

CHAIR SUCCESSION – THE NOMCO'S PLAYBOOK

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INTRODUCTION

“Having the right pairing of CEO and Chair is now mission critical.”

Sir Win Bischoff, Chair, Financial Reporting Council.

Chair succession is remarkably undermanaged given the significance of getting that ‘right pairing’. It is the Cinderella of board processes. The combined personality and capabilities of the Chair and CEO are pivotal to the success of the enterprise. Compare and contrast the perceived significance, board time, energy, focus and increasingly, consulting fees involved in optimising CEO succession with that of appointing their critical partner. There is certainly an asymmetry, and what *is* “the right pairing of CEO and Chair”?

The purpose of this paper was not to ask the question, ‘*How do you recruit the ideal Chair?*’. That is perhaps another day’s work. Rather the focal question was ‘*What do the most experienced, thorough board members do to give their boards the best chance of hiring a very good Chair?*’

The term ‘The NomCo’s Playbook’ is used in preference to ‘The SID’s Playbook’. This is to emphasise the whole board involvement which characterised what will be referred to as the Exemplar boards whose recent processes were discussed.

Research Methodology

The research methodology was a series of confidential 1:1 conversations with 45 experienced board members, all members of the faculty of, as well as many participants in, the ‘Chairing in Practice’ programme managed by the author. (www.boardadvisorypartners.com)

Many had been involved in 2, some in 4 and one person in 8 separate succession processes. Participants were incumbent Chairs, also talking about their experience as successful (and not) candidates, SIDs, board members, Company Secretaries and Investors. Cumulatively, this amounted to a 360* perspective. Alongside this qualitative exercise, we have also tracked the career paths of the current cohort of Chairs identifying the trends over the last 5 years, 2014-2018:

Appx 1:

<http://www.boardadvisorypartners.com/members/reports/CareerPathsToChairing-2104-2018.pdf>

If you would like to discuss any issues arising in this research or in the broader context of the ‘Chairing in Practice’ Programme, please contact Kate Donaghy on kd@boardadvisorypartners.com. Please also be in touch if you would like to participate in any of our future research into developing board practice.

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EXECUTIVE SUMMARY

“If you want to hear God belly laugh, tell him your plan.”

Ancient New York proverb.

This is as true of Chair succession processes as anything else. The quality of every succession process varies with the context, personalities and ‘events’. An ideal process is as rare as a fairy’s tooth. Everything that follows comes with the caveat that fairies’ teeth are very rare.

That said, the thrust of this paper is that there are elements of a planned Chair succession process which are within the board’s control and which, if actively managed, can optimise the chances of appointing that ‘right pairing’ of Chair and CEO. In listening to how contributors had experienced Chair succession as candidates, SIDs, out-going Chairs, other board members, Company Secretaries and Investors, it became clear that some SIDs had applied lessons learned in the past, possibly from things not having gone so well. They had evidently developed a clear system of how they thought the process could best be managed, soup to nuts. There were many common features in these cases. For the purpose of this paper, these identifiable common threads are presented as exemplars for others to consider.

In addition to the following factors which are within a board’s control at the moment of initiating the process, the other factors which one has to pray one has on one’s side are but cannot really manage in the short-term include:

- Having an at least lowish ego CEO who is not going to veto the most competent candidates
- Stability in the business, ideally with the absence of press interest
- The timely availability of the ideal/preferred internal or external candidate

THE EXEMPLARS

Core to all contributors’ thinking was the significance of giving the company the best chance of hiring the right Chair for the next 6-9 year period. This was evidenced by investing the process with a degree of board engagement almost comparable to that given to CEO succession. That involved these boards challenging their own thinking rather more than did many others. The candidate specifications in these instances differed not so much in their component parts but in the depth of consideration given to them. ‘Automatic’ or generic thinking about the specification was challenged, and great thought given to the prioritisation and weighting of potentially competing elements. Importantly, the whole board was greatly involved throughout and alignment and confidentiality maintained by hard work and much communication. The overall distinguishing characteristics of this group were the heightened rigour of analysis of the required skills, integration of that into the interviewing and referencing processes, clarity of process management and the level of board engagement.

In respect of the role of the SID, what follows suggests that greater clarity on that role is necessary, going beyond the Code’s guidance of responsibilities and into the high level of sensitive and discreet proactive engagement with the Chair and fellow board members that is needed. It is not assumed here that the SID will lead the process as they may be a candidate, but as a form of short-hand, the person or persons leading the process are referred to as being in that role.

