

Reflections from the chair: Board leadership in a changed world



Introduction

The coronavirus crisis has thrown up challenges for board leadership teams at every kind of organisation. Turbulent times have proved a catalyst for rapid evolution in the role of the chair.

For this White Paper, we interviewed 21 chairs of organisations located in Ireland spanning financial services, not-for-profit and the state sector. They shared their insights into the impact of the crisis to date and its likely ramifications for boards going forward.

We found that the crisis sparked an increase in communication between the chair and the CEO but many chairs expressed qualms about the shortcomings of virtual communications in the board context.

Among the other important themes that emerged were the need to bring more data insight and change management capability onto boards; greater focus on risk management and employee wellbeing; overcoming challenges around engagement and effectiveness; fresh ways of working and the characteristics required of future leaders; and advice for new chairs.

The coronavirus crisis

Business impact of the pandemic

The economic damage caused by lockdown called for a swift response. “At the outset, it obliged me to focus on short term actions: liquidity, solvency and excellent communications with our staff and key stakeholders; health and safety,” says one chair.

“While the primary focus of the board has been to respond effectively to the pandemic, the chair needs to lead a strategic discussion about the longer term impacts of COVID-19,” says another.

In terms of running the business of the board, the biggest impact was the switch to meeting via video calls rather than physically. This brought the challenge of “people getting used to operating in a virtual space, including for those presenting.”

However, the pressures of the crisis triggered an increase in the frequency of communication between boards and the executive. “The executive management group is communicating with the board much more,” says another chair. “Zoom has enabled all-company meetings”.

Leading videoconference (VC) meetings has become a key competency requirement. Many chairs are also involved in regular tracking of the working from home (WFH) model.

Changes in relationship with the CEO

“The crisis has highlighted the importance of the role the chair plays in ensuring the right level of engagement, challenge and support between members of the board and the executive at this challenging time.”

Many of our interviewees report greater communication with the CEO, with comments including “additional meetings over and above normal meeting rhythm” and “talking together has increased.”

One chair spoke to the CEO every 10 days, while another introduced “an element of formality” from the start of the crisis, spending 90 minutes every Tuesday morning “going through what was going on” with the CEO and Deputy CEO.

Another chair added: “I have been more conscious of the importance of my role as a sounding board for the CEO, which is a lonely role at the best of times, and I have made a concerted effort to increase frequency of contact and support for the CEO.”

There was a common desire to strike a balance between “being more actively involved without imposing.”





Altered dynamic of board in virtual space

The shift to VC driven by lockdown is well-documented. However, many of our respondents expressed qualms about the challenges and limitations of virtual communications in the board context, with one recommending every board should carry out an interim effectiveness assessment of new communications protocols.

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There’s a clear need to think carefully about the dynamic of the board in a virtual space. Specific challenges include facilitating contributions; interpreting whether hesitation signals disagreement or is simply an internet connection issue; and “not getting the signals around the room that you rely on.”

One chair worries that it’s harder to tackle longer, structured issues via VC. Another says: “As chair I am conscious that long video conference calls can be counter-productive so I actively manage each agenda item and try to strike a balance between ensuring everyone is heard whilst preventing longer unnecessary discussions.”

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Strengthening the board

Data, market insight and technology skills

“Technology on two levels is going to be important. On one hand, given the age profile of board members it will be important to have capability on the board in terms of understanding how technology is impacting how businesses are run. On the other hand, capability of board members needs to extend to their own personal ability to use technology effectively and be able to deal with virtual tech issues.”

Some of the chairs also highlighted the importance of bringing more customer knowledge and market insight on to the board. One expressed a need for the nominations committee to include consumer awareness and public policy understanding in their criteria for board appointments.

Another chair said part of his role was “seeing data and how that impacts on behaviour” and “defining the nub of the issue” by asking questions shaped by knowledge of data, analysis and informed commentary.

Change management: entrepreneurial/disruptive mindset

“As a chair, the composition and the value of having a real balance of perspectives on the board needs to be kept under review in the future. The crisis has revealed the benefits of having a strong mix of current skills and the perspectives from directors serving on multiple boards, who can bring valuable ideas and observations from other organisations.”

