



Next in line

A board's eye view with Anna Bateson

Encouraging a board to discuss the topic of succession and succession planning is not for the faint hearted. Getting the topic on the board agenda is only the first step in a long, involved and often turbulent journey. Whether the company is listed or unlisted, the issue is

1. A board must be fit for the future in order to succeed strategically.
2. Board membership must be refreshed regularly in order to ensure that new insights are offered at meetings, which avoids the board becoming stale.
3. A board must reflect the diverse stakeholder interests it represents.

executive or non-executive, is great. Succession planning requires the very individuals with the most 'skin in the game' to contemplate a time when they will not be there anymore.

It is often the case that board members have built a culture based on shared values and ethics, and that their journey to that position is often convoluted. The common belief is that it is impossible for an outsider to share their vision, having not been on their journey.

Realistically, it is also necessary to note that self interest plays a major part in preventing meaningful debate. The concern is for what 'I' or 'we' may have to give up in terms of power and influence in the event of newcomers arriving. There is also a natural recognition that the dynamics of the boards will change, that alliances will have to be reconstructed and that the transition process involved in bringing on new members may be personally uncomfortable.

Managing the 'experts'

From major listed companies with preferred strategic resourcing supplier lists, to the family-owned SMEs who seek to engage advisors for the first time, the same principles of effective strategic resourcing apply.

The process that is adopted should be designed to deliver value to the client, rather than taking a form that is convenient for the provider. So called 'cookie cutter' solutions, where a provider is hired simply to fill a post by a certain time limit, are best avoided. There is also a tendency to engage the 'usual' recruitment and selection firms, yet stories abound of impressive pitches from partners, which are then followed up with inept service from inexperienced, junior staff.

Strategic resourcing advisors are responsible for promoting your brand to a wide range of influential individuals, all of whom have their own powerful networks. The way they are treated by your advisors will impact positively or negatively on your organisation. Wooing clients and treating candidates poorly characterises many commercially-driven firms. In the context of searches at board-level, the reputational damage of poor candidate treatment is viral.

During your search for the right candidate, you should seek to establish a common understanding as to the true opportunities and challenges your vacancy offers. As such make sure you provide an accurate brief of the role to the selection firm, as well giving information on the type of board and organisation that the candidate will be working with. You should also enable potential candidates to conduct their due diligence with support from you. Doing these things will enhance your chances of success.

Be clear with your advisors that you expect



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a very real one for all organisations. While the context may vary between a family owned SME seeking to migrate generations and a publicly quoted multinational with multiple global shareholders, the challenges are similar.

Where a board is dysfunctional, succession planning may appear as a more obvious topic for debate, which could be prompted by shareholders or board members themselves. Conversely, a board that is doing well may adopt the adage: 'if it ain't broke, don't fix it.' Either way, the contemplation of a potential shift in the balance of power tends to bring unexpected agendas and concerns to the surface.

The logic behind adopting a robust approach to board succession planning is underpinned by many principles of good governance, which are as follows:

4. A board must maintain a culture of independent challenge, and avoid power being concentrated in the hands of any one individual or small group.
5. A board must balance innovation with prudence and short-term performance with long-term stability.
6. A board must create systemic strategic change.

Hurdles

There is obviously a logical, rational business case to made for proper board succession planning, so why is the issue so difficult to address?

The emotional investment that board members make in their boards is significant. The liability attached to the title of director, whether

them to access the widest possible talent pool. Doing so will ensure that they are imaginative when it comes to the potential candidates they approach, and the long list of candidates they present. The results will be in stark contrast to those resulting from a quick database search a firm may otherwise carry out, which often results in the same list of candidates being given to several clients.

Defining the critical path you wish to take towards appointing a new board member, and identifying at an early stage when board members will be available for candidate reviews and interviews during the appointment process, will enable the process to be managed effectively, and completed in a timely manner.

Failure to control the activities of advisors can result in significant additional cost being incurred for unnecessary and inappropriate 'additional services'. While there are instances where services such as graphology and psychometric testing might be deemed appropriate, the question you should be asking is whether these tests will contribute to a successful solution in this specific instance.

