Chair of the Future
Accelerator of change

May 2021
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When we embarked on this journey late last year, I could have not imagined the support we would receive from so many leading Chairs and their willingness to participate in this project. I am very grateful to my fellow Chairs who made the time to share their experience and knowledge with us. We thank the contributing Chairs for their commitment to mentoring and supporting the Chairs of the Future.

Foreword

Welcome to the first edition of the Chair of the Future – South Africa. This report forms part of an international series of reports and is based on interviews with Chairs and non-executive directors (NEDs) of leading companies operating in South Africa.

When our colleagues in the United Kingdom (UK) released their first Chair of the Future report in 2017, the world was a completely different place. By the time I was appointed Chair of the Deloitte Africa Board in 2020, the world was in the midst of a global pandemic. Navigating this pandemic has probably been the greatest test of any leadership team and it has been no different at Deloitte.

The pandemic has shifted priorities. It has made us reflect on the way we run companies, particularly on the responsibility we as corporate South Africa have to society and our staff. It has shone the spotlight onto the many socio-economic challenges with which South Africa grapples, including high unemployment, and unacceptably high levels of inequality and poverty.

However, I am encouraged by the conversations we have had with Chairs of leading companies. I sense that these Chairs have a strong willingness, in fact, a sense of passion and purpose, to contribute to our society and to ensure that their skills and experience are passed onto the next generation of leaders to help them to build more resilient organisations and a just society. I was excited to hear strong commitments to skills development and talent development and enjoyed the frank conversations about diversity and social responsibility. These conversations made me confident that many organisations in South Africa are in good hands.

My goal for this project is to kickstart conversations about building and growing the Chairs of the Future. We at Deloitte are committed to support Chairs in building a platform that will allow them to identify, grow, and empower the next generation of leaders, and in driving excellence in the boardroom.

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I hope you find the Chair of the Future – South Africa useful and I look forward to your feedback.
Navigating uncertainty is a critical leadership skill. While organisations prepare for known and unknown risks, dealing with so-called black swan events is the true test of leadership. According to the World Uncertainty Index, global uncertainty has been relatively high for about 10 years. However, COVID-19 has pushed uncertainty to new levels.

"The pandemic has emphasised that the world has been ill-prepared although we were forewarned."

A key element of a black swan event, such as the global COVID-19 pandemic, is the increased level of uncertainty and ambiguity. As infection numbers have increased and governments across the world have introduced measures to deal with the pandemic, companies have had to continuously respond to this ever-changing operating environment, changing the demands on and the role of Chairs.

While certain changes to the role of boards and Chairs had already started to emerge prior to the pandemic, COVID-19 has acted as an accelerator of change. As much as COVID-19 has been devastating from a social and economic point of view, it has also acted as an accelerator, fast-tracking change, and having a major impact on board agendas, shifting priorities to areas previously regarded as “less important.”

"The Chair of the Future will need to manage two things: firstly, ambiguity and secondly, uncertainty."

While the Covid-19 pandemic is hopefully a once-in-a-lifetime event, it would be negligent and irresponsible for Chairs to assume that this is the last global pandemic or black swan event. Therefore, it is crucial that Chairs drive a culture of risk sensing and actively encourage scenario planning to increase the preparedness of their organisations to deal with future shocks and the impact of climate change.

"The Chair of the Future will need to manage two things: firstly, ambiguity and secondly, uncertainty."

Black swan events are increasing the pace of change and shifting priorities

World Uncertainty Index – 1990Q1 to 2020Q4

Source: Ahir, H, N Bloom, and D Furceri (2018), January 2021 update

Chair of the Future – South Africa 2021

Accelerator of change
Becoming increasingly hands-on

“What can go wrong with Chairs is that they may struggle to know where to stop and that they get too involved in day-to-day business.”

Given increased uncertainty, the rapid advancement of disruptive technologies and the growing complexity of organisations and markets, many Chairs feel that they have had to become more hands-on, to support their organisations’ efforts to navigate these new circumstances. Most Chairs feel that there is a fine line between being hands-on as a Chair and being an executive and that they must tread carefully in this regard. Chairs need to remember the ultimate role of an NED, which is to provide oversight, to challenge, and to guide the executives by leveraging their experience and skills. A hands-on approach must not be confused with assuming an executive role and with getting operationally involved. Hands-on in the context of a Chair means maintaining a current view of not only the business, but also the environment within it operates.

“In South Africa you find politically well-connected people as chairs. But this does not really help. Going forward, this will cripple businesses. You want a businessperson to be a chair because they understand the business world.”

