

Board Talk

WELCOME

As a firm we are proud of the work we do in the boardroom. Whether we are advising our clients on their board structure, appointing chairs and non-executives or leading board reviews, this work continues to play a leading role in our firm.

I am conscious whilst many of you will know us well through the work we do across a wide range of sectors; some of you will know us less deeply. Recently I have been thinking about this community and how it might be useful to communicate with you on a regular basis about what is going on in the board world. I am minded to send this out on a quarterly basis and would welcome your thoughts on any of the topics raised.

I hope *Board Talk* proves some interesting food for thought for you. For my own part, we are finding an increasing part of our own board practice is focussed on carrying out reviews. It would be interesting to talk about what we're learning next time – if you have any thoughts please get in touch.

Personal regards,



Stephen Bampfylde
Partner, Saxton Bampfylde

IN THIS EDITION



TALK THE TALK, WALK THE WALK

Interview with Sir Ken Olisa OBE



THE MAGIC ON MINISTRY

A first timer's guide to the public sector non-executive role



BOARD APPOINTMENTS

A selection of recent non-executive appointments Saxton Bampfylde has recently advised on



ASK ALANAH

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TALK THE TALK, WALK THE WALK

Interview with Sir Ken Olisa OBE
Founder and Chair of Restoration Partners

Can you share with us an insight into why you choose the non-executive work that you do? Or does more of it choose you?

I have reluctantly reached the conclusion that there are very few advantages of late middle-age: being able to limit my roles to things which interest me is one of the few remaining! I appreciate that this luxury is probably not available to people just starting out on their non-executive careers but hopefully my circumstances give them hope!

Essentially my reasons for accepting any appointment are broadly the same for both business and not-for-profit boards. Firstly the organisation

has to have a clear mission and one which resonates with my own interests. Secondly, I have to like the people and culture. And thirdly, my ideal appointment is to the board of an organisation that is facing significant challenges. I like to feel that I am doing something of value rather than merely being there.

In my for-profit roles, I lean towards those led by driven, often idiosyncratic, entrepreneurs as I feel a deep sense of empathy, and indeed solidarity, with someone who has started out with very little other than an obsession with changing the world – or at least the way it works. For larger companies, such as the UK board of Huawei which I

have just joined or ENRC from which I was spectacularly ejected some years ago, I choose those where I feel I have something substantial to offer. Specifically, my background in international business, corporate and entrepreneurial cultures and technology disruption can assist in getting the best out of being in Britain to mutual advantage.

For my not-for-profit work, I am attracted to organisations with steep strategic hills to climb and which connect with one or other of my passions. Although I cut my teeth on an NHS Trust board, I discovered the joys of thoughtful social change as a founding member of the Postal Services Commission

which ended Royal Mail's monopoly. My not-for-profit ENRC-equivalent experience came as an inaugural member of the Independent Parliamentary Standards Authority (IPSA) charged with ending the MPs' expenses scandal; something I saw as an opportunity to serve the nation's interests without engaging in party politics. Away from quasi-government work, my third sector roles are all focused on my passion for social inclusion. Currently I chair Shaw Trust, a top 20 charity focused on providing people with the wherewithal to gain self-esteem through the medium of employment.

Perhaps I can summarise my answer by saying that when I'm asked to advise others on choosing a non-executive role I emphasise the need to feel alignment – a sense of comfort with the organisation's people, culture and objectives.

Considering your own experience, how do you know that you have made the right decision in joining an organisation's board?

Due diligence is key. In the past, if I have made a mistake and joined a board where, for whatever reason, I haven't been able to make a difference, it has been because I have failed to dig into the details of the people, culture or objectives. Perhaps I have fallen in love with the CEO's energy or been excited by the corporate vision only to discover that the CEO was a blowhard or that the inspirational 'vision' had been written by an external consultant and had no real buy-in beyond the interview panel. Before joining a board, you need to be clear that the alignment with your own passions and interests is true and that the people are genuine. It is also, rather obviously, important to consider the state and prospects of the organisation before joining the board. It would be foolhardy to go on to a board of an organisation that was about to go bust, unless of course you were explicitly recruited to save it.

On the other hand, how quickly do you think one would know if the board didn't feel right? How should this be handled?

