

Chairman

Hiring Guide for Ambitious UK Digital Companies & Investors

EQUITY | EXECUTIVE



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What an effective Chairman offers a business

Board Leadership / Governance / Optimise Decision-Making

The Chairman will ensure the board has effective decision-making processes and apply an appropriate level of challenge. He or she will engage the board, ensure matters are dealt with in an orderly and efficient manner, encourage all board members to contribute and robustly debate key issues, cultivate relationships, manage conflict, build consensus and facilitate change. Once board decisions are made, the Chairman will ensure they are effectively implemented and measure their success.

Prioritisation of Strategy

Dedicating the necessary amount of time to the strategic process is crucial. Studies suggest that effective boards spend up to 12 days a year on strategy compared with just 4 for lower impact boards. An experienced Chairman will know this and make sure the board is prioritising strategy.

Fundraising & Investor Relations

Many first time CEOs do not have a clear understanding of what an investor is looking for when investing and what an investor will expect from the CEO once they have invested. Equally, sometimes working with involved investors can cause the focus of even experienced CEOs to shift away from running the day to day business and as such business performance can suffer. This can then lead to misalignment between the leadership team and the investors. An experienced Chairman, well regarded by the investment community, will be able to effectively manage investor relationships and act as the link between investors and the business / CEO, ensuring greater alignment between all parties.

Guidance & Mentorship to CEO and Others

As a veteran business leader the Chairman will have the experience to act as informed advisor to the CEO and wider leadership team. Most successful CEOs have a mentor and the Chairman can be this person.

Building & Developing the Leadership Team

As an experienced business leader the Chairman will know how to go about building and developing a high performing leadership team with the right people, focused on the right things at the right times. As well as mentoring the existing leadership team, if changes and new hires need to be made a strong Chairman will dedicate time to making these hires, knowing when to recruit certain positions and the types of candidates that are best placed to deliver.

Company Performance Review

Tied in to building and developing the leadership team, a high calibre Chairman will keenly consider performance required to successfully execute the company's strategy including competencies and skills required now and at different points in the company's journey. He or she will create measurable performance criteria for the management team as a whole and as individual contributors. He or she will assess successfulness of the management team as a whole by reviewing performance in respect of growth, financial performance and performance in relation to competitors. He or she will assess successfulness of individual contributors by reviewing performance in respect to execution of their duties, cultural fit and representing the company's vision. The Chairman will then address any weaknesses identified through performance management and recruitment.

Greater Impartiality and Accountability

Where Founders / CEOs are all powerful, investors are often adverse to a combined Chair and CEO role. By leading board meetings the Chairman ensures separation of powers with the CEO. This encourages a more impartial decision making process and ensures greater accountability.

Act as Custodian to the Company

A strong Chairman will help communicate the vision and purpose of the organisation, advocate for and represent the organisation at external meetings and events and be aware of, and highlight issues that might affect the company.

Turnaround

A lack of growth or an inability to grow consistently jeopardises a company's position in the marketplace. In these times it is a strategic imperative to transform a business or certain aspects of it. Most Chairmen as experienced business leaders will have professionalised, transformed and turned around businesses and will be able to advise on what change is required and how to go about it.

Accelerating Growth

If a company is looking to expand or is experiencing significant growth, the nature of the company's operations are going to change drastically. As such, this can be the right time to hire a growth focused Chairman. As an experienced leader the Chairman will have successfully led expansion efforts in other businesses and offer the insight and connections to help develop optimal growth strategies, create and maximise the value of opportunities and minimise risk.

Supporting Founders that Lack Business Experience

While a Founder may have great ideas, he or she may not have the experience necessary to put these ideas into action. A good Chairman can help turn these ideas into effective strategies and work with the leadership team to accomplish the vision. Equally an experienced CEO will have gaps in their knowledge. A Chairman with the relevant industry, board management and business management expertise can help the CEO fill in the gaps in their knowledge and adopt an optimal strategy.

Supporting a CEO with Onerous Responsibilities

The modern CEO has much to do and worry about. The rise of modern technology means the landscape of opportunities and risks to a company is constantly changing. As such, effective companies and the CEOs themselves must be constantly changing and adapting. Depending on the level of time the Chairman has agreed to commit to the company, he or she can take on some of the CEOs management responsibilities.

Preparing the Business for a Sale Process

Companies can help ensure a successful exit by hiring a Chairman that has managed the sale of businesses before. Such an individual can help maximise returns by positioning the company in the most attractive and profitable light, planning for succession and project managing the transition to new shareholders.

Avoiding Social Process Issues

Often poor decisions are made as a result of social processes that board members unwittingly take part in. An experienced Chairman will manage the board in a way which stops these processes from occurring. Examples of such processes include social loafing, group polarisation and groupthink.

Looking at social loafing first, this is the process of board members reducing their performance because, as the size of the board grows, they increasingly feel less accountable. A competent Chairman will put a keen focus on reviewing individual board member performance and keep a keen eye of the size of the board, evaluating whether they are striking the right balance between carrying out board duties and effective decision making.