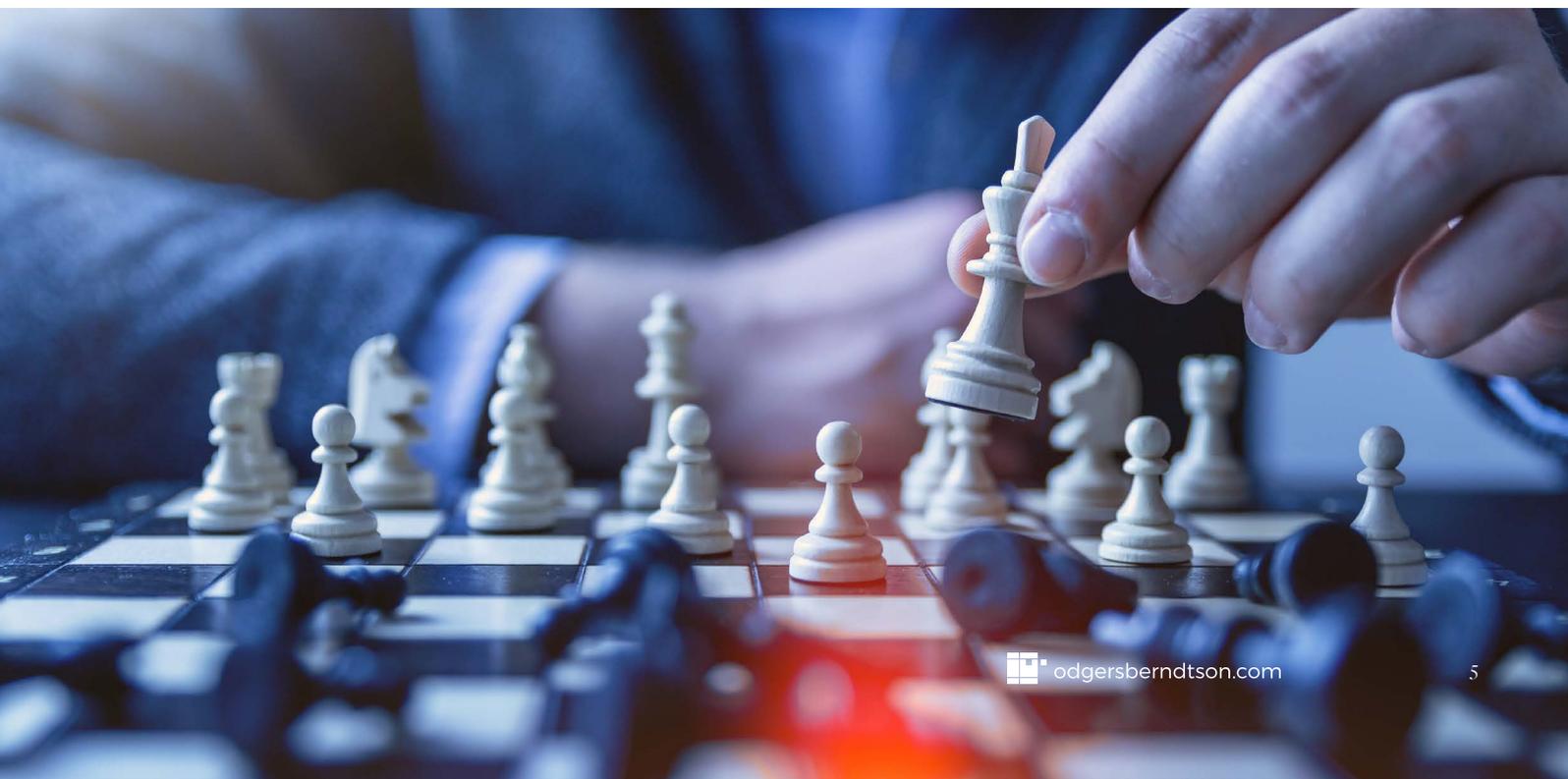
There is an appetite to bring greater diversity to board composition in terms of

functional expertise. Among the sought-after qualities are an entrepreneurial mindset, ability to challenge conventional business models, willingness to reappraise conventional organisational silos and openness to tech solutions.

HR knowledge/focus on employee wellbeing

“We are speaking much more about staff in general at board level.” And not only about senior management. Workforce-wide issues such as WFH, home schooling, elderly care and mental care systems have rocketed up the agenda.

The Human Resources function has become more important. As one chair puts it: “Industrialising HR processes isn’t great practice. That shift needs to be reversed.”



From the standpoint of the chair, there is also a need to take into the account the mental wellbeing of the board, in particular during times of intense pressure. One chair speaks of being more “pastoral” and concerned about the welfare of her CEO. Another is mindful of ensuring “any pressure points are not being sustained for an unnecessarily prolonged period” because this would be “attritional and productivity-limiting”.

Risk, business continuity and succession planning

Chairs pointed to a heightened awareness around risk management and the need for a “balanced mature perspective around risk.” Increased cybersecurity risks attached to the WFH model were seen as a significant issue.

Succession planning is deemed more important than ever and needs to be considered at both executive and non-executive levels.

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Personal leadership characteristics

Fostering collaboration

“As it happens, the boards I chair and the management teams that report to them have worked well together during the crisis and the medium-term impact is likely to be positive in terms of quality of relationships.”

It appears that for the most part adversity has brought people together, social distancing notwithstanding. But some chairs are looking forward to a time when more fluid and organic dialogue is re-established – and aim to treat the response to the crisis as a learning opportunity.

“Some re-establishing of the softer, more social aspects of colleagues’ interaction will need resuscitation,” says one chair. “I plan to review my own performance and consult with the CEO and board colleagues in due course to reflect on what worked and what was lacking in the dynamic we created in response to the effects of the pandemic.”

Stakeholder management

“A crisis can tend to narrow your focus when what is needed is a broader view. It is critical to remember to continue to manage all stakeholders, customers, staff, regulators, shareholders, revenue and even competitors.”

