

## ARTICLE

# The path to the chair: Insights from FTSE 100 chairs on finding—and succeeding in—a chair role

The demands of public company chairmanship have grown exponentially. Discussions with a number of serving chairs offer insights on how to prepare for the role.



Twenty-five percent of current FTSE 100 boards have first-time chairs.

The demands of chairmanship have grown exponentially over the past two decades. It was traditionally seen as a modest commitment, often either combined with the duties of the chief executive role or as a reward for having served in that role. Even when held on an independent basis, the position was substantially passive and reactive.

No longer.

The role of chair has been greatly professionalized since and now occupies a central role in the governance and leadership of a company. It is a heavily scrutinized position, now requiring a real investment of time, energy, and effort. And it is one for which more boards are reaching far beyond traditional sources.

As the job has become harder and more demanding, aspiring chairs should be more thoughtful about taking it on. There is much that those aspiring to the chair role should do to make themselves aware of the demands of the position and ensure their skills and experience are appropriate.

Based on numerous discussions with public company chairs and our own research<sup>1</sup> on the route to the chair role for first-timers, we offer recommendations for laying the appropriate foundations for a successful tenure in the chair's seat and for newly appointed chairs to ensure they land well.

## Know thyself ... and how others see you

Aspiring chairs should be sure to test their motivation. The role carries many of the challenges, frustrations, and exposure of the role of a senior executive for a fraction of the reward. "You need to really want to do it," said one chair.

Underestimating the dimensions of the role is an easy but dangerous mistake to make. As one chair noted, "Being a non-executive director allows you to go home at night. Being a chair needs even more time commitment than I expected. You need to be prepared for almost anything."

Another added that the role is not to be undertaken lightly: "You should feel the burden of the role—you are accountable."

For first-timers who are still in or newly retired from executive roles, there are additional considerations. In the words of one chief executive turned chair, "Be really clear you are giving up your executive career—if you still want to be an executive, don't do the chair role, because you'll be a pain in the backside. Work your 'CEO-dom' out of your system."

Another added, "It's that whole thing about not being an executive anymore. In executive mode, the message is, 'Here's the decision and here's why.' In chair mode, it's, 'Here's a decision we have to make; what do people think?'"

But it's not enough simply to want and feel up to the role—chair candidates' future board colleagues must also see them in this light. This may be achieved via effective board committee leadership (more later) or by having a style, demeanor, and ability to influence that establishes their credentials as a future chair.

Some open and honest conversations with colleagues, the current chair, and contacts or mentors outside the boardroom about areas for development are an important part of the puzzle.

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<sup>1</sup> The research was conducted as of March 2023 and includes the 93 chairs that held the chairmanship role in FTSE 100 companies.

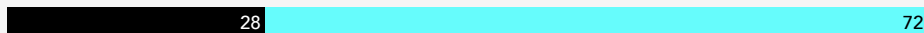
## Understand how different routes create different dynamics

Many of the internally promoted chairs we spoke to said that their greatest challenge in taking the role was to put their stamp on the role in ways that may be different from the board's expectations.

### First-time chairs are often internal appointments

■ Internal appointments ■ External appointments

#### All chairs



#### First-time chairs



A key factor in the journey to the chair role is whether a candidate was already a member of the board or joined from outside straight into the chair or chair-designate seat. Our research shows that 72% of the current FTSE 100 chair appointments were external appointments, versus 28% who were internal. When it comes to first-time chairs, the proportion of internal appointments is higher: 48%.

The chair's starting point will influence the power dynamics in the boardroom. An internally promoted chair is likely to have good knowledge of the business, the personalities in the room, and the challenges. Both boards and internal candidates will enjoy a sense of knowing what they are getting from the relationship.

One chair, recalling his promotion from non-executive director to chair shortly after leaving a full-time executive role, said, "It helped to have been an internal non-executive director before I became the chair. It gave me time to get to know the business and the people and helped give the board reassurance, especially in allaying fears that I would be too executive."

An external appointee, by contrast, will be expected and will want to invest additional time in induction, site visits, and relationship building.<sup>2</sup> In many cases, there will be uncertainty about board dynamics in the first few months, as roles and ways of working are negotiated and the chair establishes themselves as the leader of the board.

But it would be wrong to assume that an internal appointment is the more predictable choice. Many of the internally promoted chairs we spoke to said that their greatest challenge in taking the role was to put their stamp on the role in ways that may be different from the board's expectations.

One chair added: "I was clear that things were going to change."

Another said, "Spending more time with the chief executive [dedicated to] how we were going to work together would have been well advised. Because I was an internal appointment, the chief executive had a very clear expectation about how I would do the job, which wasn't necessarily aligned with my own. It took time to recognize that the board may not be in the same place as I was." (And chairs may find they need to adjust to CEOs' ways of working as well; more on this in the next section.)

