



Balance in the Boardroom

Getting the relationship right between the non-executives and executives was one of biggest topics discussed at Criticaleye's Non-executive Director Retreat, in association with Santander. **Dawn Murden** reports

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A good chairman will not allow a board to be dragged down by an 'us and them' mentality between the executive and non-executive directors. "Getting the balance is often the hardest thing for a board," said **Richard Gillingwater**, Chairman of SSE and Henderson Group, at Criticaleye's Non-executive Director Retreat.

Richard went on to note that: "The supervisory element is the comfort zone, and occasionally a black hole for the board's energy". Given NEDs

increasing [personal liabilities](#) – especially in financial services – the regulatory role is clearly front of mind. However, consensus at Criticaleye's inaugural [Non-executive Director Retreat](#), held in association with Santander, was that boards must focus on adding value to the business over the medium to long term.

Here are some of the key points to emerge from the Retreat, looking primarily at the qualities and behaviours needed to build an effective board:

1. Everything Comes Back to the Chairman and CEO

The relationship between the Chairman and CEO sets the tone for the board, if not the entire organisation.

Celia Baxter, Non-executive Director at Senior and Bekaert, and former Director of Group HR at Bunzl, commented: "[It] affects the flow of information. When a new CEO or chair joins, there needs to be discussion and clarity on the roles they both play." >



The dynamic between each party has to be right. **Marcus Agius**, Chairman at PA Consulting Group and former Chairman of Barclays, explained: “When you have a dominant CEO you may feel there are topics they don’t want to discuss.

That’s a recipe for disaster and it’s up to the chair to challenge that – there should be nothing you can’t talk about with the board; no subject should be taboo.”

Should the chairman fail to address that, the role of the senior independent director becomes absolutely critical. They must work with the non-execs to find the right solution – especially if that means removing the chairman and/or the CEO.

2. Challenge vs Support

No one questions the need for a NED to give oversight, but there are limits as to how far it should go.

David Harrell, Senior Independent Director at Rathbone Brothers and Chairman of Fairpoint Group, said: “Supervision is an area we tend to retreat to, but with too much focus you end up in a position where everything is about challenge and risk, and not about opportunity. I do worry because non-executives can become policemen.”

This sentiment was echoed by **Marcus**, who believes that while it’s a NED’s duty to ask questions and challenge, it shouldn’t hinder a good executive team. He believes NEDs should “be champions of the executives and be there to support them in making the enterprise prosper, [rather than] trying to trip them up.”

3. Demonstrating Agility

Boards must be cognisant of the fact that an enterprise can be hit by change from any direction, whether it’s political, economic, or from the arrival of fresh competition.

Charlie Wagstaff, Managing Director at Criticleye, reflected: “Effective non-executives are crucial to the success of any business, but they occupy an increasingly complex role in an environment characterised by disruption.

“Companies require a group of experienced individuals who will constructively challenge and supervise corporate decisions, but always with the overarching objective of allowing the CEO and their [leadership team](#) to perform at the highest level.”

Take the [UK’s Brexit referendum](#) that **Shriti Vadera**, Chairman at Santander UK, explored at the event. “Most CEOs are chosen for their decisive leadership style, which forges a company ahead. But at times of uncertainty like this, it’s the role of the board to ensure that management steps back, examines all the scenarios and future proofs the business to potential outcomes,” **Shriti** commented.

“Boards need to ensure contingency plans are in place; this will depend on their business model and sector... NEDs have a specific role – they need to see the bigger picture, ask the difficult questions, challenge convention and support the executives.”

4. Bringing Different Skillsets on Board

The underlying message of the Retreat was that the most effective boards will

have a blend of people with different perspectives and informed points of view, which they feel able to express openly.

Such diversity will help prevent the malaise of group think. “I’ve been in situations where I have perhaps abandoned challenge and fallen in with the broad consensus too readily,” commented **David**. “This is not to say that my views were right, but that it was the wrong behaviour. A good chairman would not allow this to happen.” ■

[Read more](#) from Richard Gillingwater, Chairman at SSE and Henderson Group, as he explains how he achieves the right balance between support and challenge in the boardroom

Featuring Commentary From:



Marcus Agius
Chairman
PA Consulting Group



Celia Baxter
NED
Senior



Richard Gillingwater
Chairman
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David Harrell
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