his tenure approached ten years, I started to think about it more and I went to the Chair and said, 'I want to have a good go at this when the time comes. If you don't think I'm up to it, then tell me, and I'll go off and do something different.'

So, there were two key turning points: first, at 35, when I chose to stay commercial instead of going down the finance route, and then in my early forties, when I recognised there would be an opportunity, and I needed to prepare myself for it.

BH: Looking back, do you think you were ready at that moment?

APD: I'd say hopefully yes, because I did the job for 12 years. But I also know I wasn't fully prepared in some important ways.

There were areas I hadn't experienced, particularly HR. When I got the job, I went out and bought seven books on HR. I also moved the HR director to report directly to me. Previously, he had reported through several layers, which I thought made no sense if people were meant to be important in the business. That was one of my early changes.

I also went to Wharton in America and attended INSEAD, where I took a couple of courses, purchased a few books, and began learning. So, I was ready in terms of wanting it, but I think I was less well-prepared than I might have been.

The reality is, being a Board Director is like spinning 20 plates. Being a CEO is like spinning 40 plates. You simply can't fully prepare for that. And when things go wrong, it becomes trickier. >



BH: When you stepped into the role, what changes did you prioritise right away?

APD: People were at the top of my agenda. Within six months, I'd made several ExCo changes—probably four or five people left. I also changed reporting lines, bringing the HR director in to report directly to me as I mentioned earlier.

Growth was another big focus. We lacked growth, and this became a recurring theme for the next five years. More fundamentally, I had to build my own team. Most CEOs will tell you they didn't make changes quickly enough, and I'd agree with that. Some senior people left within three years—some sooner, some later, but in the end, you have to shape the team to fit your leadership.

BH: Your experience with Elliott Management made a lot of headlines. What was that like?

APD: They arrived in 2021, just as we were recovering from a very tough decade. We had price freezes, moratoriums on onshore wind, we had just got through a Competition and Markets Authority (CMA) inquiry and then Brexit arrived and that really hurt us. All that affected the share price badly. We also had a profit warning because we had taken a trading position that lost us £300 million—that got announced in September 2018. The second half of the last decade was a tough time.

So they [Elliott Management] approached us as we were getting back on our feet after a difficult decade during the 2010s. Their key idea was to separate and float renewables, because valuations for 'pureplay' renewables companies were

“There will always be doubters – there's always treacle around – but you have to coach your convictions and get on with it.”

high at the time and they didn't see the value others did in our integrated and balanced mix of businesses. Their approach followed the usual activist playbook, which tends to culminate in a public media campaign, where they have a lot more license than a listed company to say what they like.

Interestingly, every question they asked was different from the questions our long-term shareholders asked and that goes to the slightly short-term nature of what they were trying to do. They're trying to agitate for something that's going to drive a very near-term movement in the share price.

But one positive came out of it: they forced us to up our game on communication. Our November 2021 strategy update was much stronger

because we had to anticipate every challenge. We definitely put more time into it, and that was something that probably helped us for the following few years. We stepped up our game in communication, investor relations and clarity.

BH: What advice would you give another CEO approached by activists?

APD: I tried to treat them like any other shareholder, but they will be different. It will test your plans, thoughts and strategy. Therefore, you need to be close to your shareholders, your big, long-term holders who believe in your strategy. If you have a good strategy and strong support among your shareholder base, then you start in a strong position. If you don't, then you have to make sure that you do get that; otherwise, an activist will throw you off course. People need to be persuaded that you're doing the right things and that they can see the value being created.

... You must have confidence in your own abilities. You have to accept that they may use some tactics that you don't like, but you do the right thing, drive value for shareholders, communicate effectively and remain calm.

BH: How did you view the relationship between the CEO and the Chair?

APD: I've had two changes of Chairs. The Chair appointed me in the summer of 2013, and he left in the summer of 2015. We had an incumbent who'd been on the Board a long time, who we knew, and so I think that was helpful as I moved into the role. >



If you haven't been in a business for a long time, I would be cautious about appointing a Chair from outside that you don't really know and who hasn't been on the Board as a NED, because I think those relationships are by definition a bit riskier. The new Chair who came in 2021 inherited a stable and experienced leadership team which helped with that on-boarding process.

I think Chair and CEO is often a matter of personality ... I don't think I'm particularly alpha ... In the CEO fraternity, I suspect I'll be on the lower end of the ego spectrum. However, I think that if you have two alphas ... it wouldn't work as well. Two thoughtful people can work well, you know, the deep thinkers. But equally, are you going to go out and communicate enough, be active enough and lead from the front? If you've got ... two big egos, whenever I've seen that, it usually leads to at least some fireworks.

BH: How did you juggle the '40 plates' of stakeholders?

APD: I think it's different things at different times. It depends on what's important. When I first joined, we were less in the media spotlight, and there was work to be done to drive growth within the company and establish a structure I was happy with. So, working internally on the company was important.

I also think when you come in, you really need to connect with shareholders, because they're going to hire you or fire you at the end of the day. Both the regulator and the government play a crucial role in a heavily regulated industry.

You have to read the room. That's one of the skills. You need to understand enough to read the room, to figure out what's important. Because you can't give the same time to every

plate. If you do give the same time to every plate, ... you risk missing your biggest opportunities or your biggest threats. You have to judge what matters in the moment.

BH: What's one piece of advice you wish you had in 2013?

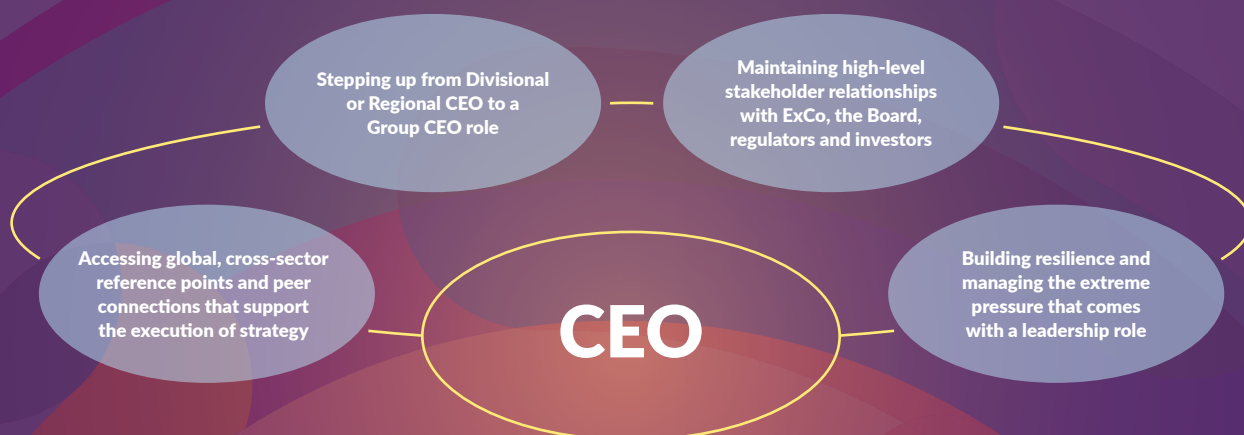
APD: It'll be more different than you think it is. Nothing can quite prepare you for being CEO. The other one is you can see how you will change things but it's difficult to do it quickly enough.

There will always be doubters—there's always treacle around, but you definitely have to coach your convictions and get on with it.

So ultimately, talk to people who've done it. Talk to people you trust. Read a couple of books if you want. However, in the end, you must make a difference yourself. ■

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