THE NOMCO'S PLAYBOOK

1. The role of the SID: whether or not as SID you have any potential interest in the role, establish a shared understanding between yourself and the incumbent on the latter's expected tenure *from the moment of being appointed*. Your future interest should be discussed at this point too. This brings welcome objectivity to Chair succession and allows it to be considered in sequence with anticipated CEO succession. Recuse yourself if you have even a hint of interest in taking the role. If anyone detects it, your reputation for objectivity will be shot.
2. Where the SID has recused themselves, board members should appoint one or possibly two board members to lead the process. When possible, having two board members with differing perspectives can only make for a greater degree of objectivity: male/female; sector/functional background etc. Ideally one will have been party to a Chair succession process elsewhere.
3. Clarity on everyone's role or non-role: canvas the interest of all board members; consult the incumbent either not at all (as many incumbents prefer) or only as much as you would all the other board members on the spec. The incumbent's role stops there, other than as part of preferred candidate(s)' due diligence. The CEO should only be consulted in the same way, and their 'inescapable and effective' veto managed when they meet the board's preferred candidate(s).
4. Consider effectively dissolving the boundaries between the NomCo and board for this purpose, forming an Appointment, or Chairman's Committee. Involve the whole board – minus the Chair but including input from the Executives in what for the Exemplars was 2-3 board meetings to discuss the specification in detail and then in interviewing all short-list candidates. Several Exemplars had large international boards. They all prioritised this process in their otherwise rigid diaries. Some interviews were by phone.
5. Chair candidate specifications are typically "*pretty meaningless wish-lists, generic lists of ideal human qualities*". The Exemplars drilled deeply into elements of business experience and human nature. The unconscious bias that informs most decisions such as "*We need prior Chairing/CEO experience*" was not accepted without challenge and analysis of what is needed not only in effective chairing skills in any context but also in order to complement the CEO in executing the strategy. Top teams are often trained in unconscious bias. Advocate that you as a board undergo some such training too.
6. The clarity and objectivity of all of the above enabled internal candidates to believe themselves properly included and evaluated and therefore able to understand why if they were not appointed.
7. The interviewing process: several Exemplars shared interview notes either in hard or soft copy so that learning was cumulative and areas targeted if undiscussed or inconclusive. This can also go on to inform the referencing process. One board also arranged the order in which board members interviewed candidates, placing last in that order those thought to carry greatest weight in the thinking of the board overall. In one instance, the headhunters interviewed the whole board and helped in drafting the specification but were told that after that, their role was only to produce an excellent shortlist, including 2 women. After that, it was wholly that Appointment Committee's (i.e. the board's) job to manage the process.
8. Within the Exemplar group, referencing was more extensive than is the norm, undertaken earlier than usual in the process. This can prevent later collapses of the process. Also, one board knew that they had hired the right person but regretted not discovering more of his style of Chairing. Doing so would have helped the Executive team adjust to it more easily.

FINDINGS IN DETAIL

1. TIMING - THE CHAIR AND BOARD'S SHARED UNDERSTANDING

"If you haven't raised the subject before taking on the role, talk about their intentions as to tenure virtually from Day 1 of being SID. Don't be 'too polite'. Take it as a natural assumption that they are considering a two-term tenure and move from that to the likely/ideal sequencing of Chair/CEO succession."

(Former FTSE100 CEO, now Chairing)

"The quality of any succession process falls from the quality of your relationship as SID with the Chair."
(FTSE100 Chair and SID)

Whether or not as SID one is interested in being a future candidate, the Chair and SID relationship is key to a succession process working well. Polite, newly appointed SIDs may fear being ungracious, indeed looking ambitious and potentially self-interested in raising the issue so soon, but doing so was much urged to bring the process into the NomCo's planning alongside that of the CEO. The SID's 1:1 conversations with board members prior to the Chair's performance review inform one on an on-going basis of the board view(s) of the appropriateness of the incumbent's anticipated time-frame.

- **The 'Reluctant Retirer', having to 'tap the Chair on the shoulder.'**

Many Chairs identify that good sequencing of the two successions requires them to go earlier than they or their boards may want and announce their retirement accordingly. But some are reluctant leavers. Per a FTSE100 both Chair and SID:

"Most board members have seen Chairs who are reluctant retirers, who have strong views about the candidate specification, as in "well...they need to be at least as good as me", and who may also have to be discouraged from actively influencing the selection of candidates.

