



HARCOURT BOARDROOM RESOURCES

SEVEN CHARACTERISTICS OF A GREAT CHAIRMAN



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The role of the Chairman is defined as “elected by his peers to be first among equals”. In practice, however, the actual role and influence of the Chairman far exceed the definition. Chairman is the lead architect of the Board, responsible for board room dynamics and stimulating a learning culture as a basis for Director Development.

The Chairman's role in Corporate Governance comes nearest to the conductor of an orchestra. All the art and skills in the boardroom are valueless without a corporate imagination, which distinguishes the orchestra from a fortuitous collection of individual players. It is for the Chairman to capture that Corporate Imagination.

There are many books, articles and studies available on the role, but working for over 25 years on the field of corporate governance with Boards we would point out at least seven areas as building blocks when it comes to the definition of a great Chairman:

1. Chairman **thinks strategically** and gets involved constructively (not in details). He is a generalist, with a wide spread of relevant experience, rather than a specialist. However, sufficient understanding of the business is a must. Being able to ask the right questions and know whether to challenge the judgments. A good Chair commands respect. His past experience is his strength, which plays an important role when dealing with the present challenges. Confidence that he has successfully dealt with complex and difficult issues in the past is an important element of his credibility. We have met very often among the most successful chairmen in the GCC region people with the combined “telescopic” and “microscopic” abilities which made them very proactive as well as very in-depth in the board room discussions.
2. Good chairmen personalize **high standards of personal accountability**. Their personal values contribute significantly to the group ethics i.e. corporate culture. It is not only what they say, it is what they do (and sometimes not do) what really matters. Personal presence and attributing attention to events, departments and people in the organization speaks loudly without using a single word. Good Chairmen are personally accountable for the board performance, do not shy away from tough issues or difficult conversations and stimulate candor in discussions. They understand that if everybody thinks alike, most of the participants don't think at all. A good Chairman encourages constructive dissent and debate.

3. A good chairman **assures cooperation between the Board and top executives**. He understands performance-oriented “Entrepreneurial leadership” can only be achieved through an intensive and interdependent relationship between the Board and top executives. Mutual contribution of and accountability for clear Vision, proper governance of strategy and risk, effective organizational, control and compliance systems do not happen in a vacuum. Orchestrated effort of the Board and top management is needed to achieve accountability of both the board and management, for the ultimate performance. Executives and Directors are partners in the same ship, so the Board should support the Management and make them successful or fire them.
4. A good Chairman sets the tone with his **leadership style** within the unique “social contract” that is established in every Board. This is particularly the case if the Chairman is (representing) the owner or if he also plays the role of Executive Chairman. In the business jungle, taking time and preparing thoroughly for the role of Chairman - comes first. Chairman should set a tight and compelling agenda and assure the timely provision of quality (not quantity) information. Arranging the balance between the information provided beforehand and (management) presentations at the meeting is very important – to complement each other, not overlap. But crucial element is his facilitation of the boardroom discussions. Will he dominate the debate or is he going to try to include all the Directors knowing their backgrounds, personalities as well as shortcomings and intervening only to get the discussion back on track? Directors will in due time forget the topics of the debate, but never how they felt as being part of the decision making process. They would tell “what is the smell of the Boardroom”!
5. Good Chair **continuously works on building the Board as a team** that will be able to deal with the present challenges and future needs of the organization. Chairman is focusing on improvement of the Board performance, seeking for the diversity in terms of competence, experience, knowledge and personal attributes, regularly undertaking Board and Directors performance evaluation. He is the assurance that Board becomes the pillar of company's sustainability and provides necessary contribution to longevity of the organization. Governance is a never-ending journey in which each player always remains a “student”.
6. A good Chairman **possesses wisdom and brings stability** to an organization even during the toughest times. They are calm and collected under pressure and naturally take over the process in crisis. People trust their judgments and follow them because they feel safe(r). Great Chairmen are transformational not transactional leaders. They are not seduced by the good times and frightened by challenging times. They take followers to a new level of understanding of the business, often connecting their personal and business aspirations and affecting a transformed value system of the organization.

7. A good Chairman **always wears his Chairman's hat**. He understands that his work does not finish at the door of the Boardroom. Wearing several and sometimes too many hats can become a challenge in terms of fiduciary duty and time commitment. Networking and the promotion of the company by the Chairman are significant contributions to the company's growth and prosperity.

As field Marshal Lord Slim said almost 60 years ago: "There is a difference between leadership and management. Leadership is of the spirit, compounded of personality and vision; its practice is an art. Management is of the mind, more a matter of accurate calculation, of statistics, methods, timetables and routines; it's a practice of science. Managers are necessary, leaders are essential."

If one is about doing the right things and the other of doing the things right, the Chairman's role comes close to "doing the right things – right!

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