There is not an easy answer to that. The board flavour can change instantly if the make-up of its

members changes. Everything can be going along swimmingly and then a new Chair or CEO or SID or acquisition offer arrives and everything changes. In the past I have found myself in an important argument round a board table and realised with horror that irrespective of the merits of the argument, I am in a small minority – sometimes a minority of one. With that isolation comes the realisation that whether I am right or wrong, I have lost my ability to influence events. At that point, it's time to plan your departure. Importantly, the reasons for being in that minority will influence the manner of your parting: whether you choose to step away noisily or quietly.

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Sadly, I fear that my personal reputation is as someone who doesn't go quietly. This is unfair! Over the years, I have served on dozens of boards and with most of them when I have arrived at my sell-by date I have indeed gone quietly. But I'm not afraid to make a noise when it has been important to do so.

As I say that, I can hear the “tut tuts” of colleagues who subscribe, in all circumstances, to the Captain Oates theory of departure – stepping out of the tent quietly never to be seen again. Sometimes that is appropriate, but sometimes it is absolutely wrong. Board members are the holders of an organisation's conscience. If, as an independent director, you believe that what the others are doing is not in the best interests of the organisation's stakeholders, as the privileged keeper of the values signed up to by the employees, customers and shareholders, you must speak out. I have nothing but contempt for non-executive directors who, having seen something heinous, take cover in the undergrowth in an attempt

to protect their own reputation with never a care for the principles at stake.

Quite simply, what are the board and Chair there to do?

I think a board has three fundamental responsibilities. Firstly – to ensure that the company or organisation has a strategy; secondly – to ensure that the strategy is being implemented to the best of its ability; and thirdly – to ensure that an organisation is conforming with all the laws and regulations to which it is subject in its different jurisdictions. The job of the Chair is to see that the board achieves all three.

Should training and skills development be undertaken to ensure that a board functions as well as possible?

If a board is properly constructed then all non-executives should arrive trained and skilled in their areas of professional relevance. That, after all, is why they have been selected to be on that board. Each director then carries a personal responsibility to keep their skills up to speed. However, where there is a collective need for further training, for example a change in the law or regulation (GDPR is a case in point here) there may be a need for some specific technical training.

Relationship development is a different subject however as this has to do with human interactions. A Chair's job is to find ways to maintain and strengthen the bonds between board members so they are acting as a unitary entity and not as individuals. Strategy execution and its operating environment change constantly, testing the strength and cohesion of those bonds. Informal get togethers and formal away days are examples of useful bonding techniques.

How do UK boards differ from those in other geographies?

The basic operating principle of the UK governance culture is that we are principles-based and not rules-based. This differs from the governance structure of almost all other countries who favour adherence to clear rules over the intellectually challenging exercise of conforming to principles.

Experience shows that there is clearly a natural tendency in the human condition to try to express every aspect of life as a rule. This is because, prima facie at least, life is much easier if you are told what to do and what not to do. You either comply or don't comply. But at the limit this is patently anti-competitive. If every business had to operate in exactly the same way, there would be no possibility of advantage. Governance would become synonymous with compliance.

Brilliantly, the UK has struck out on its own and eschewed the compliance model, requiring instead that companies comply or explain their decision not to follow a specific governance guideline. In Britain, the board of a FTSE100 company can do whatever it thinks is in the best interest of an organisation, subject only to providing an explanation to their shareholders. I think 'comply or explain' provides the magical differentiation between us in the UK and most of the rest of the world's markets.

It is therefore a matter of great regret to me that so few boards take advantage of the freedom which comply or explain provides. Instead, they fall into the trap of seeing governance and compliance as meaning the same, with the result that the Annual Reports of so many major enterprises are indistinguishable from one another.

The reason for this is that far too many boards consist of a majority of what I call 'ballast' directors – individuals who see their role as being to maintain stability and to prevent any rocking of the boat. That naturally leads the group to think less creatively and therefore to the death of innovation and risk.

To what extent is candidate diversity an issue when recruiting for board members?

'Diversity' is now being used as a collective noun for gender, ethnicity, race, disability and sexuality, plus other aspects of humanity. As a consequence, it has lost its true meaning, namely a wide range

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of experiences, approaches and appearances. Indeed, the other day I heard a senior business leader celebrating the recruitment of a “seriously diverse” person (he meant a black lady!).

The reason for this is that diversity is seen as a question of social justice: we should take away the barriers and employ more women, BAME people, non-heterosexuals, etc.