"There will always be some unreconstructed 'Type A' characters in chairing roles. One of the major difficulties presented is that they often collect around them boards who believe that the 'Type A' Chair's very robustness keeps their reputations and NED-careers in safe hands. Therefore as SID or other board member, finding an ally on such a board is key to beginning to unlock the problem."

Taking on a SID role to a 'Type A' Chair is to do God's work. It needs Joan of Arc's moral sense of purpose, Spartacus's strength of character and the legendary interpersonal and tactical skills of certain eighteenth century diplomats.

- **Starting in time: 6 months can be ok, but 18 is oh so much nicer.**

Many instances were cited of an appointment made within 6 months. There, the stars and, more to the point the boards, must have been perfectly aligned and the ideal candidates available in the right time scale. Most take more time than that. The Exemplars' processes generally started up to 18 months before the date of the anticipated final handover. Their rationale was to allow for:

- Two or more board sessions for the board to get to grips with and aligned behind what is really needed in the specification, thinking it through from first principles rather than historic convention.

- At the end of the process, the preferred candidate declining the offer and there being no 'Plan B'.

If you haven't got 2 good appointable candidates by the end of the shortlist interviews you are vulnerable to being 'jumped into' appointing someone you otherwise might not. It gives you time to tell the headhunter to go back into the market for people nearer the spec.

- An adequate handover period for an external appointment, 3-6 months being suggested by most contributors, with 6 months often given as a maximum. The desirability/necessity of there being a good handover period was vividly made by an experienced Chair who took an appointment with no handover. He chaired the first board meeting he attended:

"I've sworn never to do that again. My predecessor had obviously taken a different (i.e. directive) approach. I had to take everyone aside and tell them how I expected them to contribute as Directors. The business was also a great deal less robust than I knew and, on top of that, I also found that there had been two internal and frankly disgruntled candidates for the job which no one had thought to mention. Mea culpa for not doing better due diligence and going with the no-handover".

2. INTERNAL CANDIDATES – *Do as you would be done by*

- Inclusivity, clarity of the skills requirement and transparency on the process were the repeated watch words on this. Having canvassed every board member's interest at the outset and then having the objectivity of a clearly agreed specification on which to base subsequent conversations was commonly agreed as the best way to minimise upset and subsequent disruption to the board dynamic.

3. TRANSPARENT MOTIVATION OF THE SID

- **"Beware the ambitious SID"**

Few advocate that the Code should effectively outlaw such transitions and c16% all FTSE appointments in 2018 were of former SIDs (See Appx 1, s.7), but contributors were unanimous on the need for the SID to be explicit about their interest. This can be at appointment but certainly must be at the moment a process becomes active. On occasions, when the SID has been a candidate, boards have appointed two board members to lead the process. The individuals were chosen for their differing perspectives and this was thought to bring greater objectivity into the whole process.

- **"SID, know thyself"**, A first-time SID and former Executive Director veteran of several boards observed:

"Before taking the role and starting a process, do some self-inspection about your interest in the Charing role. If your NomCo get as much as a sniff of undeclared, even unconscious interest, your reputation is shot."

4. RIGOUR AND CLARITY OF PROCESS

4.1 Board members' roles, and non-roles

“From the outset, everyone needs to know what roles they will or will not play and that there will be a full, fair and open process.”

(FTSE100 Chair, SID and former CEO)

- **The de minimus role of the Chair**

“In the best processes, other than perhaps taking their point of view as you would any other board member as to the spec, the incumbent is excluded from any element of decision-making, irrespective of how good they have been in the role. Ideally they will be available to shortlist candidates as part of the latter's fact finding. I was once in a process where the Chair met all candidates first. This told me at once that that this would be a problematic board and I withdrew”.

(FTSE100 Chair and SID)

- **Finessing the CEO's effective veto**

One might need to have been a CEO to appreciate the degree to which the change of Chair is unsettling. In the words of one of the most seasoned SIDs, the paradox that the CEO's approval of any appointee is crucial yet they have absolutely no (official) veto:

“...creates one of the areas in which the SID's skilfulness can really come into play - finessing the CEO's input into the appointment of their boss. Their effective veto is inescapable but that should not deter you helping them to understand the benefits to them, the board and the company of the strengths of various candidates, particularly the ones who may appear to offer more of or a different kind of a challenge than the one they are used to.”