Government and business-led research shows that the appointments process can either act as a key barrier or enabler to creating diverse boards. Your organisation can adopt a reactive approach, requesting diverse long and short lists, or a proactive approach, which builds a pipeline of talent over time by identifying and building relationships with potential candidates. An effective selection panel should constitute a variety of members with differing perspectives. That way the candidate sifting and interviewing process will avoid some of the natural filters that can lead to selection 'in our own image.' While consensus on appointments is desirable, beware the committee compromise candidate who satisfies all agendas but who is unlikely to challenge effectively once in the boardroom.

Fundamentally, effective succession planning is critical to the health of most organisations. Recognising this and preparing the ground properly can do much to ensure success. ■

» About the author

Anna Bateson is the Founder of business consultancy 'Cutting Through The Grey', www.cttg.org, and works extensively with boards and business leaders, addressing the challenges of leading strategic change and delivering governance. In collaboration with global expert, Dr Laurence Lyons, she researches, writes and consults on the development of *Situational Intelligence™*.

Talking about our generation



Apparently I'm a Baby boomer, as are lots of my clients and contacts. But others are Gen X, like many of my colleagues. However, many of their contacts are Gen Y.

Our age is said to define us in many ways (cheesecloth, disco and The Clangers come to my mind), but an area of increasing significance in the business arena is that of communication skills and preferences. Baby boomers are the 'face-to-face' generation; we like to read expressions, hear tone and observe body language in others, and our own behaviours speak volumes. Apparently only 20% of

Baby boomers have an online presence (and only 6% of those in the generation above them).

Gen X is not so different, but is more comfortable with electronic interaction – phone, e-mail and visual media – delivered and reciprocated as one-way traffic or as a linear chain of correspondence and reply. Consequently their style is more direct and to the point. Baby boomers are often a little disconcerted by the lack of pleasantries or abruptness of tone in a Gen X communication.

'Gen Y'ers', often newly-arrived in the workplace, are softer in style than their Gen X colleagues, but equally disconcerting because of their informality. This Facebook generation doesn't stand on ceremony, or distinguish between friends and work colleagues. They don't feel the need to observe Baby boomer business rituals and keep their distance on the personal front, nor do they adopt the 'serve and volley' question and answer style of Gen X. Instead they adopt a relaxed, and sometimes disconcertingly frank and open, approach to all, regardless of age, rank or relationship. Additionally, they don't communicate in a straight line; there's no domino effect. It's all about the Cloud community. Gen Y is confident enough (though perhaps on occasion naively so) to address a wide audience simultaneously, with an immediacy that doesn't allow for proof-reading or cautious reflection. They don't check – but nor do they judge – grammar, spelling or syntax.

On the one hand Gen Y speaks from the heart, but on the other hand it is hard to understand who they truly are. Unlike Baby boomers who want to conform, or the Gen X'ers who don't care, Gen Y can choose to be whatever they want to be. They truly create their social media presence, but is it genuine? And does it matter if it isn't? Perhaps it matters to Baby boomers and Gen X, but maybe we just need to catch up. It's no different to putting on a suit for work, or mugging up on a topic. It's all about creating the right impression.

What about future generations? What will differentiate them? Will their virtual presence be their reality? It might be, if technological advances mean that we will all have a continuous online presence. I've been told that Baby boomers Consume the internet; Gen X Collaborates with it; Gen Y Creates on it. What next? Will the next generation be Constructors of their own social media worlds?

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Leading the way

HSBC is set to offer all new parents a part-time role at a pro rata salary and at the same level as their original role following maternity or paternity leave.

The bank will offer returning parents a part-time role equivalent to at least two and a half days' a week in a bid to help its employees balance the demands of family life with their career development. Under UK employment law there is no obligation on employers to provide part-time work, although every parent is entitled to request it. HSBC also supports staff who are looking for extended leave by allowing year long unpaid sabbaticals and a priority returner scheme for staff rejoining the bank within five years.

Joe Garner, Head of HSBC in the UK, commented: 'By guaranteeing part-time work at a pro-rata salary we hope we can help [our employees] balance the demands of family life with their ongoing careers at HSBC.'