<sup>2</sup> This process can be similar to that of any new external board member, though with even greater consequence. For more, see Alice Breeden and Bonnie Gwin, "A look at leading board chairs today," Heidrick & Struggles, [heidrick.com](https://heidrick.com).

## Know the stepping stones to chair

Sixty percent of first-time FTSE 100 chairs have prior committee chair experience.

There is, inevitably, a hierarchy to the board, which is led by the chair and followed down the ladder by senior independent directors, committee chairs, and non-executive directors. Portfolio directors with ambitions to become chair are likely to seek to work their way up this ladder over time.

Most chairs we spoke to believe that committee chair experience is an essential precondition to taking the top job. One said, “You can’t go and chair a board if you haven’t chaired a committee. It’s essential preparation for learning the many dark arts of being a chair.”

For those with a finance background, a path to the audit chair seat is an obvious and likely direction of travel. Meanwhile, directors who are not qualified to chair the audit committee more often opt to build remuneration committee experience with a view to chair it in time. This seat offers a leadership position on the board, helps to build a constructive relationship with the chief executive, and develops key chair skills. As one chair noted, “Chairing remuneration is all about people—your emotional intelligence gets tested.”<sup>3</sup>

Our research shows that 60% of current first-time FTSE 100 chairs have prior committee chair experience. More than a quarter have previously chaired a board audit committee, and just less than a quarter have chaired a remuneration committee. Twenty-four percent previously chaired another board committee, including those dedicated to sustainability or risk, for example. Those other committees, as well as the role of “designated” workforce non-executive director, offer leadership roles on the board. But for now, audit and remuneration are by far the most frequent committee chairing experiences that build toward a chair role.<sup>4</sup>

The path from senior independent director to chair of the same board is potentially fraught. On the one hand, as the most senior of the cadre of independent directors, the senior independent director could be seen as a natural successor to an incumbent chair. On the other, the senior independent director’s role is to counsel, serve as a confidant, assess the performance of the chair, and lead the process of chair succession—which can create a conflict of interest.

This explains our finding that, while 28% of first-time FTSE 100 chairs have previous senior independent director experience, only 12% had it on the same board as their current position.

## Build the softer capabilities

In his famous analysis of the US presidency, historian Richard Neustadt noted the inherent weakness of the role. His conclusion: presidential power is not the power to direct but “the power to persuade.”

Many chairs will empathize with this statement. One chair said, “A lot of the chair role is about emotional intelligence and understanding what is not being said. You just get better at that side of the role with experience.”

A second spoke about the art of the open question as the way to begin productive debate. He said, “I’m a ‘nudge chair.’ The nudge method is extremely important—why have we done this? Have you thought of that?”

And in addition to coach, mentor, counsel, and a source of challenge, a chair sometimes needs to be a cheerleader. One chair was surprised by “the sensitivity of the non-executive directors. I’m surprised how often I need to make them feel they’ve done a good job.”

<sup>3</sup> Other directors have echoed this advice over time. For example, see Bonnie Gwin and Jenni Hibbert, “Leading from the chair: Shriti Vadera on the journey to the boardroom,” Heidrick & Struggles, [heidrick.com](https://heidrick.com).

<sup>4</sup> Kit Bingham, “FTSE 100 chairs: Comparing first-timers and experienced peers,” forthcoming on [heidrick.com](https://heidrick.com).

For many first-time chairs, especially those fresh from executive life, an important though potentially tricky skill to learn is the art of letting the debate run without first airing their own stance. Asked how he became such a good leader, Nelson Mandela reportedly replied, "Because I learned to speak last."

Most individuals reaching the point at which chairmanship is a realistic option will be quite set in their ways, with commercial instincts and an interpersonal style developed over a couple of decades or more. Therefore, having the confidence and humility to learn and continue to develop new people skills may be one of the most important insights we heard.

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## Nurture a strong relationship with the CEO

Once in the role, building a successful, trusting relationship with the chief executive lies at the heart of chairmanship. That means that investing time, effort, and thought into the chair-CEO relationship is central to any chair's role. One chair said, "Know your CEO. That's the single most important piece of advice to someone coming in."

Another chair added that there may need to be an adjustment in working styles: "I used to squeeze my chief executive into a short, regular meeting because that is what I preferred when I had that role. I realized I was trying to chair my former self. I had to adjust so that I fit into the chief executive's way of working."

The rhythm and cadence of the engagement between the CEO and chair will vary from company to company and depend on the natures of the people involved. For some, it may be a weekly call or meeting. Other chairs don't schedule regular catchups, trusting the chief executive to contact them when there's important information to communicate.

The content and quality of the conversation is the most important element. As one chair suggested, "Be sure to focus on the substance, not the process." Chairs need to make sure the right issues are being raised in a timely fashion, the discussion is substantive, and no unpleasant surprises are in store. In short, they must have absolute confidence that they are being provided with all the information necessary to do their job effectively.