Given the number of additional NED roles in listed companies of JSE Top40 Chairs, it seems to have become less common and attractive for NEDs to be on multiple boards or to chair more than one board. Currently, less than one-third of Chairs of JSE Top40 companies sit on more than two boards of listed companies and none of these Chairs sits on more than four boards of listed companies.

More time-consuming and demanding

“In the US, they want you to have skin in the game. And King doesn’t want you to have skin in the game. These are concepts which have to be revisited. I struggle with the idea that you are either NED and governance is stronger, or you are executive Chair and the governance is weaker.”

“I think a chair needs to be much more involved. You can’t be a faraway figure head. You need to understand the business you are involved in. You are not effective if you only know how to run boards... You will be able to fulfil your role better because you know the nuances of the operations, etc. It’s an all-encompassing role.”

“As a result of the increased demand on Chairs and NEDs in terms of time allocation, it seems to have become less common and attractive for NEDs to be on multiple boards or to chair more than one board. Currently, less than one-third of Chairs of JSE Top40 companies sit on more than two boards of listed companies and none of these Chairs sits on more than four boards of listed companies.”

“Being an NED is not a quarterly engagement anymore, but you have to dedicate more time to make sure you get into the zone of the managed trusted relationship. Making sure that the Executives are not running away with decisions without NEDs knowing about it.”

As NEDs seem to be less likely to hold multiple NED roles at listed companies, the pool of future NEDs and especially future Chairs needs to be expanded. Many of the Chairs report that they prefer to “grow their own timber” when it comes to filling leadership positions in their organisations. This poses the important question of what role Chairs will play in developing future board talent. One potential solution to expanding and developing future board talent is to encourage executive and senior management to seek out board opportunities in non-competing industries and, in so doing, gain experience as an NED. However, this needs to be managed carefully to avoid a shortage of executive leadership talent, as seen already with the limited availability of black female leadership.

“In the past you had five or more NED roles, but now I think three is enough or four maximum, especially if you chair a sub-committee. So, for the few people there are, their dance cards are full.”

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Number of additional NED roles in listed companies of JSE Top40 Chairs

- 14
- 14
- 9
- 3

Source: Deloitte calculations based on Who Owns Whom
Creating diversity – the right thing to do

“Quite simply, you won’t have a successful company if you don’t have a diverse board... We need to be bolder about bringing in younger people who bring the diverse skills sets needed in the boardroom.”

Given South Africa’s history, diversity in the workplace and on boards has been on the agenda for many years. However, several Chairs observe that conversations about diversity have changed in recent years. In the past, meeting diversity requirements was often seen as a “cumbersome tick-box exercise”; however, in recent years, diversity has developed into a business imperative and is regarded by many the “right thing to do”.

“If you only have 30% females on your board, you are missing some big things and some potential firepower. So, it’s very important to have diversity on the board, to bring the very best to the company.”

There is consensus among the Chairs that having a diverse board that better reflects South Africa’s demographics is beneficial for organisations. Diversity in the boardroom tends to provide a wider range of perspectives and new ways of thinking. Considering increasing complexity and heightened uncertainty, boards can leverage different perspectives and ways of thinking to increase the resilience of their organisations.

“You need to start opening yourself for not just a culture fit. If he/she is not a fit, you need to ask yourself, “Are you tolerant enough? Are you open for disruption? Are you open to someone who doesn’t look like, doesn’t dress like you, doesn’t speak like you?”

While progress in terms of diversity of boards has been made in recent years, the JSE Top40 are yet to reflect the demographics of South Africa. Only half of the JSE Top40 companies are chaired by Black Chairs and only one-fifth are chaired by women.

In recent years, the concept of diversity and its definition have broadened. Chairs increasingly look beyond racial and gender diversity in their boardrooms. Many Chairs agree that experience, which often comes with age, is a key part of being an effective NED and Chair. However, some Chairs argue that young NEDs add a unique perspective to the board, especially in organisations where a large share of the customer base is the youth, or where the board lacks certain skills related to digitalisation, innovation, or sustainability.

Going forward, effective boards will have a balance of skills, backgrounds, and expertise.

“I think there is a skills gap. On our board, I’m looking for diversity and that’s across gender, skill and colour.”

JSE Top40 Chairs by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;50 years</td>
<td>1</td>
</tr>
<tr>
<td>50-60 years</td>
<td>9</td>
</tr>
<tr>
<td>60-70 years</td>
<td>25</td>
</tr>
<tr>
<td>70+ years</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Deloitte calculations based on Who Owns Whom

Gender of JSE Top40 Chairs

- Male: 80%
- Female: 20%

Race of JSE Top40 Chairs

- Black: 47.5%
- White: 52.5%

Source: Deloitte calculations based on Who Owns Whom
Open lines of communication

“An ideal position between CEO and Chair is a close working relationship where you see yourselves as partners without getting too close to not be able to challenge or disagree.”

