



The changing role of the chair – the Irish experience

September 2022



Introduction – adapting and evolving the business

With the tumult of the last few years behind us and further uncertainty ahead, business and society need strong hands at the helm now more than ever. For business, the chair of the board is uniquely placed to play a critical role in how businesses evolve: shaping, guiding, and questioning as they navigate the unfamiliar waters.

For the past four years, Deloitte has sought to explore the evolving role of the chair, bringing together interviews, roundtable discussions and surveys of more than 300 board chairs in 16 countries. You can read more about the results in [the Global report](#).

The Irish perspective has been included in the global report, however we felt it would be useful to separately share this Irish insight because of its potential value in sparking fresh conversations amongst boards on the changing nature of their roles as they support the development of effective strategies to help their organisations thrive in the altered economic and competitor landscape now facing us, and to ensure resilience in the years ahead.

The views of Irish chairs at some leading Irish PLCs were sought to understand:

- how they approach their roles during a time of disruption and recovery;
- how they are addressing current and future challenges; and
- their advice for future directors and chairs.

Here we present their unique perspectives on the evolving role of the chair.



Role play: how the board works, and how the chair differs

The consensus from our group of chairs is that boards now focus mainly on strategy, people, and purpose, with most time spent addressing strategic issues. This has led to the view that board reports need to change. Executive teams need to spend time distilling large documents into shorter “must read” summaries, tailored to suit what the board considers to be important.

Whereas a board member’s role is to observe and provide perspectives whilst also remaining somewhat detached and impartial, the chair needs to be closer to the management of the company, to act as an effective bridge between the executive team and the full board. As a result, the relationship with the CEO is a key part of the chair role. The consensus is that the role has three key elements:

- to be the confidant of the CEO;
- the conduit between the CEO and the Board; and
- a key influencer of the company strategy, working with the Board and CEO.

Our group pointed out that the role of the chair can vary by geography and may be more or less public facing.

As our chairs looked back over the past two years, they spoke of the long gaps between in-person board meetings. The upheaval led to some chairs or board members extending their involvement to help steer boards through the challenges.

The disruption to office-based work also made it more difficult for new board members to “get around the business” and really understand how the business operates and the issues facing management.





Adjusting to the 'new normal'

Our discussions highlighted lessons that have emerged from recent crises, such as the importance for chairs to challenge assumptions and be ready to respond quickly to a crisis. These lessons chime with the results from the Global Boardroom program report which identified five fundamental forces defining the modern chair's role:

- organisational governance needs more chair input;
- society expects more from business;
- climate changes forces business to respond;
- crisis leadership is becoming the norm; and
- board operations call for digital enhancement and agility.



Facing up to future challenges

The chairs highlighted several key challenges that Irish businesses face, ranging from inflation, energy costs and capital expenditure to supply chain management issues and labour shortages. Geopolitical events like Brexit and the Ukraine conflict are making their impact felt. Chairs believe that businesses need to reconsider all aspects of profitability: from their product range to the supply chains, they rely upon.



Climate change forces business to respond

The climate crisis is on the agenda as never before, and our chairs report an uptick in ESG activity over recent years in their businesses, while customers are becoming more environmentally conscious.

Investors are showing high levels of activism, and this, together with regulatory changes, is triggering a robust review of ESG reporting by companies. Our chairs say ESG is increasingly becoming part of the mainstream board agenda and they must help their companies understand that climate change is an integral part of business strategy. Many see it as key to managing risks, as well as an opportunity to drive innovation and unlock huge economic benefits.

