

THE ROLE OF THE BOARD IN A CRISIS

Iain Coucher, Chair of Ofwat, the water regulator for England and Wales, talks to Criticaleye's **Emily Jones** about 'messy' situations, leading an organisation through those tough moments, and why there's no such thing as a crisis



Iain Coucher knows a thing or two about critical incidents and crisis management. Now into his third year as Chair of the Water Services Regulation Authority, Ofwat, he earned his stripes within several complex, highly regulated industries prior to starting a non-executive career, including eight years as Deputy-turned-Chief Executive with rail infrastructure manager, Network Rail, and almost five years as Chief Executive with national security company, Atomic Weapons Establishment (AWE).

With Ofwat, **Iain** oversees a key player in the regulation of water companies across England and Wales. Established

in 1989 during the privatisation of the water industry, Ofwat has grown to employ around 400 professionals dedicated to ensuring that the water sector operates efficiently and meets the needs of customers. In the UK, there is increasing pressure and public scrutiny on water companies over environmental standards amid rising concerns over water pollution.

Iain freely acknowledges it's a difficult period. "The water industry faces some incredible challenges," he tells Criticaleye. "It is very important as it affects about 60 million people, 24 million households and 1.2

million businesses in England and Wales. Every one of those relies and depends upon high-quality water that's resilient and reliable. 24-hours a day. So, there's a lot to be done."

In the following interview, **Iain** shares his motivations and the importance of an informed Board in navigating the complexities of highly regulated industries. Drawn to challenging environments where systemic transformation is often needed, **Iain** offers valuable insights on his approach to crisis management, and the importance of direct engagement with stakeholders. >



EJ: Ofwat is your first Chair role. What appealed to you about the organisation?

IC: I'm drawn to situations where there are perhaps more structural or bigger performance changes, where transformation is required. 'Messy situations' are where I thrive best; where there are elements of political overlay, multiple stakeholders with different perspectives and there's no right or wrong way of doing things.

If you go into places where it's complicated, you've got to think about the interplay between the long-term impact of the tactical decisions you take today influencing your strategic direction, and there is a risk that governance gets cut when time is short. As Chair, you have to remember that you are there to effectively govern the organisation and make sure you're doing all the things correctly. My roles have tended to be subject to public scrutiny, so obviously we give a lot of thought around ensuring that we've got first class governance.

Iain Coucher //
Career Snapshot:

- **Jan 2002 - Oct 2002:**
Managing Director
Network Rail
- **Oct 2002 - Jul 2007:**
Deputy Chief Executive
Network Rail
- **Jul 2007 - Nov 2010:**
Chief Executive, Network Rail
- **Jan 2016 - Sept 2020:**
Chief Executive, Atomic
Weapons Establishment (AWE)
- **Jul 2022 - Present:**
Chair, Ofwat

“ [In] an operational company, I always worked on the principle that there’s no such thing as a crisis, but an event which is planned for. The only thing that you don’t know is the timing of it ”

EJ: Reflecting on your experience, what does effective crisis planning look like for business leaders from all industries?

IC: One of the challenges a lot of companies have is that it is difficult to plan for a crisis in the abstract. If you've never had a crisis, you can't really talk about it. Fortunately - or unfortunately, depending on your perspective - I have worked in a series of companies which have had lots of crises, and I've therefore gained lots of learning.

For example, in railways, there was planning for a train crash or a collapse of critical infrastructure, to planning for the complete loss of signalling. These are all things that you can think about, so when something happens, you know that there's a hierarchy of 'bronze', 'silver' and 'gold' control processes in place, where it's all figured out - even

if you're not sure what the crisis is yet. So, for companies which don't have as many crises, trying to do that is hard.

In an operational company, I always worked on the principle that there's no such thing as a crisis but rather an event which is planned for. The only thing that you don't know is the timing of it. At Ofwat, the sort of crises that could really affect us are not organisational but industry-wide, where questions will be asked of the regulator. One of the things that we're constantly doing is thinking about the sort of items that could come back and challenge us. For instance, we know that in some year in the future, we're going to run out of water, and people will be saying, 'What on earth was the regulator doing?'