Black Swan events and other shocks often lead to heightened uncertainty. As much as COVID-19 has forced us to reduce in-person interactions, effective, clear, and timely communication between the board and the executive team has played and continues to play a fundamental role in responding to the pandemic and its impact on business, the economy, and society. As such, many Chairs confirm that the frequency of communication between them, their boards and their executive teams has increased substantially, especially at the onset of the pandemic when new information became available almost daily.

Prior to the pandemic, many Chairs had already established open communication channels with their executives. However, the pandemic, and the associated business and supply chain disruptions, remote work, changing government regulations, and customer implications have increased the frequency from monthly or weekly conversations to almost daily calls. Given the frequency of interactions with their chief executive officers (CEOs), most Chairs highlight that building a strong and trust-based relationship with their CEO is a crucial role of the Chair.

“During the course of last year, the frequency of talking to CEOs of the company where I am Chair went to daily calls. It didn’t matter who initiated it, and some days it would be a WhatsApp voice message, but there were daily interactions because it was necessary.”

Responsibility to society

“The social and ethics committee used to be the runt of the pack and you see that evidenced in the remuneration.”

Many Chairs are aware of the important role their companies play in society and are seeking ways to balance financial sustainability and the profitability of their businesses with their responsibility towards the communities they operate in or serve. The public is increasingly looking to the private sector for solutions to major socio-economic issues, including inequality and poverty, access to education and healthcare, and climate change.

Given the high level of inequality in South Africa, balancing financial, environmental, social and governance (ESG) objectives is a pressing issue. Finding this balance has become even more relevant during the pandemic. While the impact of lockdown and the subsequent decline in economic activity has been severe, low-income earners have been hit the hardest. According to the BankservAfrica Take-home Pay Index (BTPi) published in November 2020, income earners taking home less than R10 000 per month were the hardest hit by the economic slowdown during the pandemic.

In recent years, there has been a rise in shareholder activism in South Africa, which is set to increase the focus on matters related to sustainability, environmental and social matters further. However, some Chairs question the “maturity” of these activists and point out that at Annual General Meetings (AGMs), the key focus is mostly on financial performance or remuneration of executives, not matters related to ESG. This seems to contrast with shareholder activism in other markets, such as the UK or the United States (US), where shareholders scrutinise companies for their environmental and social impact.

“If we as business leaders don’t recognise the impact of climate change and put it on companies’ agendas, we will not be sustainable. Chairs need to understand these issues in order to be able to drive these agendas.”

Interestingly, there are divergent views about ESG, depending on the industry. In the extractive industries, for example, the social and environmental impact of resource companies has been under the spotlight for some time now.

One of the reasons why companies struggle with finding the balance between financial objectives and ESG objectives is the difficulty in measuring the latter. While measuring the financial performance of a company follows well-established processes, the measurement of social and environmental impact seems to be more complex.

In the past, social and ethics committees focused on compliance with B-BEE requirements. This is changing. Going forward, social and ethics committees will play a critical role in bringing ESG matters to the top of the agenda and, in this context, the committee can serve as a catalyst driving the organisation’s social and environmental impact on society. Hence, putting the social and ethics committee on a more equal footing with other committees will be important. Looking at the discrepancy in remuneration across committees, with Audit Committee chairs at some listed companies earning up to three times more than their counterparts on the social and ethics committee, it is questionable whether the importance of the latter is fully appreciated.

“ESG has become so fundamental and has shifted from companies being seen, to wanting to demonstrate what their views and actions are.”

In this context, the Chairs of the Future will be critical in empowering the social and ethics committee to become the company’s social and ethical conscience and to steer companies towards a more just and equitable future. Part of this empowerment process will be ensuring that the board contains the right mix of skills and experience and that ESG matters are firmly on the board’s agenda. Elevating the importance of these matters will embed ESG into the organisation’s strategy and shared purpose and will support the emerging trend towards more holistic reporting that focuses beyond financials.
Moving wellbeing into the spotlight

“Prior to the pandemic, you took wellness of your people for granted. But with the pandemic it came to the boardroom.”

Most Chairs agree that the pandemic has reinforced the focus on people-related matters. While staff wellbeing and mental health have always been items on corporate agendas, the pandemic has served as an eye-opener for many and brought the mental and physical wellbeing of staff, executive teams, and the board into the spotlight. As much as boards and executive teams have focused on the financial sustainability of their organisations during the pandemic, there is an increasing realisation that matters related to mental and physical wellbeing cannot be taken for granted and need to be taken a lot more seriously.