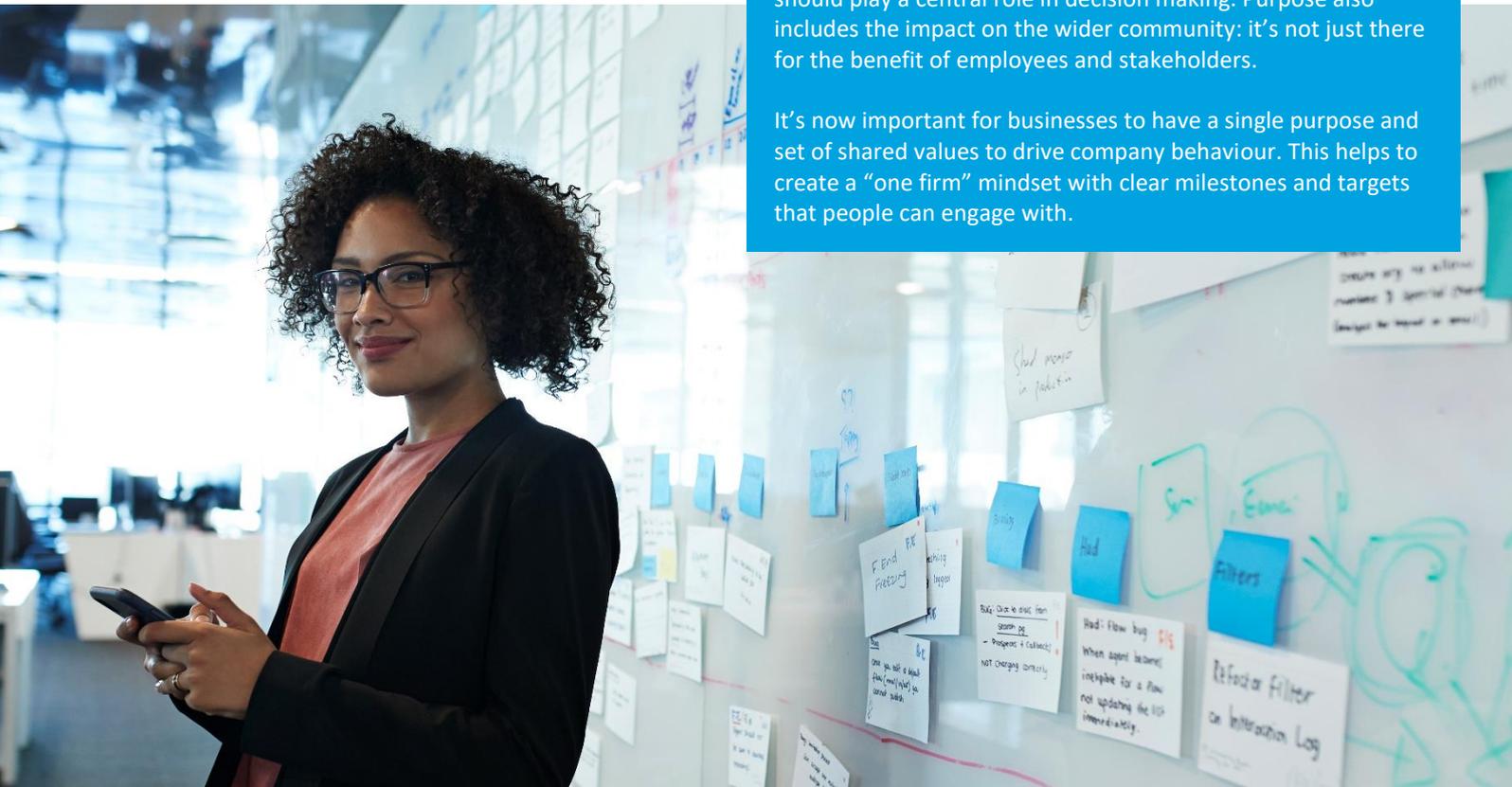
Chairs emphasised the importance of clearly communicating the actions their companies are taking with key stakeholders and investors.



Purpose takes prominence

According to our chairs, there's a growing emphasis on the language used around purpose to ensure it is meaningful and people centred. It's more than just a mission statement: it should play a central role in decision making. Purpose also includes the impact on the wider community: it's not just there for the benefit of employees and stakeholders.

It's now important for businesses to have a single purpose and set of shared values to drive company behaviour. This helps to create a "one firm" mindset with clear milestones and targets that people can engage with.





Advice for future Non-Executive Directors (NEDs)

The chairs we spoke with noted the significant difference between a non-executive director and an executive role. This distinction impacts how NEDs behave, build relationships and support those around them. Serving as a NED means being conscious of wider perspectives than management tend to focus on, requiring consideration of investors, employees, and shareholders as well as the impact on wider society.

It's essential for incoming board members to separate emotion from the decision-making process, and to leave egos at the door which can be toxic in the boardroom.

While there was agreement that boards should foster diversity of skills, industry backgrounds and different career paths, our group felt immediate moves to adopting quotas would not be helpful due to the current lack of a large enough pool of suitable candidates.

Other reflections on the chair role included the workload. Our group said, "it is a much tougher job being chair than people think – you really need to immerse yourself in the business especially at the beginning". Another perspective was the level of responsibility and the need to be on call during a crisis.

Our group recommends being a NED for at least three years before assuming a chair position. "It's helpful to have been a CEO before becoming a chair – but you need to be very clear that you don't want to be a CEO anymore".

The board need to be able to trust the chair to work closely with the CEO and to be able to bring the right prioritisation to issues coming to the board agenda.

