THE BOARDS
THAT VALUE
DIFFERENCE

Senior Editor **Emily Jones** spoke with Members of Criticaleye's global Community to identify key cultural factors impacting an organisation's success, starting with the Boardroom

Values and culture are crucial in shaping long-term success for an organisation. The Board increasingly needs to play a role in ensuring that grand statements and proclamations match with the day-to-day reality of a business and its various touchpoints across different stakeholders.

First and foremost, the behaviours within the Boardroom itself need to represent the stated values of the wider organisation. This was a topic of great discussion on Day Two of Criticaleye's Chair & Non-executive Director Retreat 2024, held in partnership with Accenture.

Yetunde Hofmann, Non-executive Director at Cranswick Country Foods and a Board Mentor at Criticaleye, said: "What I look for is a Board that values difference. I am a black woman; I bring a different perspective. My background is HR, and we do need more HR leaders on Boards. It depends on the Chair – I'm very much about the person and the people and less about where the Board is.

"I think a Chair that recognises that he or she wants to bring value, different thinking and a willingness to listen, to include and enable inclusion is important.

> **❝ Boards which are able to prioritise inclusion and recognise the value in championing varied backgrounds will be instrumental to drive cultural change ❞**
>
> **Yetunde Hofmann**

Boards that are able to prioritise inclusion and recognise the value in championing varied backgrounds will be instrumental to drive cultural change and will profit from a wealth of innovative thinking and adaptability, in an increasingly competitive environment."

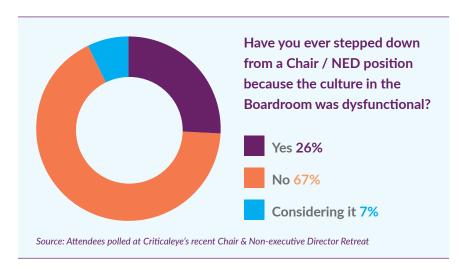In a similar vein, **Wesley Payne McClendon**, Non-executive Director at Vortex Innovations and also a Criticaleye Board Mentor commented: "We need to move away from a reactive position of thinking about culture, values and behaviours as an organic exercise, waiting for these things to happen, as opposed to understanding, agreeing and defining where it is that we want to be."

It was acknowledged that the CEO and management team are the main drivers of the culture within an organisation, but the danger is that a Board is too remote from what this looks like in practice, or there is actual dysfunction in the Boardroom itself which seeps out into the wider business. **Yetunde** added: "In order for an organisation to grow, a Board must acknowledge that it has also to look to culture and its own role in setting the right tone. This needs to be a team effort of high challenge but also high support."

Difficult Conversations

In a poll conducted at the Chair & NED Retreat, 26 percent of attendees admitted that they had considered stepping down from a non-executive position because behaviours in the Boardroom were in the wrong place.

Sandy Stash, NED at Diversified Energy and another Criticaleye Board Mentor, revealed how such behaviours can be affected when difficult questions go un-asked. "I once experienced the combination of a 'rockstar CEO' figure and a quieter, more measured and humbler Chair. There was noise coming from both leadership and employees around the behaviour of the CEO – and the culture it was creating – and yet the conversation was not happening between the Chair and the CEO. ➤

Have you ever stepped down from a Chair / NED position because the culture in the Boardroom was dysfunctional?

- Yes **26%**
- No **67%**
- Considering it **7%**

Source: Attendees polled at Criticaleye's recent Chair & Non-executive Director Retreat

"The results of this dynamic destroyed a lot of value for the Group. The executives and non-executives ... need to have the hard conversations about: 'What do we need to correct?' And they need to have it on a regular basis."

Paul Lester, Chair at Essentra, discussed the importance of independent directors getting outside the Boardroom. "To change the culture, you've got to get down to the bowels of the business, with the Board supporting and testing it. NEDs and Chairs need to go out to the workforce – without management.

"I like to talk to middle management because they'll tell you whether they enjoy working with the company. Going to customers is another good way of testing it. It's a massive exercise, and only then can you go back to build culture into bonus structures with the [Remuneration Committee].

"There might be a process of clearing out NEDs who have been asleep at the wheel and bringing in the 'modern NED' with different perspectives to challenge and support. It takes a while for employees to believe it [the culture change] is real."

Now is the time for Boards to embrace values and culture as a springboard for market opportunities. **Wesley** told the audience: "You learn more from failure than success. If Boards can go through that exercise of dissecting failure and really learn from it, it will be of immense benefit to the success of the Board in the future."

Justin Kennedy-Payne, Business Development Manager for Chairs & NEDs at Criticaleye, said: "Everything

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>
> **Paul Lester**

flows much more naturally in an organisation if the culture is in the right place. That's why it needs to be discussed by the Board and taken seriously. If the culture is healthy, then you're able to have meaningful debate about risk management, governance and performance. When you don't have those open discussions and transparency, things steadily start to go awry."
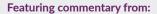
With external pressures on the rise, it is incumbent on Boards to employ strategies for setting achievable milestones and fostering a culture of continuous learning and adaptation. It also means that Boards need to engage the right mindset, so that executive and non-executive directors are open with one another.

The idea, according to **Paul**, is hopefully that Board Members enjoy the experience. "I want people who, when they see a Board meeting in the diary, look forward to it because they know it's going to be challenging and good fun.

You can only do that if the executive team actually communicates with the Board between meetings."

Fundamentally, experienced leaders know if the culture in an organisation is right or needs changing. If it is the latter, then action is required without delay. ∎

Featuring commentary from:

Wesley Payne McClendon
Non-executive Director
Vortex Innovations

Sandy Stash
Non-executive Director
Diversified Energy
& Board Mentor, Criticaleye

Paul Lester
Chair
Essentra

Yetunde Hofmann
Non-executive Director
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