Looking at group polarisation next, this is where boards have a pre-disposed view and make decisions based on this bias rather basing it on logic, rationale and data. For example if members are generally a risk averse bunch, they will likely favour a more conservative approach and as such are less likely to capitalise on opportunities. A good Chairman will help avoid this by encouraging board members to adopt more structured, better considered thought processes.

Groupthink is the process of board members adopting a consensus without adequate debate. This can happen where board members are either complacent in making a decision or where they do not feel comfortable enough to air their views if they differs from the general consensus. Boards are particularly susceptible to groupthink if their members come from the same background. To avoid groupthink a strong Chairman will help each board member feel confident in voicing objections to the consensus, free from judgement. He or she will do this by remaining impartial throughout a discussion, encouraging board members to question the views of other board members.

Traits to look for when hiring a Chairman

Influencer & Motivator

An inspirational Chairman can motivate and energise a leadership team to get the best from them. Often the CEO position is a particularly lonely one. CEOs are only human, sometimes they need direction, praise and motivation and a Chairman who has gone on a similar journey is ideally placed to give this direction, praise and motivation.

Personal Strength, Self Confidence, Decisiveness

Part of the role of Chairman is making unpopular decisions in the best interests of the company. In difficult times a good Chairman gives strength and support to others while being resilient themselves. He or she is decisive, knowing what to prioritise, when to take action and what judgement to make in difficult circumstances so that the company can recover and move forward.

Emotional Intelligence

A good Chair has the ability to read people and build effective relationships, encourage healthy debate and manage conflict which in turn leads to more robust decision making. A strong Chairman hears not just what is said, but can also read the other directors to discover what is not being said. A strong Chairman is an excellent facilitator, who can make everyone feel confident and safe enough to share their views, challenge the views of others and then reach a joint decision.

Passion for the Work

In many circumstances the modern Chairman, particularly in VC and PE backed businesses, is more involved than was once the case. A good Chairman wants to be involved and add real value. They are eager to learn all they can about the business in order to set the vision and values for the organisation and ensure that the board and senior staff share this vision.

Integrity

Leading and gaining the respect of the board means the Chairman must have the highest personal standards with regard to honesty, reliability and commitment to the role. A good Chairman leads by example and is completely trustworthy.

Chairman job description

General

- provide leadership to the company's officers and executives
- review governance performance and manage risk
- ensure the board has effective decision-making processes
- apply appropriate level of challenge
- ensure impartiality, accountability and separation of powers with the CEO
- engage the board, cultivate relationships, manage conflict, build consensus and alignment and facilitate change
- develop the board and leadership team, plan for recruitment and renewal of the leadership team for the future

Board Meetings

- provide leadership to the company's officers and executives
- plan board meetings
- set a board agenda focused on strategy, performance, value creation and accountability
- lead board meetings
- ensure matters are dealt with in an orderly and efficient manner
- encourage all board members to contribute and robustly debate all key issues
- bring impartiality and objectivity to board decision making process
- work at achieving a consensus in board decisions and resolve conflict
- ensure the effective implementation of board decisions

Investor Management

- manage fundraising activities

- manage investor relationships
- act as the link between investors and the leadership team

Support & Supervise the Senior Team

- act as advisor and mentor to the CEO
- assist the CEO in recruiting a strong leadership team
- evaluate performance of the CEO and wider leadership team
- be prepared to step in if the CEO is failing

Business Management

- ensure responsibilities for particular aspects of management are met and specialist expertise is employed as required
- facilitate change and address conflict within the organisation along with the CEO
- approve annual budget, audit reports and material business decisions
- ensure compliance with all legal and fiduciary responsibilities
- plan for the future to maximise opportunities and effectively manage risk

Company Performance Review

- consider performance required to successfully execute the company's strategy to include competencies and skills required now and at different points in the company's journey
- create measurable performance criteria for the management team as a whole and as individual contributors
- assess successfulness of the management team by reviewing performance in respect to growth, financial performance and performance in relation to competitors
- assess successfulness of individual contributors by reviewing performance in respect to execution of their duties, cultural fit and representing the company's vision
- address any weaknesses identified through performance management and recruitment

Act as Custodian to the Business

- communicate the vision and purpose of the organisation
- advocate for and represent the organisation at external meetings and events
- be aware of, and highlight issues that might affect the company

Candidate Requirements

- Extensive professional experience with significant executive leadership accomplishments in business
- Demonstrated success as an executive board member or board chair
- Strong understanding of and ability to implement effective governance and risk management
- Credibility and experience of working closely with the investor community
- Experienced at diplomacy to include cultivating relationships, persuading, building consensus and managing conflict
- Experienced at mentoring and monitoring the CEO and wider board
- Situational experience (in circumstances where only candidates with specific situational experience will possess the necessary knowledge – eg) investment, professionalisation, turnaround, accelerated growth and expansion, exit preparation)
- Sector experience (in circumstances where only candidates from the sector will possess the necessary knowledge)
- Strong relationships with prospective clients, suppliers and industry partners and an ability to facilitate business with these parties