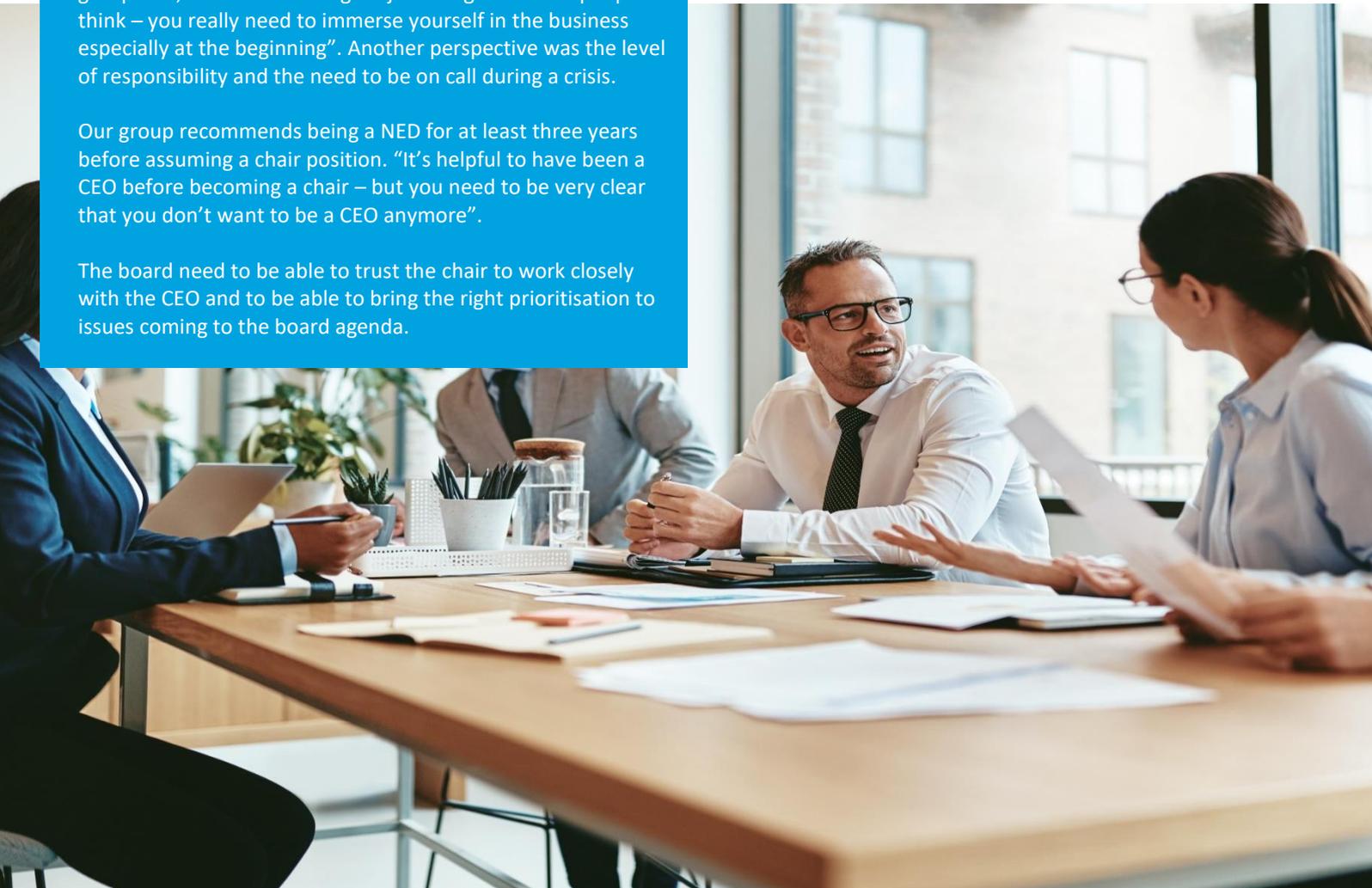


In closing

The business climate may be uncertain, but some trends are very clear for chairs of the future: purpose is now the compass that leaders must use to guide their organisations. The connection between business and wider society is more important than ever with climate change considerations and a societal impact focus increasingly underpinning the decision-making process.

Our thanks to all chairs who took part in the research, and we hope the observations and experiences shared above will stimulate further debate and reflection among business leaders.

"The significance of purpose within an organisation, along with an understanding of wider societal concerns, is something we see as increasingly important to our clients. Chairs have a pivotal role to play in ensuring this wider perspective continues to underpin the future direction of travel for boards", Ciarán O'Brien, Chair of the Future partner sponsor.



For more information on our Non-Executive Director programme please contact the individuals below or [NEDs Ireland](#).



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