These events do happen, and if they're industry-wide, select committee hearings will call you in saying: 'Where were you? Why weren't you involved?' I've seen incidents when Chairs have commented: 'This was an operational issue, so I decided, as Chair, not to get involved and stand back.' That's the wrong answer. When things go wrong, society, customers, everybody expects you to be there. It's that demonstrable accountability that's both needed and expected.

EJ: Can you talk us through some of the unique factors at play Chairing a Board in a highly regulated sector?

IC: As Chair, it's as though you're in a field of spinning plates, and it's learning about the capabilities and knowledge, the insight and contributions that your NEDs can bring. For example, they've all got other skills and backgrounds, and you've got to try and figure out what they can bring to the table. >



In the world of regulation, what you're trying to do is to balance multiple interests of stakeholders, whether it's consumers, customers, the environment or investments of today, tomorrow and the future. Over the course of my learning to become a Chair, I've been able to better understand those nuances in the environment and how to deal with them.

In 'messy' situations, you find that the stakeholder environment constantly churns. So, when you think you've got a compromise or a combination of views on what to do next, but two years down the line, the personalities, political constructs and societal pressures all change, and you've got to constantly keep your reflections up to date, which means always talking to people, thinking and iterating.

EJ: What can leaders learn from going out 'to the coalface' of their businesses in terms of speaking to different stakeholders?

IC: I would encourage people to simply get out and see stuff. I know it's time-consuming, and it takes a lot of effort. Ofwat has two national organisations in Wales and England, so there are different stakeholders and different areas with different issues and challenges. I do know that for some people, they can get uncomfortable [or feel] it might be too intrusive stepping down into the business, and it is not meant to be like that.

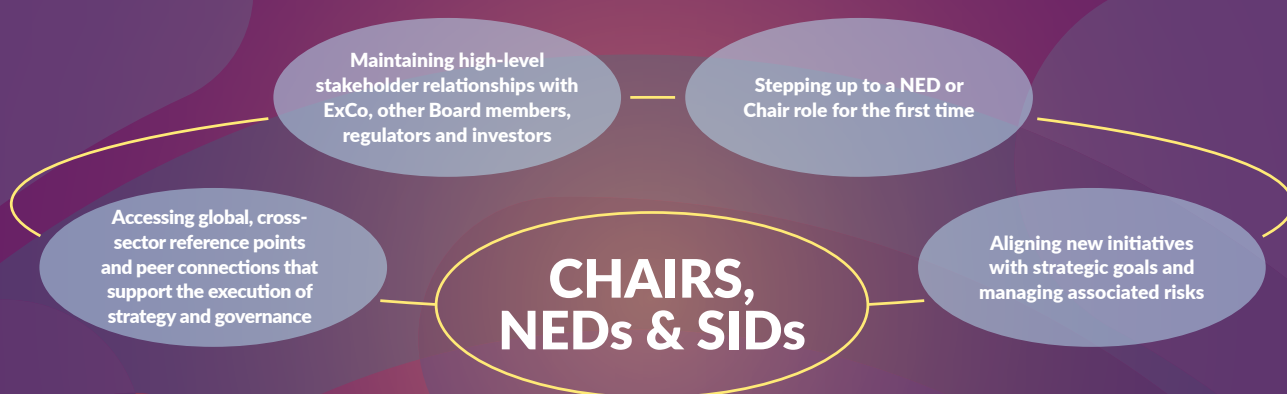
You will not get the full flavour of multiple stakeholders and multiple perspectives unless you go to site and meet people in the locations.

For me, I try to get out and do something once a week, whether with suppliers or stakeholders or meeting environmental agencies and lobby groups on the beaches. It's the only way you can really calibrate and challenge in the Boardroom because one of your roles as Chair is to challenge the executives on their thinking.

The Ofwat Board all have busy jobs. They're either full-time executives or have plural careers and want to get out a bit more. When they do, you can see their eyes are open, and they say, 'Oh my god, this is not what I expected!' Because if you think you can estimate the cost of processing sewage treatment in Cumbria from an office in London - think again! It's all about gleaning information, which I genuinely believe facilitates better conversations. ■

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