“The pandemic has taught us that our job is about two things: saving lives and preserving lives. What is the duty of the business for tomorrow? It’s not shareholder value maximisation – it is to simply survive.”

Since the onset of the pandemic, the focus on staff wellbeing has increased substantially, being discussed more regularly and deliberately in board meetings. An important lesson learned from the current pandemic is that staff wellbeing in all its facets should form an integral part of a healthy work culture. Creating a healthy work culture, that places people at its core will continue to play an important role in building resilient organisations that can navigate uncertainty and thrive post the pandemic. To this end, new skills will be required on boards, while existing skills related to human capital must be embraced and leveraged more effectively.

“People became a focal point... Essential services, frontline staff protection and issues related to mental health were all new agenda items.”

Technical skills are not good enough anymore

“Wisdom is an everlasting issue. It doesn’t change with technology... Human relationships don’t change. Maturity, resilience, ethics, and wisdom are really important.”

There is no doubt that the job of Chair is a demanding one that requires a high level of experience and strong technical skills. However, as the role of the Chair evolves, so will the skills required to be an effective Chair. This does not necessarily mean that a Chair or board requires completely new skills but need to prioritise and use certain skills differently.

For example, a chartered accountant (CA) qualification and audit or accounting experience used to be one of the key pathways to becoming a Chair. At present, about one-quarter of Chairs of JSE Top40 companies have a CA or audit background. However, several Chairs expect that the past dominance of CAs will fall and a pool of Chairs with a more diverse background will emerge.

“If you become CEO of blue-chip company, you should have all the technical skills, but you need a 21st Century EQ... the Chair of Future will be a more approachable person with more social skills.”

Chairs of the Future will require a blend of skills, combining strong technical expertise with exceptional interpersonal and leadership skills. Empathy and emotional intelligence are already important skills for Chairs but are set to become even more important as complexity and uncertainty within organisations and the operating environment increase.

Given the need to respond to an ever-changing business environment and often unpredictable external factors, Chairs of the Future will need to adopt a lifelong learning approach that is underpinned by curiosity. Furthermore, Chairs need to continuously assess and sharpen their leadership skills to effectively fulfil their increasingly complex role and lead their organisations into the future.

“You are looking for a person who has the knowledge, experience and skills that are a given, but you also need someone with sound values and principles who must conduct business in an ethical manner.”

A Chair of the Future’s skillset needs to be supplemented by sound values and principles. Considering heightened uncertainty and recent corporate governance failures, being guided by a steadfast moral compass will be crucial.
The five dimensions of the Chair of the Future

As identified in the UK Chair of the Future report, there are five dimensions of the Chair of the Future. While research reveals that these dimensions are also largely applicable to the South African context, there are distinct local nuances to them. These dimensions cannot be viewed in isolation from each other, as they are interlinked and interdependent. Given this interconnectedness of the five dimensions and the common touchpoints between them, Chairs of the Future will increasingly become accelerators of change that embrace diversity.

Company ambassador
Represents the company in society and engages with shareholders and stakeholders, including political and regulatory. Key messages include the need to adopt a narrative of responsible value creation for multiple stakeholders.

Strategy provocateur
Provoke and challenge the CEO and executive team to develop a longer term strategy with appropriate horizon scanning to ensure longevity of the company. Apply periodic reviews of both strategic and tactical plans to respond to pace of change and new disrupters. Ensure alignment between the board and executive.

Culture and talent cultivator
Ensures the company is led by a strong CEO and executive team by providing support and challenge. Keeps a pulse on company culture across the workforce while providing deliberate support to leadership development and succession planning, beyond simply the CEO.

Guardian
Guard stakeholder interests by protecting the company’s reputation, performance and shareholder value. Ensure a leadership culture that upholds a high standard of ethics and complies with good governance practices.

Board conductor
Establishes the board composition with the right skills and experiences which are fit for the future. Sets the board agenda and facilitates effective board conversations by harnessing the talents and energy contributed by each of the individual directors.

One Chair highlighted that because of the pandemic, CEOs themselves have been forced to navigate increased complexity within the stakeholder landscape. This has led the Chair to be more supportive and to offer to be the voice of the business in some stakeholder conversations, particularly where the Chair could leverage an existing relationship.

Some offered an even bolder opinion that Chairs should play an increasingly more ambassadorial role, being an active voice on the issues which matter the most to the business, themselves and society, including socio-economic and environmental issues. Chairs are in the privileged position of becoming accelerators of change.

