



Can the chairman make or break a board's effectiveness ?

Description

It is often said that “good boards are created by good chairmen” who create the conditions for overall board and individual director effectiveness. The chairman sets the board’s tone and direction as well as its performance culture. He or she creates the appropriate environment for full engagement by all members of the board, drawing out opinions and shaping discussions of sensitive issues. Beyond the board and committee meetings, the most effective chairmen spend time with their non-executive directors (NEDs) individually—as frequently as once a quarter—to ensure that issues are discussed, performance is assessed, and timely and effective contributions are encouraged. The chairman manages the process of integrating NEDs and executives into a cohesive team in which all parties are aware of their responsibilities and boundaries. Finally, effective chairmen have established an open and honest relationship with their CEO based on mutual trust and understanding.

“It starts and ends with the chairman” – until I took on my first chairman roles, I never quite fully understood the exact meaning of this phrase which many board effectiveness experts globally have made reference to. In a chairman role, you feel the weight of responsibility in helping steer the board through good times and bad always working towards ensuring both the executive team and non-executive directors are gelling together as a genuine high-performance team getting the right balance between robust critical challenge of the executive team performance with genuine collaboration & optimisation of each board member’s expertise/capabilities to drive optimal decision-making.

It could be argued that the single biggest determinant of a Board’s effectiveness is its Chairman: he or she has the primary role for determining its focus, sets the tone for discussions and leads its composition. Being a Chairman is a demanding and difficult role that requires a set of skills different in many respects from those that underpin a successful executive career, in particular as CEO, notably in requiring high levels of emotional intelligence. While traditionally the focus of a chairman’s skillset has been on their business expertise/intelligence and overall leadership skills, increasing focus is now being placed on the area of emotional intelligence. People dynamics represent the most challenging of the factors which affect a board’s effectiveness. Strong emotional intelligence and well-developed interpersonal skills are critical to build/motivate the Board and to forge an effective relationship with the CEO that is simultaneously collaborative & challenging.

The Chairman needs to ensure that the Board has the right agenda with the right rhythm spending its time on the right issues. At a macro-level, this means that the right balance needs to be struck between governance and key strategic or performance issues. Chairmen should manage but not dominate the discussion. They should set the scene on each issue as appropriate to ensure clarity on the objective of the discussion, but then typically tend to talk last not first, instead drawing out thoughts and perspectives from different Board members. The Chairman needs to be able to manage the Board meetings themselves to enable collaborative but robust discussions on these issues. It is critical to “legitimise challenge”, synthesise board consensus driving the boards actions.



Finally it is in time of crisis that a chairman can really shine, galvanising the board members, executive team and all stakeholders to help steer the organisation through the crisis.

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