

Chairman As Leaders - Driving The Future Agenda Of Boards

BY HELEN PITCHER OBE



Trust building and Integration as critical leadership skills that will be required of Business in the future is a perspective that is in short supply at the moment. Helen Pitcher OBE argues that we can not afford to ignore the 30% to 40% tranche of females emerging from Commercial, Organisational and Charitable Boards who are likely to have these skills, as such we need to rapidly accelerate the numbers of Female Chairman of our Boards.

Why do we need a change of leadership approach?

Everywhere you look, the future of the Company and consequently Boards, is in flow. As recently widely reported in the media, the top 180 U.S. CEOs say, “companies should put social responsibility above profit”.

This has in turn agitated the debate about the purpose of Business and the future nature of Companies (The Economist August 24th 2019). The lively debate pits the forces of change against the forces on the status quo. While increasing Shareholder Value will continue to be the underlying driving incentive for most Companies, we can equally see the emergent debate about what should be done about the gathering armies of change ranged against ‘Shareholder Value’ as the ‘only question’ on the table.

Many, myself included, would argue that ‘Shareholder Value’ has been distorted to become

‘Short-termism’ where the ‘Company Value’ can be hi-jacked for the benefit of a restricted elite. There is no doubt that the creating of ‘Shareholder Value’ is essential to the wider range of investors, pension funds and investment funds, however, the short-term ‘ramps’ of value in reality tend to accrue to a small restricted group of people.

There can be few serious thinkers about Boards, who suggest there is no need for change in the face of a multiple range of pressure, from Institutional Investors, Political Parties, Society and Lobbying Interest Groups. These pressures increase the pace and nature of change for Businesses. The question to pose is, how do Boards effectively navigate and survive these pressures?

The size and nature of the change is a debate about self-sustaining change or revolutionary jolt. If Chairman and Companies do not respond to these changing pressures, they will be imposed upon them. Even in the US, mainstream Democratic Presidential candidates are talking about the notion of Companies ‘licence to operate’ which could be revoked where they do not meet a wider purpose. There are additional changing ethical and cultural standards being driven by the emerging generations of the workforce to ‘do good’ and operate ethically.



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In the UK the progress towards a 33% female representation on Boards, is pitted against mandatory quotes across Europe of 30-40% with France leading the charge at 40% and the likelihood of the EU adopting this 40% as the standard. Irrespective of our future in Europe this will be the de-facto 'standard' across Western Europe.

Our bench strength

Is our Board Leadership across the whole of the FTSE and large Private Companies fit for purpose for the 'Game' ahead? I would suggest, with some notable exceptions, they are not. There is a need for a much more emotionally intelligent group of Chairman than we currently have across the FTSE 350, to be the standard bearers of Effective Board Leadership. Currently, there is too much focus on number crunching and reductionist thinking, with Leaders who have little interest or the skills to lead a Board and a Company to a future place, of increased complexity and balancing of competing interests. The refrain of 'are the Shareholders happy' will not cut it in this future of active and engaged Consumers, Employees, Political Interest and Lobbying Groups.

These Emotional Intelligence skills required of future Chairmanship:

- Strategic Influencing
- Emotional Awareness
- Interpersonal Communication
- Empathy
- Trust Building
- Coaching

In particular, the awareness and ability to build Trust is both a requirement for the Board and the Company, but also for Business and Company Communities as a whole. There has been a seismic breakdown in the trust of Companies. This applies to both the younger generations, who actively require trust and transparency and equally to older populations, where the trust of Companies has been decimated by the financial crisis, bailouts and stream of scandals and abuses which tar the whole sector. The recent pronouncement by John McDonnell, the Shadow Chancellor, of a potential crack down on excessive Executive bonus, probably got more of an 'about time' response than would ever have been the case in the past.



The essential future Chairmanship skills require a Leadership shift away from a dominant Patriarchal style, with a focus on separation, scarcity, and powerlessness, towards an Interdependent Leadership of generosity and a willingness to take responsibility for and care for the whole interdependent relationship with others. These ideas and traits of a Leadership approach which gathers and values followers, are both a mainstream business issue and an articulation of a new form of Feminist Leadership. Stanislav Shekshnia, Senior Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD and Director of the INSEAD Leading from the Chair Programme, said:

“To be effective Chairman must recognise that they are not commanders but facilitators. Their role is to create the conditions under which the Board can have productive group discussions. They should recognise that they are not first among equals. They are just the person responsible for making everyone on their board a good director.”

These ideas gel significantly with the Leadership concepts emerging from the feminist movement (See *Feminist Leadership as care for the whole: Modelling and co-creating a liveable future*, Miki Kashtan, UNESCO Publication Feminist Leadership).

While there are a number of existing Chairman who have evolved this style, they are a rare group and we need to accelerate the creation of Chairman where this is the norm, and the most obvious seed-corn material for these characteristics are female NEDs on our



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existing business Boards and across a wide range of Public and Charitable organisations where they deploy these skills day in day out.

