

CLIMBING THE LEADERSHIP LADDER *THE OTHER SIDE OF CORPORATE GOVERNANCE*

SPEECH BY SHEIKH HUSSEIN A. AL BANAWI



To characterize corporate governance as simply a tool to manage corporate risk and to coin it as such, falls way short of the true essence of what corporate governance is all about.

Surely, the enactment of corporate governance helps shareowners to achieve organizational longevity, which in turn allows our enterprises to evolve and grow even when faced with the inevitable state of change at the helm.

Many of us agree that organizational longevity is a prerequisite to a sustainable economy. However, as passionate and prudent many of our corporate leaders are, countless organizations are still vulnerable and are not structured to survive change of stewardship without disruption. Invariably, anytime we experience as a society the demise of a flourishing business just because good governance was not an integral part of its structure... We all lose.

Hence, the pursuit of enacting good governance as a pillar to an organization's decision making process and modus operandi makes the case more compelling that corporate governance is first and foremost about effective leadership, and risk management is just one component of it.

Any present time, a leader aspiring to new highs on a personal or professional level, should look at instituting corporate governance as his or her ticket to be a better leader, a more effective leader. How?

Anyone who is in a leadership role, is faced with a choice; either keep doing what we do best exercising our authority and applying our leadership skills in one's familiar organization, or embark on a mission to better prepare one's organization for the future.

The goal is to create a work environment that even though we would not be the know it all, do it all, the center of attention any more, as is in the first choice and yes, our authority won't be as central or definitive anymore; however, an organization with corporate governance as part and parcel of its decision making structure with checks and balance, will make today's leaders far better tomorrow.

Corporate governance will provide the leader at the helm and executives within the senior ranks the ability to recognize the inner play of consensus building and the power of improved communication to sell a vision, a strategy, an opportunity, or a



new course of action. Your leadership skills will be honed and tested as you work with a board of directors that establishes oversight and holds senior management accountable. And let's not forget the personal learning we gain from bridging team differences, or the insight we acquire from reaching smart compromises. All of that and more while listening and recognizing others points of views dissimilar from our own.

Every accomplished leader can tell you plenty about the merit of having early on to apply their leadership skills in a work environment, where they had to work hard to negotiate with internal and external stakeholders, as a way to achieve and excel.

Taking others for granted and not appreciating that we cannot do what we aim to do without regard to internal corporate dynamics will not develop better leaders. I would go further and argue that we would grow to be less effective in a changed environment, because we will not be able to effectively cope with the ever increasing complexities of the corporate world of tomorrow.

An entity with corporate governance as central to its decision making structure is our ticket to leadership development; otherwise we risk maintaining our leadership skills at status-quo, and eventually with diminishing returns.

Obviously, we need to adjust to the fact that our authority and power will be scrutinized and placed in check, but that does not mean it is contained or put to question.

Effective leaders thrive in a work environment, where they have to navigate the unpredictable terrain towards achieving their goals and their abilities are enhanced as they manage diverse constituents.

So next time someone tries to sell you corporate governance as a tool for risk management, remember that not having corporate governance in our countless organizations presents an undefined risk to our credibility as corporate leaders and even a greater risk to the long term survival of our various organizations.

Start by putting together a proper board of directors, don't pick friends for the sake of familiarity at the

expense of expertise and wisdom, don't make it a club, pick a board with diverse backgrounds and impeccable integrity. They have to be interested to join the company and are professionals in their own spheres. Start the transformational journey of instituting good corporate governance working hand in hand with your board. Don't be afraid to discuss your innermost worries with the board; the biggest thing you have to worry about is what you don't tell the board, not what you tell them.

Engage trusted lieutenants in the organization, who wholeheartedly subscribe to corporate governance as a living concept. Keeping in mind that there are always few team members, who prefer to work in an environment where corporate governance is not enacted; those have to be identified as their agenda might not align with the company's agenda towards transformation.

Keep front and central as you go through the process of defining the right governance structure for your company, that every time you engage in the process of negotiating the relevant policies and principles that it is less about you and more about your organization. Aim to set up a structure that will enable the organization to manage three key objectives: First, succession at the top; Second, the quality and consistency of decision making; and Third, the checks and balance in the decision making process.

Indeed, we should tick the boxes on all of the above without compromising speed and response time in a highly competitive world.

That should be the aim as you engage in this building block exercise with far reaching ramifications think more about the organization's longevity, and less about your present time status and to what degree your authority will change. We need to agree to a certain given from the beginning; that the organization's long-term survival should be our primary goal. We should not expose the company to the risk of rolling a dice, day in day out, when it comes to transition at the helm, and decision making. Gambling with a company's future for the sake of just managing for the present is a bad trade off.

I will close with this, the practice of good corporate governance starts with the right mindset, and ends with rigorous execution.