While this is a wholly noble objective, it totally misses the point. Diversity is a matter of competitive advantage. If the culture of an organisation doesn't reflect its customers, supply chain, staff and, where relevant, its regulators, it will find itself at a competitive disadvantage versus those which do. Boards should by nature be diverse and therefore candidate diversity must be a priority when recruiting board members.

For me, true diversity is a simple competitive advantage no-brainer. Obvious though it is to me however, I concede that it is only a fairly recent recognition for many. Where diversity is concerned, we are on a journey which still has a very long way to go.

How important and feasible is it to keep good governance at the heart of a board's mission?

I am severely distressed that 'governance' has become an objective in its own right. I see good governance as being a bit like good personal hygiene – it is something you have to do to make everything else work. The principal focus for an organisation must be its strategy. For a strategy to be implemented effectively, an organisation must be well-governed – i.e. the moving parts

should be moving effectively. If there is no strategy then by definition the governance is ineffective.

Increasingly in the UK, good governance is being equated with good compliance. As I said earlier, one of a board's obligations is to comply with the relevant laws and regulations. But this is just one of the directors' obligations. Good governance and compliance are not the same thing.

What makes a successful executive / non-executive relationship?

The answer is quite simple: complete alignment behind the mission to deliver the organisation's strategic objective. A true mission is exhilarating – think of Kennedy's declared intent to get a man on the moon and back again by the end of the decade. If everyone in an organisation is committed to a true mission, alignment and therefore a successful exec/non-exec relationship are practically guaranteed.

With the establishment of Restoration Partners, your focus is on helping entrepreneurs to deliver success. In this context, how important is the board and what should the priorities be?

In principle, an energetic, early-stage business' board isn't different to any other. They need to execute a well-crafted strategy just as much as an established behemoth must. And they obviously must adhere to the laws of the land. Perhaps the only substantial difference has to do with leadership as it is quite usual on young entrepreneurial boards – from Amazon to yesterday's start-up



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– for the founder to be the chief executive. This affects succession planning radically: while it is generally a safe assumption that an outside chief executive will probably move on to the next job within two to three years, a founder will typically throw themselves, body and soul, into the organisation for the long term.

At Restoration, we work at the interface between large established companies and young entrepreneurial ones. They tend to display two distinctly different management cultures. The first of these, which I term CALM – Change Averse Line Management – exists in the realm of established businesses powered by their historical momentum. Think aircraft carriers. The CALM operating environment is fixated with the past where decisions are made based on comparisons with the previous year and management oversight is exercised via quarterly reviews. Compare this with the culture I label MAD – Mission Addicted Disruptor – where the internal rhythm is likely to be fired by a founder/entrepreneur

who is obsessed with future victory. Think fighter pilots!

Restoration Partners has insights into the modus operandi of both and it’s obvious that the way a board positions itself around a CALM executive and a MAD executive is going to be quite different. However, they share a need for strategy, execution and compliance.

Considering your own board experience is there one person whom you admire most?

I have been lucky to serve under some stellar Chairs. Graham Corbett at PostComm, Sir Ian Kennedy at IPSA, but without a doubt the stand out is Niall Fitzgerald who was Chair of Reuters. I learned so much from him and I really enjoyed being on his board. It wasn’t always positive, but any disagreements were always undertaken with the objective of improving the culture and value of the business. Even now in a difficult juncture at a board meeting I find myself asking “I wonder what Niall would do now?!”

Would you share your future ambitions for board work – a wish list if you like?

I approach this question from a position of massive privilege. I am Chair of Shaw Trust which has grown to become one of the UK’s largest charities while I have been fortunate to be a Trustee. I am Chair of Interswitch, Africa’s biggest Fintech unicorn which, unlike almost every other company to earn that label, is profitable! And of course,

as I mentioned earlier, I have just joined the UK board of Chinese telecoms firm Huawei. Being based in so-called emerging markets, the boards of Interswitch and Huawei face fascinating challenges as they wrestle with the threats and opportunities of Brexit.

Another rich source of threat and opportunity is what I call the ‘Age of Disruption’ – an environment in which every business is facing a set of existential threats from tech-powered assailants. Think of what Amazon, Uber and Airbnb have done to high street retail, ground transport and lodging. Implementing an effective strategy to defend your business against these threats and to take advantage of technology’s potential must be the first responsibility of any board. I would like to be a member of, or even lead, one or two of the UK’s blue-chip companies seeking to profit from this Age of Disruption before I pass my sell-by date.