“Our CEO is very good being the face of the firm, but if a minister, for example, wants the Chair, the CEO knows that he can call on me and I make myself available. If he wants me in a key meeting, I am happy to do it. It’s not competition between the two of us.”

Several Chairs indicate that AGMs are still treated as “tick box exercises” by some of their peers. In the future, Chairs need to be much better prepared to answer questions, debate with, and accept challenges from stakeholders.

One of the Chairs recalled how he and the CEO mapped out the firm’s stakeholders and decided who should be the face of the business and which issues or messages needed to be discussed with each of these stakeholders. Such a thorough “divide-and-conquer” approach is a trend that Deloitte sees globally. Chairs in the UK have highlighted the need for Chairs to “listen hard” and to convey the business’s narrative on behalf of the organisation. Furthermore, in the light of recent governance failures, engagement with key investors will continue to be important for Chairs, given that the board is ultimately accountable to these investors.

This approach requires deliberate planning and close alignment between the CEO and Chair to ensure a consistent narrative is provided to all stakeholders. This level of coordination typically stretches beyond the role of the investor relations manager, and often requires the support of a strong communications director.

Given the importance of effective shareholder engagement, aspiring Chairs, especially those without prior experience as executive directors, need to explore and identify opportunities to build the required skills for such important engagements.

“One of the Chairs who, under which circumstances and on which occasions, plays this ambassadorial role.

The extent to which a Chair takes on an ambassadorial role is influenced by many aspects, including the company’s circumstances, the preferences and personality of the Chair and CEO, as well as external factors, such as the countries and sector in which the business operates. In heavily regulated sectors, Chairs often play an important ambassadorial role in engagements with the regulator and government departments.
**Strategy provocateur**

“Functions don’t make companies – ideas make companies. How do you challenge ideas while working from home? How do boards challenge ideas of c-suite executives? You become too transactional when working from home.”

It is important that the Chair balances the short-term objectives of the organisation with a long-term strategy that will ensure the long-term sustainability and resilience of the organisation. This balancing act can be difficult, given declining CEO tenures. Instead, CEO tenure and strategy consistency need to be seen as a journey where the organisation has an overview of a strategy, infused with the experience of the board.

To be an effective strategy provocateur, the Chair of the Future needs to have solid technical skills and interpersonal skills, combined with maturity and experience that allow him or her to challenge the CEO. Having the backing and the support of a diverse board will increase the Chair’s effectiveness in this regard.

“When you do board assessments and skills assessments, you want to ensure a balanced board. This includes financial and technology skills so that when the strategy is produced you can interrogate, debate and argue with it.”

**Culture and talent cultivator**

“A lot of what I read a decade ago was focused on the agenda, and how to run the annual strategy sessions and didn’t give me the sense it was overwhelmingly about people.”

The 2021 Deloitte Global Resilience Report identified five key traits of resilience that help organisations to thrive under extreme conditions. Resilient companies are prepared, adaptable, collaborative, trustworthy, and responsible. In this context, the culture of an organisation plays an increasingly important role in improving an organisation’s resilience during difficult times.

The importance of organisational culture was shared by many Chairs we interviewed. One Chair highlighted that during the pandemic, the board specifically focussed on proper communication with employees and keeping the culture intact as key measures to steer the organisation through the crisis and to prevent panic among employees. By setting the tone within the organisation, the executive team and NEDs strongly influence the organisation’s culture.

Concerns related to the organisation’s culture were raised by most Chairs when reflecting on succession planning. To preserve the culture of the organisation, most Chairs prefer succession of senior leadership roles from within the organisation. In contrast to an external appointment, an internal candidate knows the organisation’s culture, its people, how the organisation works, and hence poses less risk to the culture.

“The fishing pond for Chairs is very small – and we need to inspire young people to better understand how the board works so they can become good Chairs of the Future. We need to start growing our own timber within the organisation.”

Internal succession planning requires a deliberate effort to identify and grow the next generation of leaders. It requires close coordination between the Human Resources team and the senior leadership of the organisation.

While most Chairs say that the internal appointment of a CEO is the preferred option, many agree that, under certain circumstances, an external appointment is appropriate, for example, when there is a need to refresh or change the organisation’s culture, to inject new thinking and ideas, or when the business’s strategy needs to be revamped or recalibrated. The internal candidate pool might be inadequate, particularly when technological or ESG skills are required. One Chair suggests that external appointments may also increase in the future, with the observation that the younger generation seems less likely to stay with one firm for their entire career.