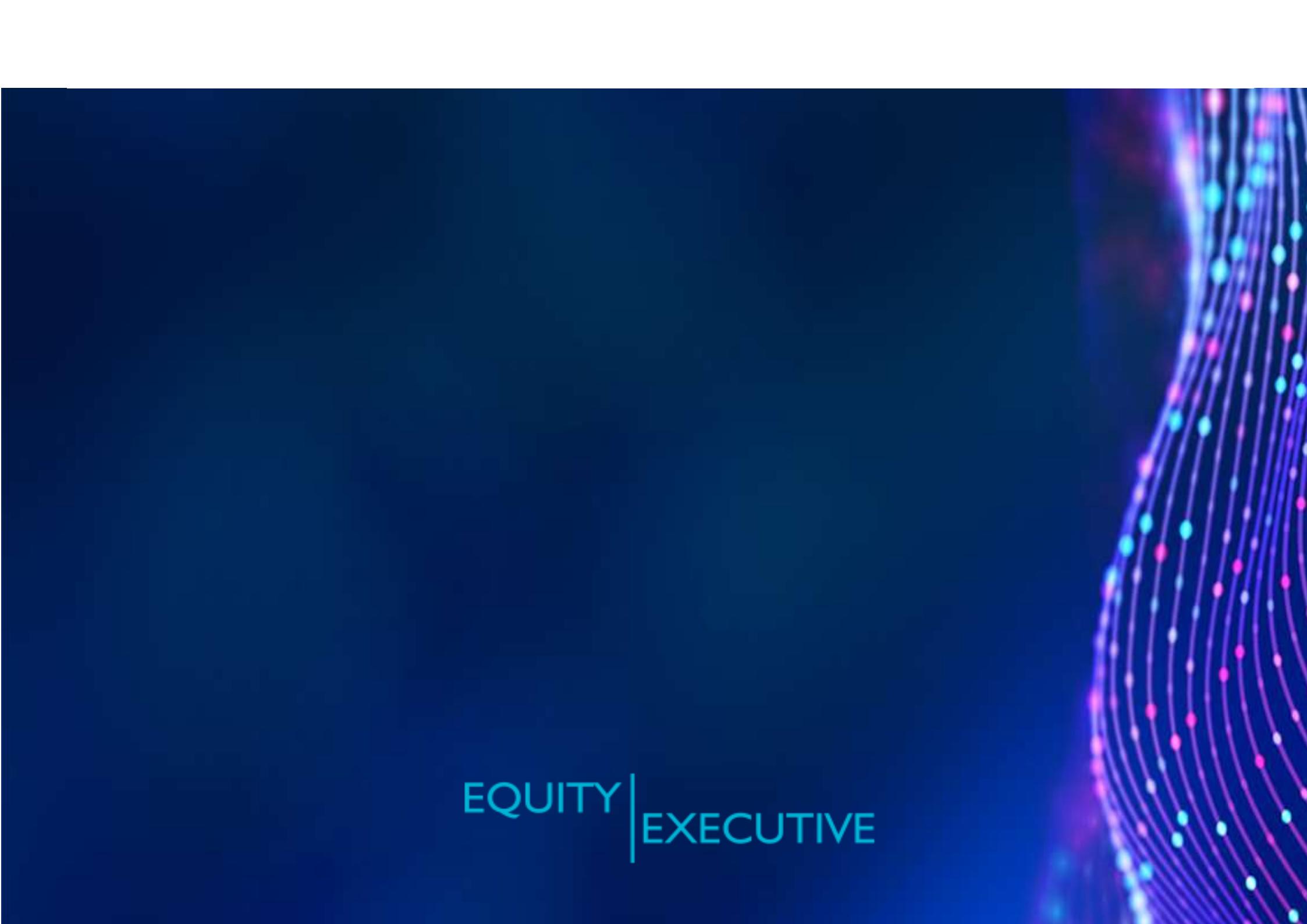
Chairman salary guide

Stage of Growth	Base Salary £GBP 000's
Early Stage (typically VC backed)	30 - 50
Later Stage (typically VC backed)	40 - 120
Mid-Market PE backed	40 – 150

For the purposes of this remuneration guide we assume the Chairman undertakes their responsibilities on a Non-Executive basis, typically between 2 to 4 days per month, fluctuating depending on business situations and events. A Chairman who undertakes Executive responsibilities is likely to be paid more based on their level of commitment.

The figures relate to average **London** salaries. We typically find the **South East** pays approx 80% of these figures, the **East of England** pays approx 75% of these figures, the **Midlands** pays approx between 70 – 75% of these figures and the rest of the UK which includes the **South West, North East, North West, Yorkshire, Scotland, Wales and Ireland** pays approx 70% of these figures. Salaries in and around major cities and tech hotspots will be higher than these figures.

The information provided above is based on our internal data and external data obtained for the purposes of developing this Salary Guide. There will be exceptions to our findings and caution should be exercised before drawing absolute conclusions.



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