Another comment from a very seasoned Chair and board member elsewhere was that:

“As the quality of the pairing is so important then one could say that the logical time to look for a new Chair is when you have appointed a new CEO, but convention suggests that this is untidy. I think this should be rethought. In any event, it is crucial that the SID keeps the CEO as well as the board closely informed as the recruitment process evolves. The Chair and CEO need to get on well and preferably like and respect each other. They are both likely to be natural leaders so as SID you have to help them initially navigate the give and take between them.”

It is general but not universal practice for the CEO to meet the board's two preferred candidates. Some boards had their CEO meet only 1 candidate.

- **The NomCo and whole board – dissolve the boundary**

“The role played by the board must never become secondary to that of the NomCo. Deciding the candidate specification for the next Chair and interviewing the short-list are whole board activities. The board must own the process rather than being accessories after the fact to the decisions of the NomCo.”

(FTSE50 Chair)

“The value of inclusion of all board members throughout outweighs the logistical difficulties posed.”

(FTSE20 Chair)

- **Devising the specification and long and short-listing:** Currently, 43% FTSE100 and 42% FTSE250 boards have all the NEDs on NomCo. Even where the NomCo is already a small group, much of the spadework is delegated to a sub-group. In the Exemplar group, the boundary was largely dissolved and all board members, again, minus the Chair and with input from the Executives, became the working committee, even with the most international spread of NEDs. All board members were active in analysing and agreeing the specification, reviewing the longlist, having an input into the selection of the shortlist and interviewing (sometimes by phone) all of the shortlist candidates.
- **The role of Headhunters:** In one instance, the consultants were actively involved with the board in creating the specification but, and here the SID was a very experienced hirer of talent, they were told that their role ended in producing a robust short-list with 2 women on it, and that then the board would manage matters.

- **Determining the shortlist from the longlist – a crucial fault line**

Some elements of the process involved when selecting the shortlist from the longlist can torpedo the best intended process.

This topic is cogently addressed in Section 8 below. That section is the text of a speech given by a SID who has managed more Chair processes than most see in their lifetime. The audience was a group of women board members and the topic was what a candidate, but essentially a female one, must do to clear the structural hurdles in being appointed Chair. Curious Reader, I leave you to read this excellent text.

The lessons to be drawn from it encapsulate much of what has already been said. Build enough time into the process so that you can be comfortable that the market has been adequately combed for candidates in terms of calibre and fit against the specification, and that the quality and range of the candidates indicates some lateral thinking has gone into the creation of this longlist. A homogeneity of candidate profiles functionally, by gender and/or cultural background raises the inference that no challenging thinking has taken place to date. Challenge your thinking as a NomCo from the outset.

- **The Company Secretary – if you haven't got a great one, get one**

"A really good company secretary often interprets the Executives' views of internal candidates for the SID. Especially if the CEO is a bit coy about what they really think of certain board members."

The role is more than was modestly described by a FTSE100 veteran as 'controlling the traffic' in succession processes. As well as doing a great deal of the hard administrative and liaison work, their many potential attributes include possession of an ear well-tuned into Investor opinion as well as that of the Executives. If you do not start with a Company Secretary whose judgement, knowledge of the business and wise counsel are respected and sought by everyone, urge the Chair to appoint one.

- **Consult Institutional Investors – on the specification, not candidates**

The view of one leading Investor was closely echoed by other institutional spokespeople:

"Appointing a Chair is the board's job not ours but we do like to be consulted in advance - for example as to what we would like to see on strategic direction or capital allocation issues. But don't just give us just a list of possible names at the outset. You won't get a nuanced view. Fund Managers focus on whether X lost or made them money before, not whether they will chair that business well at that time."

4.2 Getting the specification right

“Most candidate specifications are pretty useless - generic, they mean little, describing the Olympian ideal rather than necessary person.”