Deliberate succession planning will continue to be an important task for Chairs going forward. Chairs need to have conversations with their CEOs at an early stage about this. However, they need to be careful not to create the impression that this conversation is about an immediate replacement of the CEO, but rather part of the long-term planning to ensure stability of the organisation. These conversations require maturity and trust from both the CEO and Chair.

“A general practice I have followed over the years is: when I want to change the culture of the organisation, then bring in someone in from outside. But if you want to keep the culture, we pick from inside.”
“While failure and success do not depend on the chair directly, he/she can play a big role in the organisation’s success.”

In recent years, South Africa and many other markets have witnessed several high-profile corporate failures both in the public and private sectors. Several Chairs point out that some of these corporate failures are often the result of governance failures, where dominant, over-charismatic or rogue CEOs have pushed companies in the wrong direction and taken advantage of weak boards. In most cases, the boards failed to discharge their oversight mandate appropriately. To avoid future failures, boards need to ask the right questions and focus on holding the executive team accountable.

“Entering the field to be a defender or midfielder is completing different to being the goalkeeper. You realise as the goalkeeper that a mistake becomes a goal. As chair, you are the goalkeeper. You’re a first amongst equals.”

Mary Chairs experience a sense of heightened responsibility when they move from being an NED to being a Chair. While the success or failure of an organisation does not directly depend on Chairs, they do play a crucial role in the firm’s success by being the guardian and the head of the oversight body of the organisation, holding CEOs accountable for their performance.

To have a well-functioning and effective board, Chairs need to focus on the board composition of the board, the setting of the agenda, and board decorum.

In this context, a Chair often plays the role of a conductor. Like the conductor of an orchestra who ensures that strings, woodwinds, brass and percussion play in harmony, a Chair needs to ensure that the board is well balanced in terms of experience and skills and that he or she brings out the best in each board member and subcommittee. The Chair creates an enabling environment that allows the executive team to succeed.

Chairs of the Future must put the interests of the organisation ahead of personal interests. They need to be prepared to take tough and, at times, unpopular decisions in the interest of their organisations, even if this means that they will not be re-elected or will be voted out of their positions. Above all, the Chair of the Future needs to be guided by a steadfast moral compass.

“The Chair of the Future won’t be an older wise person, but a person with experience, business acumen and mediation skills. Younger, mediator, not just an older wise person, but an effective sounding board to the Chair.”

While mandating and empowering committees to zoom in on their key focus areas is beneficial and contributes to the success of the board, it poses the risk that information or knowledge is not shared effectively. Similarly, information flow is impacted by the different levels of exposure to various stakeholders. This risk of discontinuity of knowledge is a key issue that Chairs need to be aware of and address. As the conductor of the board, the Chair needs to enable the appropriate flow of information between stakeholders to ensure that all NEDs have access to all relevant information when making decisions. This is of particular importance for newly appointed NEDs.

“The board agenda starts with strategic initiatives. We need to be clear what the outcome is of every board meeting, we don’t want to go down rabbit holes. Rabbit holes are done in committees.”

Chairs should not discount the value of board evaluations. Some Chairs and NEDs might regard board evaluations as a cumbersome exercise; however, it can assist Chairs with identifying the best board talent and weed out underperforming NEDs. Several Chairs feel that if underperforming board members are not weeded out aggressively, Chairs miss the opportunity for meaningful change on their boards.

Chairs of the Future will increasingly take on the roles of moderator and facilitator, ensuring that the various views of the board are considered. This also requires the Chair to step into the background and provide others with space to contribute.

This ‘me, myself and I’ mentality is of every board meeting, we need to ensure that the Chair to step into the background and provide others with space to contribute.

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Guardian

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To fulfil their oversight function effectively, the board needs to engage with the CEO and executive team to understand the risks the organisation faces. While it is important for Chairs to have a trust-based relationship with the CEO, they need to be careful not to be too close to the CEO and to maintain their independence.

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“So often, you have examples of over-charismatic CEOs pushing companies in wrong directions because boards are not strong enough – and don’t say “no” or stand up to the charismatic CEO.”

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In this context, a Chair often plays the role of a conductor. Like the conductor of an orchestra who ensures that strings, woodwinds, brass and percussion play in harmony, a Chair needs to ensure that the board is well balanced in terms of experience and skills and that he or she brings out the best in each board member and subcommittee. The Chair creates an enabling environment that allows the executive team to succeed.

“The Chair of the Future won’t be an older wise person, but a person with experience, business acumen and mediation skills. Younger, mediator, not just an older wise person, but an effective sounding board to the Chair.”