"Remember that the CEO is the boss, and leave your ego behind."

Importantly, effective chairs will also recognize the boundaries between the roles and responsibilities of the chair and CEO. One chair told us, "The chief executive is the hero. I don't need to get the headlines." A second made the same point, saying that a key early lesson of chairmanship was to "remember that the CEO is the boss, and leave your ego behind."

Chairs must also remember that, however influential they are, they cannot assume to know the full board's view. Particularly in fast-moving, high-impact situations, the chief executive needs the reassurance from their chair that the board as a whole is behind critical decisions. "You'd better make sure you know where the board is in those situations," said one chair.

Of course, the chair-chief executive dynamic is influenced by many factors, not least the question of who got there first. A chair who has led a chief executive recruitment process is likely to have a different relationship with that person than with a long-tenured chief executive.

One chair recalled joining the board of a business with a notably successful and long-serving chief executive: "In retrospect, I would have been more demanding and assertive."

Such an approach is not incompatible with a new chair establishing themselves as a useful partner for the chief executive. As the chair and chief executive set about building an effective working relationship in the first months, one chair offered this advice: "Find the thing they are struggling with and help them."

## Conquer the first board meeting

"You're actually terrified," said one veteran chair, recalling the first few board meetings he led.

For some, the pressure of leading a high-quality meeting never quite goes away. One said, "It doesn't matter how long you've been a chair—every meeting is a new board." This individual added, "The night before every board meeting, I think about how I'm going to play it. How am I going to handle this group of individuals to get the most out of them?"

For one chair, the key feature of taking on the role was "learning to listen." Another said, "You've got the title"—in other words, a high degree of authority is already conferred; an effective chair doesn't need to throw their weight around to establish their importance.

Another said, "When you start as chair, you have a tendency to try to control the outcome. [But] what that does is close down the conversation. You've got to let it go a little bit. Don't be afraid of being challenged."

A third added that the role of chair was about "creating the space so that people are contributors, not order takers."

Another summed up the primary responsibility of the role as "to get the board to a decision—it may not be the decision you would have made, and that can be painful. But the chair should never feel bad about the choice the board has made."

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## Review and revise the board agenda

"In my first year," said one chair, "I spent a lot of time sorting the agenda and the calendar. As a board, we agreed what the five big issues were, and we focused on those. It's easy for the board's time and attention to get scattered—decide on a small number of critical issues and focus on those."

Another said, "You might have eight board meetings and a strategy day, so you're in discussion together as a group for maybe 30 hours a year. You've got to make sure you use that time wisely. What are the three to four items that really matter and that we all agree we need to talk about over the next year?" This chair has an annual routine whereby, at the start of every financial year, he asks his board members to send him a short statement (one sheet of paper) on what they think the key issues are for the coming year and hence the topics on which they'd like the board's time to be spent.

He said, "The outliers are interesting, but there are usually some common themes. It shows respect to your board and allows you to talk about the things that matter. There's nothing worse than getting to the end of the year and a director saying, 'but we never talked about issues X, Y, or Z.'"

But there is also an element of the chair's prerogative in shaping the agenda. One chair said, "What I was very clear about was that I needed to work out what my agenda was. As chair, you have the opportunity to put things on the agenda that might otherwise not get on to it."

**"Board agendas get packed—you've got to learn to step away from the schedule and let the discussion run if you're having a productive debate on an important subject."**

As important as the agenda is, one chair warned against becoming a slave to it: "Board agendas get packed—you've got to learn to step away from the schedule and let the discussion run if you're having a productive debate on an important subject."

## Influence beyond the boardroom

The chair's role does not stop at the boardroom door, nor does that leader's effectiveness rely solely on creating the right relationships with the chief executive, management team, and other board members.

One chair said, "A lot of the role is about managing stakeholders. Learn their language and what they are looking for." A second added that the role had evolved significantly in recent years as external scrutiny has grown. "What has become more obvious is the stakeholder dimension," she said.

Finally, recognize the public, ambassadorial aspects to the position. One chair advised, "Coach yourself into being a public speaker—as a chair, you're on your feet a lot."

The professionalization of the chair role has translated into a bigger step up from the role of a non-executive director and even senior independent director into the role of chair. That has deep implications for both companies and aspiring chairs. Companies have put more rigorous processes in place to search for and assess potential chairs, and prospective chairs have to make sure they have the right motivation, background, and skill sets to not only be appointed in their chosen role but also set themselves up for a successful tenure.

### Seven recommendations for laying the appropriate foundations for a successful tenure as board chair

- 1 Know thyself ... and how others see you
- 2 Understand how different routes create different dynamics
- 3 Know the stepping stones to chair
- 4 Build the softer capabilities
- 5 Nurture a strong relationship with the CEO
- 6 Conquer the first board meeting
- 7 Review and revise the board agenda

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