Miki Kashtan in the above article quotes Mary Parker Follett, the iconic American expert management consultant, philosopher and pioneer in the fields of organisational theory and organisational behaviour in industrial management. (Follett, 1942 30-49).

“There are three ways of dealing with difference: domination, compromise, and integration. By domination only one side gets what it wants; by compromise neither side gets what it wants; by integration we find a way by which both sides may get what they wish.”

Why Women Chairmen?

Essentially the females who have succeeded in a rise up through organisational hierarchy, have honed and cultivated these integration skills and expertise as they navigated their way through the Patriarchal organisation. Even where their expertise and skills were clearly superior, they would have been required to deploy integration skills to achieve their goals.

Consequently, we have arrived at a situation where the skills and expertise required to become a successful Female Leader and NED should outshine the typical dominant Patriarchal CEO, in the requirements for the Chairmanship of an Organisation, but they don't.

We also have an increasing statistical weight of experienced female NEDs and Board Members, which should be driving a significant upward tick in the number of female Chairman, but it isn't.

We have a future landscape for individual Boards and the collective Business Community which should favour the Integration and Trust building skills of the female NED population, but it doesn't.

How come?

Women board leaders

It is within this context that we need to rapidly accelerate the numbers of Female Chairman of our Boards.

The trust building that will be required of Business in the future is a perspective that is in short supply at the moment. The challenge is to create a group of Chairman who are able to balance, integrate and transparently respond to an increasingly diverse range of demands at the Board.

A key to this role for the future is the ability to integrate a Board and ensure that the CEO continues to serve the Company. As the Economist article suggested the change of power to a broader Stakeholder environment endorsed by the 180 CEOs, potentially provides them with an additional 'power base' to work outside the Board 'to be doing good in society'. Crucially, however, it is the purpose and balance between Shareholder Value and the Stakeholder Engagement which is at the heart of the Board, it is for the 'Owners' through the Board to define, balance and shape this Purpose, not the Executive Managers (The Economist August 24th 2019, Corporate Purpose).

These balancing skills are a rare talent and I have seen them deployed by male Chairman on an exceptional basis. We cannot, however, afford to ignore the 30% to 40% tranche of females emerging from Commercial, Organisational and Charitable Boards who are likely to have these skills and expertise as a matter of course. We must unplug this flow of potential candidates and quickly.

So why are female not appointed to chairmanship roles

While there are still pockets of resistance to females on our Boards this has largely moved from the "why?" and moved towards "how do we sustain and extend this success?" However, with Women Chairman we are not even close yet, with still too many active resisters, Headhunters,



Chairman, Nominations Committees, combining with stereotypes which perpetuate the view that you need 10 years Board experience to qualify to be considered (The latest research for INSEAD suggests that there will be 20% of women as Chairman of our Boards by 2027). We seem to be repeating the excuses first heard in the Hampton-Alexander Review (Top 10 excuses for not appointing women to Boards), with a particular favourite being “There aren’t that many women with the right credentials and depth of experience to sit on the Board – the issues covered are extremely complex”.

Orna NiChionna, an experienced Senior Independent Director, in a speech to the Board Network, 23 May 2018 summarised in a blog, articulated these feelings of frustration and blockers very well (<https://www.kcl.ac.uk/news/ beating-the-odds-to-become-a-chair>).

Starting with a withering appraisal of existing Chairman, “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 would be better for us, for the Boards, for Society. But women are not getting the chance to demonstrate that”.


She articulated as she sees it the key reasons for the ‘brake’ on appointing female Chairman:

- Inexperienced SIDs and Nominations Committees, “selecting Chair is often done under pressure, and usually led by someone who has never done it before, so it can be quite amateur.
- Nominations Committees and Headhunters, who produce a brief that is often shallow: defaulting to wanting a recent CEO, and/or already a Chair of a big plc.
- A SID under no pressure at all to produce a woman
- SID and Nominations Committees who are seriously risk-averse. Hiring a woman who has not been a CEO, or a Chair is a risk too far.
- Headhunters, whose knowledge of qualified female candidates for Chairman is seriously limited.
- Interviews where perfection is required of the women candidates and a herculean ability to overcome the risk averse prejudice.
- Finally, even having brilliantly achieving the final two, references can be unintentionally counterproductive with pejorative, patronising language “would be a great Chair” “Ready to be Chair” when it should say “will be a Great chair”.

We need to remember that women on Boards still have a challenge to carve out their role and be perceived relevant in a ‘uber’ patriarch dominant environment.

I agree with many of the reasons articulated by Orna NiChionna. In my experience these reasons together with a lack of Female Chairman role models ‘dulls’ the ambition of many able women to aspire to the Chairman role. It is almost as if the effort and exertion of achieving and maintaining a Board role has sapped and diverted all their energy. We need to remember that women on Boards still have a challenge to carve out their role and be perceived relevant in a ‘uber’ patriarch dominant environment.

Conclusion

We have a rapidly developing cadre of able and qualified women who are waiting to take on the modern challenges of a Leadership Chairman. That they will do it differently there is no doubt; that it needs to be done differently, there can equally be no doubt. 



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