

On your side when times get rough

Far from feeling invulnerable, chief executives can be bullied by their colleagues. It is up to chairmen to provide support

Hannah Prevett Published: 5 October 2014



My door is always open: Anglo American chairman Sir John Parker backed his under-fire former chief executive Cynthia Carroll to the hilt (Tom Stockill)

When Sir John Parker joined the mining giant Anglo American as chairman five years ago to see off a hostile approach from Xstrata, the chief executive, Cynthia Carroll, was under intense pressure. She was also the subject of a brutally sexist attack. But Parker threw his weight behind her and told others to do the same. The message was, rally round or leave.

“It was very important that I backed Cynthia because there was a lot of fog around it and she was under a lot of criticism from some male people. In South Africa, in particular, there were some male voices from past executives who raised horrible things against her. I don’t like that,” said Parker.

“It’s my experience that if as a leader you don’t stamp on bad behaviour, it becomes currency. So you stamp on it and say, ‘I’m backing the chief executive and it’ll be all about performance. If any change has to be made, I and the board will decide that, not management — it’s not your job.’ That brings clarity, which is very important.”

Gillian Wilmot, a non-executive director at Nisa, the convenience store chain, and founder of Board Mentoring, the training and development company, agreed that bad behaviour at the top of organisations must be dealt with quickly to stop it spreading.

“What people don’t understand is that everything that goes on in the boardroom is observed in the company — the body language, how people are behaving — and it sets a leadership example of what is acceptable,” she said.

“If there are unacceptable behaviours — for example, bullying or sexual harassment — it leads to poor behaviour in other aspects of the business. It never stops with one thing . . . It can kill the company.”

But it shouldn’t always be the chairman’s responsibility to defuse these situations, said Stephen Robertson, chairman of the support organisation Business West, who also holds non-executive directorships at the adviser Hargreaves Lansdown and Timpson, the shoe repair company.

“The idea that the chairman wades in with a huge sword and sorts stuff out doesn’t feel to me to be the right way forward,” he said.

“Bringing in a chairman to sit down with a recalcitrant chief financial officer, for example, is a real last resort.

“The right behaviour is always for the line manager to deal with the situation, not the grandparent relationship to step in.”

Wilmot said that the appalling behaviour experienced by the likes of Carroll is more common than many may think. “There is this idea that you can’t bully the chief executive —that if you’re the chief executive, you’re impervious and invulnerable. That’s not true; you’re subject to the culture of the business, just as everybody else who works in it is.”

Robertson said that chief executives can be “held to ransom” by influential members of the top team. “We know that one of the jobs of the CEO is to keep his or her board tied together and motivated, and losing an important member of your team looks like failure — and your team know that,” he said.

“Particularly powerful people — CFOs may well fall under this description —are given to using their power sometimes quite brutally. Within retail, commercial directors and retail operations directors have a huge impact on the performance of a business and are generally quite robust characters,” added Robertson.

While it may not be the responsibility of chairmen to roll up their sleeves and get involved in executive team punch-ups, they will be expected to give candid advice. “It’s a cliché but it’s about being a critical friend,” said Robertson. “A good friend is somebody who can tell you things that perhaps others can’t or choose not to do.”

The relationship between a chairman and chief executive is one predicated on trust and sound advice, but it needn't stray into the realms of friendship, said Kit Bingham, head of the non-executive director practice at Odgers Berndtson, the headhunting firm.

"It requires, on both sides, openness, good dialogue and the ability to have difficult conversations and not bear grudges," he explained. "It needs to be a close relationship but they needn't necessarily be friends. It works on the basis that at some point the chairman may have to pull the trigger and replace the chief executive."

But until that day arrives, a chairman must have his or her chief executive's back, said Bingham.

"I've had it described to me by one chairman that they work on the basis that the chief executive is the absolute best person in the world for the job — that's the starting point," he said.

"Another chairman put it to me that the support is unconditional until the day they have to take them out back and shoot them. It's a fascinating balance."

Chairman is a mentor, not a minder

The career of Sir John Parker, the chairman of the mining giant Anglo American, was given a boost by a supportive chairman, he explained.

"I remember in my first job as a managing director, when I was only 32 — I was running two shipyards for Austin & Pickersgill in Sunderland. We had about 3,000 people and we built what turned out to be the world's bestselling standard ship after the war — the SD14.

"The chairman took a huge chance by backing someone as young as me. We had worked together previously, but he took a chance and gave me enormous backing," he said.

Part of the chairman's responsibility is to coach and mentor the chief executive — though not to monitor their every move, he said, rehearsing a philosophy acquired from his old chairman.

"In the first few weeks, I was in and out of his office telling him what I was doing, and eventually, one morning, he came to me and said: 'You are the managing director — will you just get on with the job? I don't need to know what you're doing all of the time'.

"I was completely deflated. And as I walked out of the door, he said: 'If you need my advice, I'm always here.' That was empowering me. Your job as the chairman is to make sure your chief executive is totally empowered. You get the whole board aligned behind the strategy and you empower your chief executive to go out and execute it. That alignment is so important."