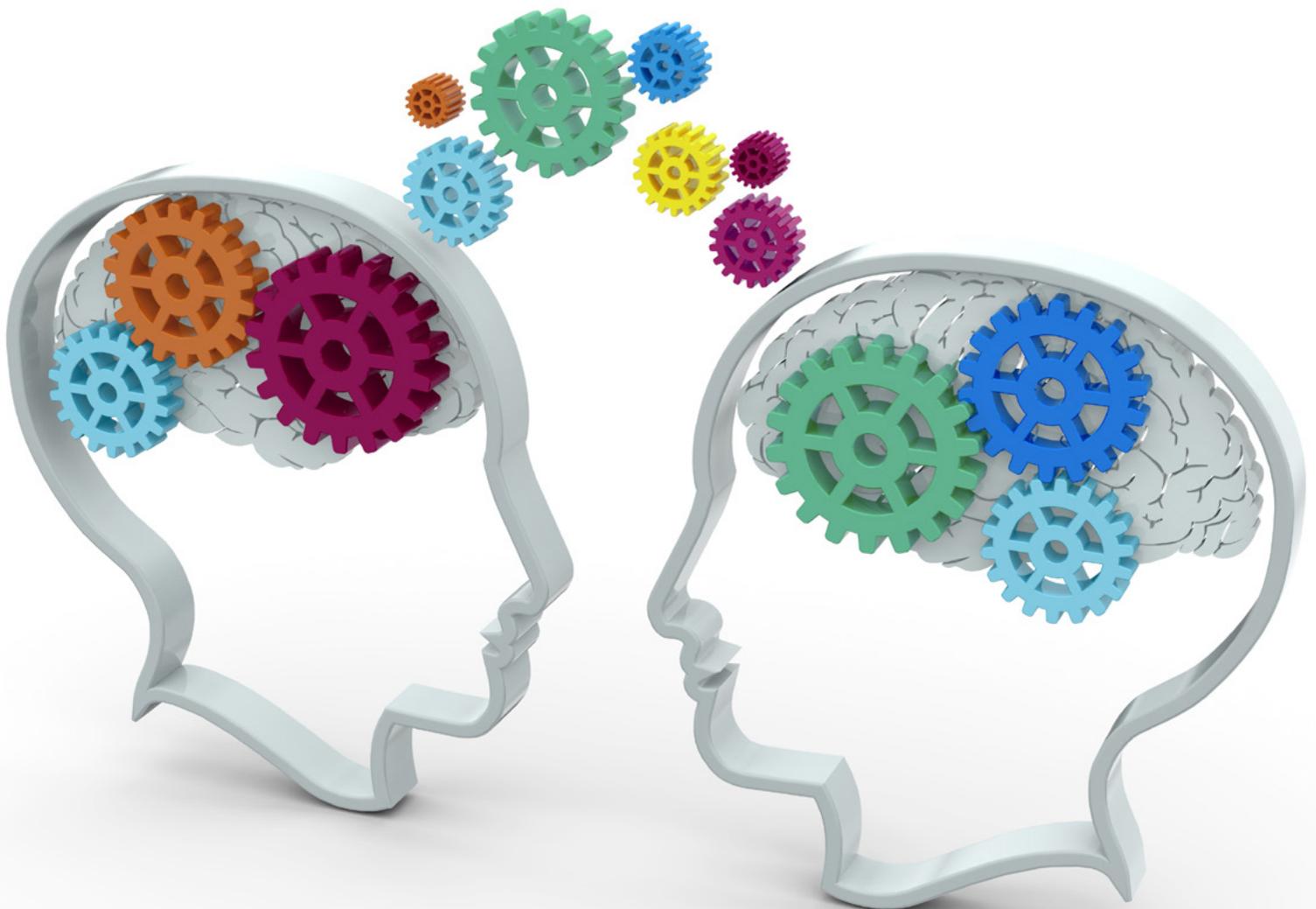


How to Build a Great Board

The Chair has a tough role in creating the right dynamics for a healthy board. Criticaleye finds out how they set about supporting the leadership team, creating a resilient risk management framework and paying attention to the demands of multiple stakeholders





“You need to have the right set of skills on the board,” says **Mark Winlow**, Non-executive Chair at employee engagement specialist Personal Group. “You don’t want eleven goalkeepers on a football team; you need a blend of players who can excel in different positions.”

For **Mark**, the key point is that, certainly from a Chair’s perspective, you have to reflect on the experience and qualities around the table that are going to enhance business performance, while also fulfilling governance and reporting requirements to the highest standards.

He explains: “It is really important to recognise the skills that you need in the boardroom. Keep a scorecard of what you think your business needs and then rate each individual director, executive or non-executive, against those skills to make sure you have every base covered.

“You can also use this to make better-informed decisions when it comes to tasking board members with developing new abilities.”

Tim Kemp, Director at headhunting firm Warren Partners, believes that “boards are becoming much more cognisant of the fact that they need to bring in people with a different perspective and a different way of thinking”.