According to one interviewee, a key responsibility is demonstrating the chair and the board’s trust and confidence in the CEO and executive to the wider organisation and key stakeholders. While the chair of a company in the insurance sector argues the stakeholder relationship management piece needs to “bridge the understanding between the regulator and the local management”.



Getting contributions from everyone

One of the roles of the chair is to facilitate. The shift to VC meetings has led many to oil the wheels through informal interaction with board members, for example by calling individuals to explore ideas.

By way of a useful analogy, one chair cites EU summit meetings: “informal discussions on the margins – you can’t replicate that on a conference call.”

Given it’s harder to read body language on VCs, emotional intelligence is required to work out nuances.

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A portrait of future leaders

“More agile in thinking, open to new ideas”

The expectation is that chairs will have to be skilled at managing the operation of boards in a virtual space – and understand the “rules” pertaining to moving between the virtual and the physical.

Better knowledge of corporate culture and sustainable business models were also identified as important for the future.

“Posing the right questions in relation to the agility of the strategy going forward,” was pinpointed as significant. To frame such questions well requires knowledge of technology, business ecosystems and trends in other industries.



New ways of working

Striking a good balance between physical and virtual

“We have a strategy meeting coming up later in the year which was postponed during the crisis. I am determined that meeting be held with members present as it’s such an important meeting where strategy will be set for the next four years that it would be seriously sub-optimal to hold it over Zoom.”

Among the problems chairs are wrestling with are: trying to remain visible and supportive is more difficult when you can’t drop by someone’s desk for a catch up; a struggle to get the same level of engagement and debate on VCs; and “people seem to tire more easily” during virtual meetings.

One chair thinks breaking up board meetings into smaller chunks is the way forward. “Breaking up meetings could result in more focused activity and easier ability to maintain concentration virtually, as well as maximising creative capacity. Then it becomes about diary management/using technology as a solution.”

The same chair feels that the reduction in travelling has taken away the opportunity for reflection. Consequently, there’s a need to “design time to reflect and not feel that we need to fill up the space.”

Being flexible about how to reach decisions is also important: “Tense situations need to be taken offline.”

Mentoring and support of exec team

“Understanding the drivers affecting a colleague, particularly a CEO and one’s board colleagues, is important in ensuring the appropriate responses to the needs of those individuals. The CEO role is self-evidently prone to extreme personal stress, even a sense of isolation, and I believe an effective chair understands this dynamic and provides necessary support.”

Chairs must remain calm and retain the ability to be independent and reflective when a management team is under intense stress. One interviewee believes optimism to be a vital characteristic going forward.

“As the crisis phase passes, management teams are seeing that operating in a COVID world will require resilience and that this is actually a marathon, not just the sprint that the last few months have been.”

There is a need for empathy, a collegiate style and the capacity to encourage CEOs to make timely decisions when they face difficult choices, to help them overcome “frozen in headlights syndrome”.

As one chair elaborated, “The CEO can feel isolated and I try to offer support to him as often there are issues he can only discuss with the chair.”

Another interview defined the nature of support as being an “intersectional role” that strikes a balance between being more actively involved without imposing. There was also a feeling that in today’s fast-paced world, the chair is pivotal in encouraging management to brainstorm new business models and/or incorporate those ideas into stress tests.

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Advice for new chairs

Listening and stakeholder mapping

“Keep close to the CEO,” says one chair. However, another describes the CEO as “leader of the orchestra” and argues the chair needs to create an environment in which “the board is happy to remain at a strategic level - reflecting, not executing or instructing.”

It’s certainly important to listen to the CEO carefully and stay open to the fact that their priorities may change from one call to the next.

One chair recommends creating a comprehensive stakeholder map as a means of facilitating conversation with everyone who really matters. And to ensure virtual meetings run smoothly, technological help should be made available to board members who need it.

Creating Trust

Chairs should have confidence in the management team and be comfortable with the organisation’s approach to risk management.

“Put a crisis structure in place that most likely involves a small sub-committee made up of the most experienced and pragmatic members of the board,” recommends one chair. “The sub-committee should be given authority to liaise with management on a day to day basis, such that bureaucracy is minimised and speed of decision-making is enhanced.”

Read the board papers thoroughly and repeatedly because the chair should know more about each item than anyone else. But avoid the temptation to make a big impact at your first meeting: “The skill lies in building your reputation gradually and the board members will grow to respect your judgement.”

Try to improve something after each board meeting - from the quality of the minutes, the clarity of the agenda or the management information itself. Plus, ask the other board members for feedback on what worked well and less well.

Sharing experiences with peers

It’s also vital to look after your own mental health and objectivity, for example by talking to chairs at other organisations about their approach and experiences. “Deploy personal strategies to maintain your own balanced perspective because this is the most valuable asset that you bring to the organisation.”

There was an obvious appetite for greater interaction among chairs as a means of building knowledge, solving problems and accessing support. One interviewee observed that chairs “don’t talk enough” to each other while another expressed strong interest in belonging to a network of chairs.

Much as with the role of CEO, being a chair can feel lonely. Tapping into the experiences of peers is therefore helpful both psychologically and as the basis for better informed decision making.

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