(Former SID on 4 boards, but it could have been each and any contributor)

In the Exemplar group the commonalities, with some apology for repetition, were that:

- The process was driven with evident commitment, rigour and clarity. The required candidate characteristics were consciously prioritised at the outset, and the SID or the person(s) leading the process, kept the board's feet to the fire in adhering to them. Maintaining board alignment requires *“a continuous conversation”* with all board members as they interview candidates. The use of technology can greatly enable this in sharing interview notes so that everyone is kept focused and ultimately, alignment is maintained.
- *They drilled a level or two beyond the norm as to the experience needed to complement that of the CEO in the coming period.*

A working example of this was the instance in which a FTSE 100 company's strategy hung on driving change through a heavily unionised work force. The CEO was going to need help on that so successful management of difficult industrial relations was prioritised over former Chairing experience. Other board members had experience with Government, Regulators and Investors. The business needed not the *'Big Beast'* as initially mooted by the outgoing Chair who could themselves be described as such, but rather a shrewd and experienced former CEO who could support the CEO where they were less strong.

4.3 Challenging sub-conscious bias

“Examine how much of a change in Chairman style and capabilities you need for the next phase.

Assume you need change. That shifts the unconscious bias away from just replicating what you have had before. *I succeeded a very experienced Chair who had no sector experience before joining. The board consciously decided that they needed someone younger, and with much closer experience of the business's risk model. They also believed that the presence of several very experienced people around the table, including the SID, allowed them to go with a first-time appointment and a younger person.”*

(FTSE100 Chair)

Unconscious bias can operate to under-value qualities in internal vs external candidates, affect the weighting given to former chairing, sector, personality attributes, and to a minimising of diversity: gender, functional and/or cultural.

Since Daniel Kahneman and Amos Tversky's pioneering work made famous in *'Thinking Fast and Slow'* (2011) the limitations of our decision-making in any context have become even more apparent. With apologies for the reductive nature of what follows, the key biases at work in any succession process include:

- **Conservatism bias** – The outcome is to opt for the safe pair of hands - NomCos over-valuing “been there and done it” experience over potential, favouring known and ‘proven’ experience profiles over anything which by virtue of being different/new, might change the status quo. Thus a candidate's former chairing or CEO experience may be found (without conscious challenge to the fact) to outweigh sector experience in one without such experience.

Within conservatism bias, let us consider the number of women appointed to chair as an example of its operation. The rational explanation of the very low rate of appointments of women is that NomCos prefer candidates with former CEO/Chair experience yet **52% FTSE 100 Chairs** have not been CEOs and **56%** have not chaired either. That leaves a large gap between those figures of other (male) appointees and the **6-7%** representation by women in chairing roles. The majority of those women who have been appointed, **5 of the 7** women FTSE100 and **7 of the 14 FTSE250**, (see Appx 1 s6 and Appx 2), had been pre-existing board members. These rates resonate within this research project - only 6 of the shortlists discussed included a female candidate. It is probably safe to say that this implies that women are seldom being short-listed as external candidates. Are there really so few female board members who lack the business judgement and generic chairing skills to chair well? Conservatism bias at work, possibly. (See s.8 below).

- **Anchoring bias** – ‘the long shadow of the incumbent’ - overvaluing the incumbent’s career profile and/or approach or alternatively, overvaluing a pronounced difference.
- **Salience bias** – overvaluing potential external candidates and undervaluing current board members. The ratio of internal vs external chairing appointments has been constant at c40:60 in favour of external candidates in the FTSE100 for the last 5 years. In the FTSE250 there has been a slight swing away from internal, moving from (internal:external) 62:38 to 55:45 over the period. (See Appx 1). Two contributors recognised the potential of this bias and referred their internal candidates to a Coach – to perform as though they were external candidates.
- **Illusory superiority bias** - favouring characteristics – social, professional, gender, nationality - or skills of a candidate that are similar to those you hold yourself.

Awareness alone does not eliminate the operation of these biases but it is a good start. The impact of such training would affect all areas of the board’s decision-making.

5. DUE DILIGENCE AND REFERENCING

5.1 Make some calls yourself, and at the short-listing stage rather than at the last moment

The practice of undertaking the referencing oneself with board colleagues is gaining ground. Some are involving specialist 3rd parties when perhaps their networks are insufficient. Objectivity and reach is crucial. Check yourself for the scope for confirmation bias, possibly invoking a professional ability to dig deep in the questioning. In any call it is helpful that the ‘caller’ have a relationship with the counterparty in question which would neutralise/negate any relationship and sense of loyalty they may feel to the candidate. Call on all of the board’s existing networks for links to the candidates’ former colleagues. Confidentiality is all in undertaking this part of the process.