And this “diversity of thinking is crucial for boards that are grappling with disruption to their business models from technology and new competitors,” adds **Alison Bennett**, Relationship Manager at Criticaleye. “It’s when people from a breadth of backgrounds and experiences work together that new ideas can both emerge and be robustly challenged,” she explains.

“Keep a scorecard of what you think your business needs and then rate each individual director”

Vanda Murray, Chair of manufacturing company Fenner, and a Board Mentor at Criticaleye, agrees: “When you are looking to appoint new board members you should ask recruiters to see a list that features the widest range of candidates possible, who also offer the skills that the board requires in order to deliver on strategy,” she says.

Vanda is fully supportive of greater diversity in every sense. “Bringing a first-time NED onto the board will help to address the often not inconsiderable age gap that many boards suffer from. However, you do have to make sure that you have enough experienced people who are well versed in corporate governance and committee chairing to allow for there being someone in the room who is learning about these things as a first-timer,” she says.

Some of the comments from the [Hampton-Alexander Review](#), examining the number of women on boards,

show that attitudes need to change (comments include: “Shareholders just aren’t interested in the make-up of the board, so why should we be?”; and: “My other board colleagues wouldn’t want to appoint a woman on our board”).

For **Vanda**, there is a pressing need for more gender diversity. “If there are no women on your board then you absolutely need to ask for an all-women shortlist when filling a vacant position.

“When the board is more balanced, I think the list should be split fifty/fifty between men and women, as I believe that only a level playing field is fair. However, there are fewer female executives coming through the pipeline today and this needs to be addressed quickly.”

Tactics vs Strategy

Over the course of a year, an effective chair will carve out the time to ensure executive and non-executive directors are discussing the medium to long-term interests of the business in a way that’s both challenging and constructive.

John Allkins, Non-executive Director at manufacturer Renold Group, comments: “It is easy, even as a board, to get too engaged in the day-to-day and to concentrate too much on what is going wrong and how to change the short-term strategy.

A good board will be able to think in the long term. In order to do this, it is important to put together a group of people who can offer a sense of longevity.”

He notes that you can’t let concerns over corporate governance push strategy off your board agenda. >



“You have to spend time looking at key strategic objectives – a chair who is close to the CEO is required, so that they can ensure the chief executive does not get buried in the day-to-day,” he adds.

Mark recommends holding an event that focuses specifically on strategy. He explains: “Month by month, quarter by quarter, strategy can sometimes get lost amid the immediate tactical response to events.

It is important to put long-term strategy on the board’s agenda so that you can analyse how the business is performing against the strategic imperatives that were set two or three years ago.”

Vanda emphasizes that a well-managed board will be a hotbed of debate, with the aim of coming to a full and rounded decision after everyone has aired their views. “This comes down to how the board is managed. It is the job of the Chair to make sure that everyone has the opportunity to discuss anything that concerns them,” she says.

Mark agrees, adding that it’s vital for there to be enough trust in the room to allow people to speak openly. “You want a board where all the participants are able to have down-to-earth discussions, be that as a group or one-to-one. You cannot have a big ego in the room who upsets this carefully arranged sense of equilibrium.”

It’s why the senior independent director also has a fundamental role to play in maintaining that sense of balance in the boardroom.

As **John** puts it: “The biggest problem that a board can face is when the Chair loses confidence in the CEO or vice-versa.

“If it is the CEO who loses confidence in the Chair, then it is the responsibility of the SID to take the temperature of the board and, if necessary, to go to shareholders and say that the Chair does not have the confidence of the management or the other NEDs. A good board has to have the discipline to do this.” ■

DO THE LATEST GOVERNANCE CHANGES DELIVER?

Our contributors give their feedback on the latest reforms to the UK Corporate Governance Code:

Tim Kemp, Director, Warren Partners: “One of the new recommendations from the FRC says that NEDs should step down after nine years on the board. Ironically, this could have a negative impact on diversity. Statistics show that two thirds of female chairs are promoted internally – which contrasts with only a third of male chairs – so time already served on the board will reduce their potential tenure as chair and could make them a less attractive appointment.”

Vanda Murray, Chair, Fenner: “The recommendation of the FRC to limit the amount of time a Chair can serve suffers heavily from a lot of unintended consequences... If the time served rule is imposed, more chairs will need to be appointed from external recruitment, reducing the opportunities for women to take the top spot. “The Chair is evaluated internally every year and is evaluated externally every three years. If the Chair is doing a good job, then I see no reason why they cannot serve a full six to nine years.”

Mark Winlow, Chair, Personal Group: “The businesses that I’m involved in do seek out views from employees, be they in this country or elsewhere, and we do try to be inclusive, so I don’t need another set of regulations, I need to get on with doing business. We can address some of the things that the FRC are talking about without necessarily fulfilling a new governance code that is not going to stop the bad guys anyway – they are going to go private.”

To find out more about Criticleye’s Non-executive Director Retreat, click [here](#)

Featuring Commentary From:



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