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The Effective Board

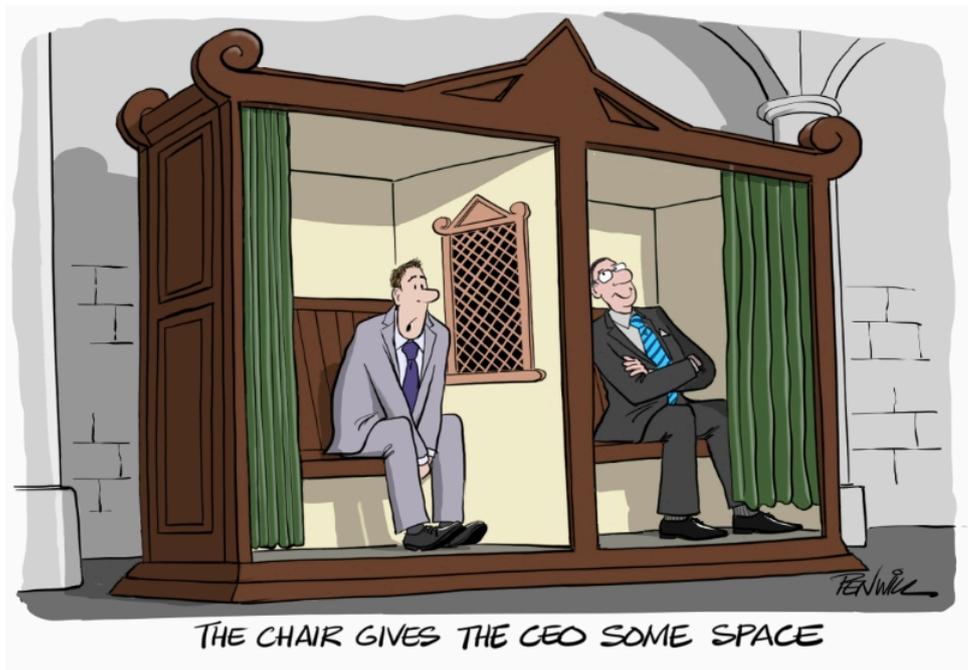
INDEPENDENT AUDIT
BOARD REVIEW



November 2018

It's tough at the top (Chair role and skills)

Given the critical importance of the Chair to effective governance, it's surprising how little structured development there is for Chairmen and women. Rather, there is a heavy reliance on people simply "knowing what to do". And a successful executive career doesn't necessarily equip you for the role of Chair either.



Last month's bulletin looked at how good [Chairs run their meetings](#). But, of course, being Chair of the Board is not only about what happens in the boardroom: being a good leader of meetings is important, but that alone doesn't make you a good Chair.

Through our board reviews, we see and hear a lot about what works well and not so well. So this month, we thought we'd share some more of our thinking, this time looking more widely at the job of the Chair outside the boardroom.

Good practices to consider...

Things to avoid...

Invest time in your relationship with the CEO. Often we hear from CEOs, "I'd like to see more of the Chair" but we also hear from others, "I wish he'd take up less of my time!" The relationship is unlikely to emerge successfully by default, depending as it does on intangible "chemistry". But don't let that stop you finding a good *modus operandi*. Depending on your personality fit, you might be the CEO's sounding board, confessor, advisor or coach – but you're also the evaluator and the challenger. Ultimately, you're the one that needs to remove her if she's not up to the job.



Getting too close. There's always the risk of getting in the CEO's hair, interfering or stepping over the line. Also, if you're too close, you can end up avoiding the hard messages, but if she doesn't hear it from you, then who will tell her? Staying too detached isn't good either because you want to spot early on if your CEO is struggling and be there to help. You want to hear about what's going on, whether it's a prospective acquisition or a member of the team who is on the way out. And you want to guide the CEO as to when the Board should be told. It's a difficult balance to achieve – and needs careful thought and conscious tactics.

Agree the external role. Some Chairs like to be the face of their organisations, others shun the limelight. Whatever your personality, you need to agree explicitly with the CEO on how you will deal with the big external stakeholders – investors or government, major customers or protest groups. Get yourself well briefed on the messages before external meetings and take someone from management or PR along. Don't be afraid to defer to them as they will almost certainly have more information than you have.



