

On the 2nd of May, 2017, LOGIC Consulting hosted its 15th Executive Talk as part of its ExecTalk Forum. This talk was held to gauge the importance of chairmanship to the success of the board. Experienced Chairmen from companies representing various industries participated in the event and shared insights on the importance of the role, its opportunities, obstacles, challenges and its perception in the business community.



INSIGHTS ON:

- Chairperson Development
- Agenda Setting
- Succession Planning
- Chairperson-CEO Relationships

DOES A CHAIRPERSON NEED TO PERSONALLY DEVELOP ?

Chair people are encouraged to continuously develop their knowledge and stay up-to-date with the local and global business trends, specifically the ones pertaining to the organizations they Chair. They are expected to keep up with technology and to develop the skills to look ahead and anticipate future changes. Interacting with different industries and people from diverse cultures exposes chair people to many experiences that will help them better serve their organization.

"A chairperson can't develop his people, if he doesn't develop himself first."

-Chairman of a leading pipe manufacturing company.

WHY IS AGENDA SETTING SO IMPORTANT ?

Is the agenda's importance being blown out of proportion? Actually not... *how is the agenda best set? who should set it? which topics should be included? and how is it best managed?* are critical questions to be considered. The agenda is the Chairperson's responsibility, and not the CEO's. The Chairperson has a broader view of the business environment, and its external factors, and a closer relation to the Shareholders. When the Chairman takes charge of the agenda, he limits the operational topics that the CEO may wish to include, hence focusing the attention of board members on strategic topics rather than operational ones. A Chairperson prioritizes topics on the agenda and allocates specific durations for their discussion, to ensure all topics are covered with adequate depth according to their relative importance.

WHY SHOULD THE CHAIRPERSON DRIVE SUCCESSION PLANNING (SP) ?

Succession is a key success factor for business sustainability, it ensures having a second-in-line to take over in unexpected circumstances, thus keeping the business running with minimal disruptions. A Chairperson's responsibility is to establish the importance of SP by consistently asking for its reports, calling for its review, and ensuring its ongoing implementation.

After years of neglect to consider succession planning an integral part of sustainability, it's about time corporate leaders started focusing on passing the baton. A smooth CEO transition, can be the difference between successfully moving a company into its next phase of success and any number of disasters, ranging from productivity losses to losing shareholders' confidence.

WHAT IS THE "HEALTHY DISTANCE" BETWEEN A CHAIRPERSON & A CEO ?

The thin line between a CEO and a Chairperson is often blurred in many organizations, which leads to an overlap of responsibilities and possibly creates conflicts between both

parties. This manifests into a decrease of the organization's productivity and efficiency; thus, establishing a clear line between a CEO and a Chairman is necessary to ensure an organization's success.

"I believe that our success rests solely on keeping the space between ownership and management very clear."

- Vice Chairman of a company in the Security industry.

One of the factors that affects where the line is drawn is whether the organization has an established Corporate Governance system, is currently in transition to Corporate Governance, or is fully managed by the owners of the organization. The more institutionalized an organization is, the clearer the roles between the Chairman and CEO are. If an organization is still in its transition phase moving towards Corporate Governance, it is likely that the newly appointed CEO and Chairperson are closely involved in the business where they get acquainted with their new positions in a gradual manner. When both the CEO and the Chairperson are fully involved, with no segregation of duties, the line is practically non-existent.

FINAL WORDS

In brief, the Chairperson's leadership abilities are pivotal for the recurring success of board meetings. Their business acumen, professional behavior, influential communication, wisdom and overall charisma are the drivers to get board members to willingly and enthusiastically offer the full value of their expertise. That; however, is easier said than applied, but with the increased focus on Corporate Governance, and the growing belief in the importance of boards for improved company performance, the effective role of the Chairman is receiving more and more attention. There are multiple forums held locally, regionally and globally to highlight the vitality of the role, its challenges and the development initiatives that the Chairperson may enrol in to further improve his/her profile. LOGIC is leading initiatives, and periodically hosts events to maintain the exchange of ideas and topics in this domain.

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