



Board Chair Dinner

Johannesburg

Thursday 18th July 2024

EgonZehnder

Egon Zehnder Winter Board Chair Dinner – Summary of Discussion (1/4)

Egon Zehnder recently hosted a dinner and roundtable discussion for Board Chairs of 12 of the largest listed companies in South Africa to discuss the topic: From Oversight to Foresight: The Forward-Looking board. The discussion highlighted several key themes essential for the future of board governance: the evolving role and expectations of boards, the importance of establishing clear boundaries and roles, the necessity of fostering collaborative relationships with regulators, the imperative of strategic focus and futureproofing, and the critical need for diversity and succession planning.

Questions of values, bringing hope to the society and communities, Boards being fit for purpose, helping businesses to be successful and resilient, and serving aspirations of next generations in South Africa were on the top of participants' minds.

1. Evolving Role and Expectations of Boards

The discussion underscored the increasing expectations placed on boards, particularly in regulated industries, to be more hands-on and knowledgeable about the operational details of the companies they oversee. This shift has raised concerns about the balance between being independent directors and acting as pseudo-management. There was a consensus on the importance of boards establishing clear boundaries and roles to maintain a balanced relationship with management, thereby preventing the undue transfer of responsibilities and mitigating the risk of increased pressure on board members. As one director put it, “Be good at compliance and excellent at business.”



Egon Zehnder Winter Board Chair Dinner – Summary of Discussion (2/4)

2. Relationship Dynamics: Board, Management, and Regulators

A significant theme was the need for improved relationships and alignment between boards, management, and regulators. Participants highlighted the asymmetry of information and power imbalances that often exist, which can hinder effective governance. Participants acknowledged a deficit of and need for platforms for equal dialogue between the business and regulators, where Boards, as custodians of business, has a place at the table as advisors and equal partners to regulators and the government. The discussion highlighted the value of fostering more proactive, open and collaborative dialogues with regulators and reconsidering the transactional aspects of these relationships. Building trust and creating opportunities for non-executive directors to engage with regulators were identified as essential steps towards enhancing governance practices.

3. Strategic Focus and Futureproofing

Boards were encouraged to adopt a strategic and forward-looking approach, considering the rapid technological advancements and the evolving business landscape. A director remarked that “We should not underestimate the significance of technology and how it transforms the world and business.” The significance of digital transformation and AI was discussed, with a call for boards to be more proactive in understanding and leveraging these technologies. Additionally, there was a recognition of the need for boards to balance short-term and long-term goals, ensuring that they remain agile and adaptable to change while maintaining a focus on societal impact and sustainability.



Egon Zehnder Winter Board Chair Dinner – Summary of Discussion (3/4)

4. Leadership and Board Culture

The role of the board chair was highlighted as pivotal in ensuring the success of the board. As one director said, “90% of a board’s success is dependent on the Chair.” Effective leadership by the chair can create an environment where board members feel safe to express their opinions and challenge the status quo. The discussion also touched on the cultural aspects of boards, including the need to address power dynamics, cliques, and the emotional aspects of board membership. The chair's ability to foster a culture of collegiality, courage, curiosity, and insight was seen as essential for a high-performing board.

5. Diversity, Inclusion, and Succession Planning

The importance of diversity on boards was emphasised, extending beyond gender and age to include generational diversity and diversity of thought. There was a strong call to action for growing the next generation of directors, ensuring that new voices and perspectives are brought into the boardroom. Succession planning was identified as a critical area, with the need to anticipate and prepare for future leadership transitions to maintain board effectiveness and resilience.



Egon Zehnder Winter Board Chair Dinner – Summary of Discussion (4/4)

6. Navigating Tomorrow

As our discussion uncovered, a forward-looking board is one that adeptly embraces its evolving role by maintaining its independence while ensuring effectiveness. Such a board actively promotes collaborative relationships with regulators, creating platforms for meaningful engagement and trust-building. It places a high priority on diversity and succession planning, recognising the importance of generational and cognitive diversity in introducing fresh perspectives. Furthermore, a forward-looking board remains strategically focused on futureproofing, leveraging technological advancements, and maintaining agility to adapt to emerging challenges. As well as providing oversight on emerging shifts in sustainability expectations. By embodying these principles, boards can significantly enhance their ability to more effectively navigate the complexities of today's business landscape.