Becoming a loose cannon. Agree the level of involvement in external comms. Although sometimes it's good to support, in most circumstances it's best to let the executives be the spokespeople. But recognise the difference between "business-as-usual" and the exceptional circumstances. Whether it's a major safety incident, the CEO under fire or an executive vacuum, you need to step up quickly, be seen and be heard.

Promote the right values. Your body language and words are sending signals all the time – outside the boardroom too. Encourage transparency and openness with the Board, helping the CEO and his team to understand the things that the directors need to be told. And a bit of praise from the Chair goes a very long way indeed.



Coming over as self-contained and guarding things close to your chest. Keeping things from the Board is not appreciated, unless there's clearly a good reason. But you won't want to pass on everything the CEO says – otherwise you can't be a sounding board and there won't be a basis of trust.

Listen.



Speaking too much. Yes, you've done it all and seen it all. But sometimes the CEO just wants to talk through what's on her mind and isn't looking for the answer from you.

Be calm.



Getting worked up in a crisis. Or even worse, getting worked up over a pimple. The CEO needs to be steady and show calm so the last thing he wants in troubled waters is an over-excited Chair to deal with.

Speak to the CEO after private sessions of the NEDs. These gatherings often make executives twitchy, so it's worth making a point of communicating to the CEO roughly what's been discussed. You can't give a verbatim account – otherwise there's no point in having the private session – but you can give a flavour and pass on what the NEDs and you collectively have agreed needs to be communicated.



Waiting a long time after the session to speak to the CEO. This can create more mystique – or anxiety – around the conversations than is merited. It can also create divisions between executives and NEDs. And don't let the NED-only meeting expand into a quasi-board meeting, with the executive directors excluded. All boards should have occasional private sessions but, if handled well by the Chair, they needn't be contentious.

Make sure you let the Committee Chair stay in charge when you're attending committees. It's often good for the Chair to be there and stay involved with the "heavy-lifting" at the committees, but in the right capacity.



Subconsciously or intentionally taking over. You're used to leading and it can be frustrating to be just one of the Committee. But resist the temptation to "help" steer discussions. Remember that your voice has a lot of weight, even if you're not in charge of that meeting. You need to make a real effort not to let your authority as Board Chair give you undue influence.

Show an even-handed approach and bring the Board together as a group.



Emphasising divisions or siding with management against the NEDs (or vice versa). You need to be the arbiter, judging things carefully and not jumping to conclusions. (But then being prepared to take action even if it means upsetting one side.) And don't let cliques form – even accidentally, for example by letting the Nominations Committee become an inner circle from which some are excluded.

Give directors regular – at least annual – feedback and make it structured. Be constructive about what they're doing well but make sure to mention the things they could do better. And don't forget the executive directors and standing attendees. They too would like to know how they are perceived and if they are



Waiting for a "regular" annual meeting to discuss bad behaviour. Nip it in the bud and speak to the director soon afterwards, and before you've forgotten the example which will help him understand what you mean. And make sure it's not just a "water cooler" discussion squeezed in between

contributing enough or too much in meetings.

meetings.

Understand and leverage the individual character and qualities of each director to get the most out of them and draw them into the discussion. Use your one-to-ones to get to know them better and think about their development needs too.



Assuming the collaborative, cohesive team is going to emerge naturally and that everyone will just gel. If you're really not a "people person", get your Senior Independent Director (SID) involved more in having the conversations - but he shouldn't replace you.

Show openness to getting feedback and take it on the chin. Being a Chair is a tough job and we've never yet seen a perfect specimen (though some are pretty good!) When you're at the top, opportunities to get insight into how you might do things better are rare. The SID should be gathering views on you once a year, summarising them and communicating the gist to you. Take the process seriously and ask the SID to get feedback from the CEO and the other executives too: they can be a potentially rich seam of opinion and suggestions.



Over-reacting to constructive criticism or trying to figure out who said it. This will discourage people from saying what they think, especially if they like you, as they won't want to upset you. Encourage feedback, listen, stay open to changing the way you do things - and keep working on becoming a better Chair.

Chair Effectiveness

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