While mandating and empowering committees to zoom in on their key focus areas is beneficial and contributes to the success of the board, it poses the risk that information or knowledge is not shared effectively. Similarly, information flow is impacted by the different levels of exposure to various stakeholders. This risk of discontinuity of knowledge is a key issue that Chairs need to be aware of and address. As the conductor of the board, the Chair needs to enable the appropriate flow of information between stakeholders to ensure that all NEDs have access to all relevant information when making decisions. This is of particular importance for newly appointed NEDs.

“The board agenda starts with strategic initiatives. We need to be clear what the outcome is of every board meeting, we don’t want to go down rabbit holes. Rabbit holes are done in committees.”

Chairs should not discount the value of board evaluations. Some Chairs and NEDs might regard board evaluations as a cumbersome exercise; however, it can assist Chairs with identifying the best board talent and weed out underperforming NEDs. Several Chairs feel that if underperforming board members are not weeded out aggressively, Chairs miss the opportunity for meaningful change on their boards.

Chairs of the Future will increasingly take on the roles of moderator and facilitator, ensuring that the various views of the board are considered. This also requires the Chair to step into the background and provide others with space to contribute.

Board conductor

An effective way to ensure the harmonious functioning of the board is to establish well-functioning committees with strong Chairs. The committees need to have detailed discussions about their focus areas and report back to the board, the most relevant aspects of their discussions. This helps to reduce the risk of getting lost in unnecessary detail and allows the board to focus the agenda on key strategic and operational matters. In this context, the company secretary plays a very important role in streamlining the agenda and being an effective sounding board to the Chair.

“For it to be successful, a board needs to be harmonious. However, a harmonious board does not mean that NEDs need to be yes-men: instead, each board member must feel comfortable contributing. It is the Chair’s responsibility to ensure a board environment in which everyone feels their voices are heard and considered. In this context, some Chairs see the move to virtual meetings as a big advantage, as it forces Chairs to get everyone’s inputs.

“I view it as a partnership of equals, and I am the conductor and orchestrator for a period of time.”

To have a well-functioning and effective board, Chairs need to focus on the board composition of the board, the setting of the agenda, and board decorum.

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Ten pieces of advice to the Chairs of the Future

1. **Invest the time in really understanding the business**

   It is crucial for a Chair to really understand the business beyond a “superficial level”. Without in-depth knowledge of and insights into the organisation, its operations, people, and customers, a Chair will struggle to provide meaningful oversight and guidance. When accepting a Chair role, be open to learning everything you can about the business.

   **Practical tips:**
   - Talk to your predecessor.
   - Walk the shopfloors, visit various offices of the organisation, and speak to as many stakeholders as possible. Don’t just talk to fellow NEDs or the executive team, but also talk to staff so that you get a sense of what working for the organisation is really like.
   - Nothing stops you from asking for advice from the tea lady, the receptionist, or your driver. Get out of your boardroom chair and sit at the reception area or lobby of your company and observe staff and clients.
   - Talk to your customers and investors, as they will appreciate you taking the time to talk to them and, in return, you will learn a lot about your organisation.

2. **Don’t take the job for the money**

   The job of Chair often comes with status and great financial reward. However, this is not a good enough reason to accept the role. If you do, there is the risk that you take the wrong decisions. To be truly independent and put the wellbeing of your organisation before your own interests requires an understanding of your purpose as the Chair.

   **Practical tips:**
   - Don’t be afraid to take the right, but unpopular decisions, even if they cost you your job as Chair.
   - Be wary of NEDs that are dependent on their board fees, as they might not speak their mind and only try to please you or management rather than challenge the organisation.

3. **Seek feedback regularly (even as an experienced Chair)**

   Feedback is crucial for you to identify areas for improvement and avoid repeating mistakes. Seeking feedback might be seen as challenging because you make yourself vulnerable, but it is important for taking the organisation forward.

   **Practical tips:**
   - Find out from your board members what works and does not work in board meetings.
   - Conduct proper “post-mortems” to find out where you have made mistakes and how you can avoid making them again.
   - Leverage board assessments to get in-depth feedback and, if necessary, don’t be afraid to remove non-performing board members.
   - Understand that the company secretary is a key ally in the feedback process and, in fact, in the life of the Chair.
   - It is important to reflect on and try to implement feedback.

4. **Empower your committees**

   A board is only as effective as its committees. By empowering your committees and their Chairs, you will be able to declutter the agenda and focus on the most relevant issues during the board meeting.

   **Practical tips:**
   - Be very careful and deliberate in picking the right Chairs for your committees.
   - Make sure that you have the right skills on the committees.
   - Your committees are the part of the board where the “heavy lifting” is happening.
   - Recognise and leverage the depth of experience on your board. Empower and encourage your NEDs to provide support and guidance to the executive team and the rest of the business.

