

# THE ROLE OF THE CHAIR IN DRIVING PERFORMANCE

In a tighter operating landscape, Chairs and non-executive directors need to be closer to executives and the core drivers of business performance. Criticaleye's **Emily Jones** talks to **Vanda Murray**, an experienced Chair and Senior Independent Director, about the core areas to focus on to drive Board effectiveness



**W**hen things are complicated or challenging, it's useful to take a breath and to remember the basics. As Vanda Murray, Chair of Marshalls Plc aptly puts it, "The focus of the Board will always be to drive sustainable, long-term performance and the four pillars of this are: people, performance, risk, and strategy."

"Different sectors clearly have their own challenges, but specific expertise does matter. I make sure to populate my Boards with the experience that's relative to the strategy being driven through the organisation. Making sure people can deliberate on the wider environment, the risks and really drive high performance. And, with a range of people from different backgrounds, you're able to prevent groupthink."

**Vanda**, who is also Chair of Yorkshire Water and Senior Independent Director at Bunzl, a FTSE 100-listed business, can draw on a wealth of experience when it comes to understanding what makes a Board tick.

Here she shares some thoughts with Criticaleye on key areas for Boards to focus on:

## The Environment and Social Impact

Sustainability and ESG remain a positive force in **Vanda's** mind: "I think that ESG and the broader sustainability agenda will continue to be at the height of what Boards are focusing on. I'm pleased to see that the recent data about diversity is generally improving across the UK – albeit slowly – but no one should be complacent," she says.

"Diversity seems to be firmly on everyone's agenda, particularly when it comes to ethnicity. Driving the right impact on our environment is always going to be key, so the more you can ensure you have diverse thought leadership and experience, the better."

At Criticaleye's most recent Chair & Non-executive Director Retreat, 65 percent of attendees said that the psychological

safety of executives was not discussed on the Boards they're on. Reflecting on this, **Vanda** says: "I think it is about creating... a safe space... and a stronger culture where people feel supported and know that they're able to speak their minds, either in a formal setting, or quietly one to one."

## The Role of the SID

The Senior Independent Director has a quietly powerful role to play on a Board, providing insight into the Chair's performance and acting as another channel for communication with other NEDs and even shareholders.

As Chair at Marshalls and Yorkshire Water and a SID at Bunzl, **Vanda** advocates for a collaborative partnership between the two, ensuring that governance oversight remains responsive to stakeholder concerns. "In the past, the SID role has been seen as a bit of a safety net, but it's much more than that. I see it as an active role in the business with a specific role and responsibilities. >



“They have the ear of shareholders and act as a sounding board for all people around the table, especially if they have any concerns about the Chair. They are able to take an objective view on anything that’s happening, or that area of the business.”

In a complex operating landscape, both SID and Chair need to remain vigilant. “A high-performing Board is something everyone strives for,” says **Vanda**. “The Board will be constantly looking at strategy, the macro environment, the market you’re operating in and understanding what skills should be around the table in order to fuel the right discussions. So, refreshing the Board can be a good opportunity to take a step back and make sure you have the right people, ready to take the organisation forward.

“Your annual evaluation is a wonderful opportunity to have chats with everybody and to have open-ended questions about what the Board should be doing. It’s important that that’s done formally, as well as informally.”

The culture of the Board is essential, but a core element of that also requires having the right information. **Vanda** says: “You absolutely need one or more subject matter experts on each and the Committees have a big role in choosing their advisors, whether that be Audit and Risk, Sustainability or Remuneration. Committees are critical to the proper functioning of the governance framework of the Board.”

She notes the growing importance of Board sub-committees too, saying they “are a key component of the governance apparatus across the whole company because they have the time to delve deeply into issues and review them”.

“A high-performing Board is something everyone strives for”

### Stakeholder Communication

The Chair holds a pivotal position in managing shareholder and investor relations. **Vanda** stresses the importance of establishing transparent channels of communication: “Just as CEOs make sure they stay close to fund managers and stockbrokers when they’re giving the results and updates, I will make sure that I offer annual compliance meetings with my top twenty investors.

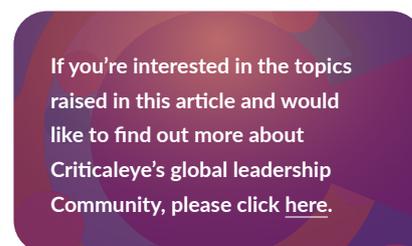
“During my time as Board Chair, I’ve probably experienced most things: I’ve had large infrastructure investors around the table; I’ve had private equity; and I’ve had activists.”

**Vanda’s** main advice is to be on the front foot, proactively engaging or risk others taking control of a narrative which may not be in the long-term interests of the organisation. “What I would say is staying close to all your stakeholders is something that will always be a tenet of Chairing any Board and making sure that they understand your strategy – instead of waiting until there’s an issue,” she says.

### Boardroom Alignment

It’s clear that the Chair needs to build a culture of transparency and accountability. Through diligent, strategic reviews, effective collaboration and a laser-focus on performance, Boards can look to navigate market complexities and drive organisational success with greater confidence.

“The more that the non-executives and executives work as a team; are trusting of each other; understand the issues of the business; have views that are independent and that challenge each other constructively and in the right way, the better. When you get a Board that’s doing that, it becomes a high-performing team, with better outcomes for the whole organisation and all its stakeholders.” ■



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