My ideal appointment would be to a board that thrives on robust evidence-based debate and rational argument in pursuit of a world-changing strategic objective. Sadly, I fear that there are very few of those around, instead it would appear that the typical modern board is populated by what I have earlier called ‘ballast’. Directors who see their priority as being to minimise risk and who equate good governance with good compliance.

But I am an optimist and a technologist, and a little bit of me hopes that opportunity will come knocking when the ballast NEDs are replaced by an app! **B**

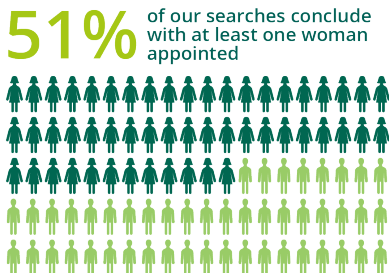
BOARD APPOINTMENTS AT A GLANCE



We have been delighted to have worked on the following Board appointments:

- **Margaret Casely-Hayford CBE⁽¹⁾** appointed as Chair of Shakespeare's Globe
- The **Rt Honourable Douglas Alexander⁽²⁾** appointed as Chair of Unicef UK
- 3 appointments to the board of a leading private equity-backed health organisation
- **Baroness Julia Neuberger** appointed as Chair of UCLH
- **Vindi Banga⁽³⁾** appointed as Chair of Marie Curie. We are also delighted to have partnered with Vindi on the appointment of Marie Curie's new Chief Executive
- **Michael Queen** appointed as Chair of the University of Surrey
- **Lorraine Baldry** appointed as Chair of Sellafield Ltd
- **Robert Peston⁽⁴⁾** appointed as Chair of Hospice UK

Since humble beginnings we have always taken representation and diversity very seriously and were recently pleased to find that over the last year we have had 4026 conversations with women on non-exec appointments, which has resulted in the following:



NON-EXECUTIVE OPPORTUNITIES

If you are considering a non-executive role visit our website to see a selection of the latest opportunities which we are advising on.

www.saxbam.com/candidate-opportunities

THE MAGIC OF MINISTRY

We are often approached by people considering making the leap to join a public sector board. Coming from a commercial background this can feel like a big shift, both in actual governance expectations and in the cultural feel of the board. If you are considering joining such a board then you may be interested to read the latest work produced by our Government Practice *'The Magic of Ministry: a first timer's guide to the public sector non-executive role.'*



Get in touch if you would like us to send you a copy or visit our website www.saxbam.com/magic-of-ministry

THE VIEW FROM ATLANTA

You may be aware that Saxton Bampfylde is a founding member of Panorama, the global partnership of executive search and leadership advisory firms. We most recently hosted our European partners as we welcomed new members on board as part of our enlarged footprint that now includes France, Germany, Denmark, Spain, the Baltics and further afield. Our partners right around the world have a substantial practice making placements on boards.



Our friends at Boardwalk Consulting in Atlanta have written a great deal on this subject. A particular article I enjoyed from Founder, Sam Pettway, covered *'Five questions every CEO and Board Chair should address – together.'* **Read Sam's article on BoardWalk's website** www.boardwalkconsulting.com/all/five-questions-every-search-committee-should-ask-of-its-candidates/

ASK ALANAH



Our very own Board Practice group secretary Alanah Mortlock joined Saxton Bampfylde in 2017 and brings particular expertise in diversity having studied Gender for her Masters at The London School of Economics and Political Science (LSE). We asked Alanah what her key takeaways were from her studies on diversity.

"Without doubt, the thing that has stuck with me most is the importance of representation: in politics, in the media, in business leadership, how vital it is for communities to see themselves and their interests reflected. It is easy to minimise representation to simple optics, and become cynical about the need for things to "look right". However, research consistently shows that making marginalised groups more visible in public life positively affects those communities, and more broadly helps combat prejudice in society.

"My other key takeaway is to be open to learning from others, and to be willing to have your perspective challenged. Learning is a continual process and we often can't know what we don't know until we are told, especially as relates to someone else's life experience. It can be difficult to accept that our previous behaviours or beliefs were potentially damaging, but for most people this is due to a lack of information. If you stay receptive to the knowledge of others, and actively seek information about topics you feel ill-informed on, your opinions may be challenged, but you may find they are improved."

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