5.2 Explore the candidate’s style and likely philosophy of chairing

“The outcome of the succession process was the best we had hoped for in every way possibly bar one: on reflection I would suggest that one probe more than we did into HOW the incomer will work with the CEO and everyone else. We knew that X was respected by everyone, and liked too, but we weren’t prepared for how his approach differed from that of his predecessor. The CEO was thrown by the shift from ‘avuncular supporter’ to ‘objective critical friend’ who defined his role as being independent of both the Executive and the board. The CEO was unsettled for some months.”

(A FTSE100 Company Secretary)

5.3 Possible questions on chairing styles for a referencing call

“A person’s career history tells you what they can do. Their personality tells you what they will do”.

In addition to questions on business judgement, when referencing some questions could include:

1. **Their philosophy of chairing:** Many of the best Chairs define their role by their independence from both the Executive and the board - That is, on a spectrum with at one end someone who sees themselves as the CEO’s *“avuncular supporter”* they are at the other end, defining their role as *‘critical friend’*. The latter can be observed as taking little on face value and without overstepping the Non-executive mark, taking measures to assure themselves of what is happening in the company independently of the CEO.
2. **Modus operandi:** Following on from that, when in a non-executive capacity, what has been their modus operandi on exploring what is going on in the company?
3. **What is their ‘strategic tendency’?** Many experienced people have established a characteristic approach to risk, the speed of growth, how they respond to external competitive challenge.
4. **How have they led in crisis?** It is hard to believe that a candidate has not been in a leadership position in a crisis. Some veteran Chairs advise against hiring anyone into the role who cannot refer to having led through one of substance.
5. **How will they relate to the CEO?** Is theirs a Socratic approach or are they still tending even sub-consciously to executive mode - giving answers rather than asking deeper questions? How do they demonstrate their interest in and understanding of other peoples’ thinking? At what stage of decision making do they tend to share their own views on a possible course of action?
6. **What is their appetite for having uncomfortable conversations?**
7. **What role has self-interest played in their historic decision-making? Have they still got ‘unmet ego needs’?**

Have their interests and those of their companies ever been at odds, and if so, which won out? Chairing well requires one to have ‘gotten over’ many aspects of ego. If for example, the City or Government or Media need ‘someone to go’, are they the type to expect to volunteer to go or will they find an Executive to do that for them? Have they in the words of one leading Chairman, *“their letter of resignation in their top pockets for when a head is needed, the CEO’s departure being much more disruptive than one’s own as Chair.”*?

6. UNPLANNED SUCCESSION

In respect of an unplanned, emergency succession process, the recurrent theme was simply stated by one who had experienced a long delay in searching for a new Chair:

“Appoint an Interim quickly and get on with a proper process. The business doesn’t stop needing good decision-making just because you are in a quandary. From experience, if you delay and then eventually rush to appoint the Interim or someone else to the role, you’ll find the business has gone backwards more than you could have anticipated”.

7. THE HANDOVER

De-boarding (*with apologies for the inelegant term*)

Little attention gets paid to the sensitivities of the departing incumbents for whom the handover period can be very tricky. They may intellectually appreciate the merits of handing over but it must often be uncomfortable. By definition an incumbent will experience a diminution of influence from the moment their successor is appointed. Some observing this have described seeing signs of emotional rather than the customary rational behaviour from the departing incumbent – presumably unconscious of a desire not to part from the company and role. It is important to celebrate the achievements of the incumbent and to actively manage their departure.

On-boarding

As SID, some Chairs who contributed urged SIDs to know how valuable they are to them, the new Chair as well as the CEO and the Board after the departure of their predecessor. You are the person everyone knows best and can turn to for help. Your broking/interpretation role lasts longer than the selection process. In the words of one of those contributors, you “owe it to them to hang around for a while even if your own timetable is running short”.

8. THE NOMCO PROCESS FROM A CANDIDATE'S PERSPECTIVE

Beating the Odds to Chair - A SID's Observations

This is the text of a speech delivered by a board member who has led the Chair appointment process more than any other participant in this research. It was addressed to a group of female board members. However, the logic in respect of how candidates present themselves throughout, board process and the operation of subconscious bias is almost gender neutral:

'How can women beat the odds to become Chairs of large companies? Chairship is only one piece in the jigsaw of pushing female empowerment in business. It may not even be the most important piece. But the Chair is the person with the most power to change culture at the top, around the board table; and the Chair is highly symbolic in the outside world. A Chair gets offered platforms on which to speak – whether inside or outside the company – and from such a platform, you can promote the cause of women in business and in society.'

