

The Qualities and Experience Needed to be a Good Chairman

Written by: Frank Lewis

1. **The role of the chairman** has become much higher in profile and the expectations of the chairman have also increased as, quite rightly, stakeholders now expect an engaged, energetic and involved chairman who does more than simply manage the corporate governance process.
2. **The success of a chairmanship** undoubtedly hinges first and foremost on the relationship the chairman has with the Chief Executive, a relationship which should be centered on honesty, trust and transparency. The success of this relationship is based on mutual understanding by both parties of the distinction between their two roles.
3. **Today effective chairmen** must have an extremely good knowledge of the business that they are chairing, they must know enough to ask the right questions, and they must provide a constructive level of challenge to the Chief Executive. One of the main faults of chairmen deemed to be ineffective is their failure to comprehend that they are not there to run the business, and that their role is instead to support and guide. In simple terms the job of the chairman is to ensure that the business is well run and not to run the business.
4. There is however a **fine line to walk between being too involved and being too remote**. This means chairmen should devote the appropriate level of time to their roles, which means visiting operations, talking with staff and customers, as well as investors. The best chairmen are able to develop an empathy with the business and engage with its people and issues. There is not however a 'one size fits all' prescription for an effective chairman. The right level of engagement will vary depending on the company's stage in the business cycle, competitive environment and the experience of the CEO.
5. At the end of the day, what **defines a good chairman**, is the ability to run an effective Board, and to manage relationships with both shareholders and stakeholders.
6. **The qualities of an outstanding chairman:**
 - a. Charismatic personality.
 - b. Good communicator and listener.
 - c. Clear sense of direction.

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- d. Strategic view – The Big Picture.
- e. Allow CEO's to get on with their job.
- f. Good at governance.
- g. Broad experience.
- h. Business acumen.
- i. Able to gain shareholders confidence.
- j. Able to get to the key issues quickly.

7. The Role of the Chairman in an IPO

The appointment of the right chairman is a Key Hire for a business wishing to IPO. The chairman would greatly enhance the prospects of a successful IPO, by building an effective Board and calling on their years of experience to ensure the story a company sells to the market is both compelling and real.

Further it is the task for the chairman to set the tone at the top and to say what you want the organisation to be, establishing good governance and making sure the business has the right corporate reputation in its community.

In conclusion a chairman would have done their job when the 'Vision for the Business' as set out and presented in the strategic plan by them and the Board to their shareholders and stakeholders has been achieved.



About the Author: Frank Lewis has over 25 years of experience in both listed and private companies. He has held a number of board positions as Chairman, Non Executive Director, CEO and Finance Director, both in the UK and abroad with growing mid-market companies.

With a background in sophisticated and developing markets, he has the commercial prospective required to assist with growth strategies, acquisitions and flotations.

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