5. **Create managed trust with the CEO**

   Building the relationship with the CEO is one of the most important aspects of your role as a Chair. The roles of the CEO and the Chair can be lonely roles. As a Chair, your role is to make the CEO shine, not be an object of blame. Focus on creating a managed trust relationship with the CEO through ongoing and deep conversations. As a Chair, you need to dedicate a lot of time to make sure that you get into the zone of managed trust relationship with your CEO. Once you establish trust and mutual respect, you can work effectively together and reduce the risk of corporate scandals.

   **Practical tips:**
   - Have open and honest conversations with the CEO.
   - Seek to understand and learn about the CEO’s personality.
   - Don’t let executives run away with their decisions without NEDs knowing about it.
   - Remember, it’s not a competition between the CEO and the Chair: you play for the same team.

6. **Keep the ‘non’ in non-executive director**

   You are not the CEO. This may be a simple and obvious statement, but it is profound. Recognising the importance of separating these roles can be challenging for some first-time Chairs. Be respectful of the boundary between CEO and Chair and don’t overreach it. Be mindful when to act and when not to act. Sometimes a CEO wants to have a detailed and operational engagement with the Chair, but not always.

   Realise that you are the link between the board and the executive team, provide guidance and be a sounding board, but do not interfere with executive functions. Your job is not to run the business, but to get the best out of your executive team and to hold them accountable.

   **Practical tips:**
   - Ensure that the boundaries between executives and non-executives are clear and well communicated.
   - As Chair, make yourself available to all stakeholders (e.g. staff, customers, unions, and communities) as you are seen as an independent person not siding with the executive.
   - Encourage NEDs to become avenues to which stakeholders can share their perspective.

7. **Embrace diversity**

   South Africa is rich in diversity and there is richness in diversity. To build a sustainable and resilient business, embrace diversity. Your organisation, across all levels, should reflect all sectors of your customer base. Avoid adopting a narrow definition of diversity or seeing it as a compliance issue. Diversity is a business imperative which will create value and new perspectives. It might be more comfortable for you to have people around the table that look and talk like you, but the role of the Chair is not meant to be comfortable.

   **Practical tips:**
   - Perform a gap analysis on skills.
   - Create a culture of inclusivity.
   - Encourage and listen to dissenting voices.
   - Consider creating platforms, such as a Millennial Board, to encourage NEDs to become avenues to which stakeholders can share their perspective.

8. **It’s not about you**

   The Chair plays a vital role in the organisation, but is not the organisation, nor its purpose. Being a Chair requires enough maturity to step back and let others run the organisation. A Chair needs to have a deep passion for the business and the desire to make the CEO and executive team succeed. You are first amongst equals and should not assume you have all the answers. It is not the Chair’s job to make all the decisions, instead to give the board the opportunity to give their inputs.

   **Practical tips:**
   - Be humble and accept that you are going to make mistakes.
   - Accept that you will have difficult board members.
   - Accept that you don’t know everything. But remember that you are capable of leading the board.
   - Create an enabling environment that allows the executive team to thrive, by giving them space, providing support, and sharing your experience.
Looking ahead

While there is some light at the end of the COVID-19 tunnel thanks to the rollout of vaccines, the next shock, be it another pandemic, a financial crisis or a natural disaster, is imminent and uncertainty is expected to remain heightened going forward. Given the prospect of future shocks, it is important that organisations reflect on the lessons learned during the pandemic and use them to build more resilient and agile organisations for the future.

Given the rapid and continuous change in the operating environment and ongoing disruption from exponential technologies, it remains critical for organisations to have the right skills in their leadership teams. However, with increased complexity and rising demands on Chairs and NEDs, there is a threat that these roles become less attractive in the future. To mitigate this threat, companies need to look at innovative ways to attract and retain board talent. In this context, deliberate and effective succession planning that embraces diversity will play a central role in ensuring an adequate talent pipeline for future boards.

Forward-looking organisations understand that as much as new skills are required to respond to the changing business and technology landscape, emotional intelligence and human relationships are of paramount importance to building successful and resilient organisation for the future.

As organisations evolve and adapt to an ever-changing environment, the role of the Chair will continue to evolve, too. Chairs will increasingly have to ask themselves:

• What role will our organisation play in society?
• What skills will we need to play a meaningful role in society?
• How will we ensure and maintain the quality of our talent pipeline?
• How are we going to measure our impact on society, environment, planet?
• How will we strengthen our transparency reporting?

Endnotes

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