There are more female Chairs than 10 years ago. And there are a lot more female Non-Executive Directors than 10 years ago, so perhaps that will feed through, but I'm doubtful. Women are getting into the non-executive roles with a reasonable degree of momentum. But we are not getting the very biggest roles.

Now it may be that the men who get the roles are simply much better Chairs. But I doubt it: while I have worked with some excellent Chairs, I know that many men who are currently chairing large companies, or have done in the past, are not that good at it. I know of many women who would do a better job. I know that that would be better for us, for the boards, for society. But women are not getting the chance to demonstrate that. Walking through the process I see barriers arising from three sources: the nomination committee, led by the senior independent director (SID); the headhunters; and ourselves.

In theory, selecting a new Chair is a measured, sophisticated process. In practice, it is often done under some time pressure, and usually led by someone who has never done it before, so it can be quite amateur. A headhunter will get chosen. The nomination committee will produce a brief. But that brief is often shallow: they default to wanting a recent CEO, and/or someone who is already chair of a big plc. The SID is under no pressure at all to produce a woman: he or she is under pressure to produce someone good, so he, or even she, is seriously risk-averse. Hiring a woman who has not been a CEO or a Chair is a risk too far.

Now to the headhunters. The headhunters are skilled and networked and in tune with the strongest potential candidates. Perhaps there really were no suitable women out there who were not already Chairs. But it is a surprisingly fragmented industry at the top. You may not be known to the headhunter – or only quasi-socially. And here is where we may let ourselves down: headhunters, understandably, are gatekeepers rather than mentors. If the headhunter's experience of you was not deep enough – in part because you didn't present yourself totally compellingly as a potential Chair to that headhunter when you last met them some years ago – they will not envisage you acting as a Chair.

But imagine that we do get onto the shortlist by some miracle, and thus get to interview with the company. The risk-averse dynamic applies: unless we perform perfectly at the first meeting, and in each subsequent interview, we will not get the role. They will choose the safer option – the man. They will choose him even if he too has never been a CEO or a Chair, because he is a man and therefore less visible, less risky. At interview we need to be twice as good as the men, to overcome the gaps in our CVs and the perceived risk in being different. I don't think we quite realise that.

And finally – even if you get down to the final two, and references get taken – those references can be unintentionally counterproductive. I hear, or read, that women are diligent, hard-working, well-prepared, “would be a great Chair” when it should say “will be a great Chair”. And “Ready to be Chair”. I have heard that several times. A patronising phrase, and I don't recall reading it in any man's reference. So if these are the reasons – what can we do about them?

Well, do not sit waiting for things to happen. Change does not just happen – it needs to be managed. And at this level it is not being managed at all. In fact, we risk deluding ourselves that a machine is now grinding through and that female chairs will pop out; whereas in fact the odds of that are very low indeed. Changing the odds of it happening means thinking and acting within some sort of systematic process and I have suggestions on three fronts about what different interested parties might do:

Firstly, change the context: turn up the volume on what it really takes to be a good Chair. Those giants of men who want this to change can help. They can talk compellingly about the requirements of the role. Meanwhile, someone could survey boards and find out what they really think of their chairs – now and in the past - and how that correlates to whether the chair was, or was not, a CEO before. Define and discuss the qualities of excellent Chairs. Train the SIDs in best practice when writing a brief to choose a Chair. Nobody is doing that at present.

Secondly, headhunters should consider whether they could do more. Have they truly understood the talents and skills of all those lovely women with whom they have had desultory chats; have they filed the talents and capabilities of those women correctly, and updated them regularly? They should review their reference gathering and summarising process to check that they are not falling into some hidden traps.

Thirdly, women who have the ambition to be chairs need to step up. You should work out what companies would be the best fit with you and who is the headhunter for that company – and call or write to the headhunters saying that you would like to be considered. That is what some men do. I bet most of us do not.

This is an important issue, in substance and in symbolism. We need a tsunami of change – not a temporary ripple. The steps that I have outlined above have no downside – they will accelerate the rise of women on boards as well as the rise of women in Chair roles. They require action from the men who want to help us, from the headhunters, and from ourselves. So I do hope that some of you will have the time and energy to work with me to help make this important change happen.'



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