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Politicians as Directors

Board succession planning is an important topic for boards of all organizations, and in particular for their governance committees. Many boards use a skills matrix – a chart that captures the skills of the existing board members and allows the governance committee to identify areas of expertise and experience that should be prioritized in identifying future candidates. In addition to filling specific skill gaps, governance committees work to identify candidates who will be effective directors. Because it is difficult to assess a candidate's potential for boardroom effectiveness without seeing the person in action, boards often look to particular career accomplishments to screen for this potential. The short list of candidates considered by a governance committee generally includes high achievers in business, law, accounting or consulting. However, boards should also consider successful politicians for the attributes and experience that contribute to high performing boards.

The qualities of an effective director and those of a successful politician are remarkably similar. For example, a good director is a quick study – many independent directors know little about the industry in which the company operates at the time they join the board. They must be able to come up to speed on an issue quickly, master the structure and strategy of the organization and gain command of the detail that is necessary to make board-level decisions. Similarly, politicians come from a wide variety of backgrounds. Those who become cabinet ministers assume responsibility for complex areas of government. However, they seldom come to the position with in-depth knowledge of the area of government for which they are accountable. They must review enormous volumes of briefing materials on every issue in their portfolio, reconcile competing issues where possible and align the work of their ministries with the policies of their government.

Directors rely on management and on the corporation's advisors for information, analysis and recommendations. The same is also true of prime ministers, premiers and members of cabinet – all of whom rely on their chiefs of staff and heads of public service for that support. Directors must have the courage of their convictions and be prepared to offer their board colleagues the benefit of their honest view on the issues under discussion – but they must be able to do so in a constructive manner. They must be able to keep the best interest of the corporation front and centre, but take into account the interests of stakeholders as appropriate. The same applies to decisions by government. At the cabinet table, ministers must be prepared to present their views frankly and participate in discussions constructively, keeping in mind the implications of their decisions on a wide range of stakeholders. Should cabinet decide to proceed differently than a minister has recommended, the minister in question must accept the decision of the group, support it publicly and play the role required in putting that decision into effect.

And so, when a former senior politician joins a board, that individual is in familiar territory. They are positioned to operate effectively on a day-to-day basis, but also to play an important role when the corporation is facing a crisis. This is when the former politician can play a distinctly important role. The ability to bring a group of colleagues to consensus while maintaining sensitivity to stakeholder interests must not be underestimated, particularly when the corporation is facing an issue that could undermine its franchise or reputation. An understanding of media relations and how particular issues should be framed and presented

can also make a tremendous difference to the way in which investors, analysts and regulators perceive the crisis and how it is being handled by the organization and its board.

Governance committees should consider not only former senior politicians, but also those who have served as chiefs of staff or as senior public servants as potential directors. A chief of staff is the chief operating officer to the prime minister, premier or cabinet minister on the political side. That individual is integral to the development and coordination of policy and is the center of crisis management. The secretary to cabinet (or the Clerk of the Privy Council, federally) and the deputy ministers are the chief operating officers on the public service side. They are responsible for the development and implementation of policy and have accountability for significant budgets and thousands of public service employees. Where a governance committee is looking for a new director with a successful track record in management, they should look beyond the private sector. A former chief of staff, secretary to cabinet or deputy minister will have top level management skills. Beyond that, where government is an important stakeholder for the organization, the government relations expertise that these individuals bring to the boardroom may be particularly important.

High contributing directors brief up quickly on complex issues, have the judgment to know when to accept management recommendations (and when to probe for further analysis), and combine strong convictions with the ability to support a well-reasoned consensus. These attributes are shared by successful politicians, by their chiefs of staff and by those who have held senior positions in the public service, positioning them particularly well to be strong contributors to high performing boards.

This piece is based on a column written by Carol Hansell for Lexpert Magazine in 2012.

The information and views set out above are a general discussion of certain legal and related issues and should not be relied upon as legal advice or opinions in relation to any particular circumstances. If you require legal advice, please feel free to contact us and we would be pleased to discuss these issues with you further.

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