

CEO Worldwide Expert File

The qualities and experience needed to be a good chairman

Written by Frank Lewis

Frank Lewis serves as a chairman and non-executive director for listed and unlisted companies, mainly small and medium-sized enterprises. He lists the attributes chairmen should possess:

The role of the chairman has become much higher in profile and the expectations have increased as, quite rightly, stakeholders now expect an engaged, energetic and involved chairman who does more than simply manage the corporate governance process.

The success of a chairmanship undoubtedly hinges on the relationship the chairman has with the chief executive, a relationship which should be centred 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.

Effective chairmen must have an extremely good knowledge of the business they are chairing, they must know enough to ask the right questions, and 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.

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. But there is no "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 chief executive.

What ultimately defines a good chairman is the ability to run an effective board and to manage relationships with both shareholders and stakeholders.

The qualities of an outstanding chairman are:

- Charismatic personality.
- Good communicator and listener.
- Clear sense of direction.
- Strategic view - The Big Picture.
- Allow chief executives to get on with their job.

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- Good at governance.
- Broad experience.
- Business acumen.
- Able to gain shareholders' confidence.
- Able to get to the key issues quickly.

The Role of the Chairman in an initial public offering

The appointment of the right chairman is key 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 they 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 has done their job when the "vision for the business", as set out and presented in the strategic plan to 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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