

VIDEO SERIES

Leadership in the Field: Interviews with Global Leaders

By Russell Reynolds Associates
with Roger O. Crockett

Unilever Chairman Michael Treschow discusses the board's relationship with the C-suite, including CEO support, succession, diversity and driving a winning strategy.

AN EDITED TRANSCRIPT

CHAPTER 1: Supporting a new CEO through succession and transition.

Roger Crockett: As Chairman of Ericsson previously and now with Unilever, you've overseen several CEO successions. So what is the role of the Chairman in that succession planning process?

Michael Treschow: I think the Chairman has to be the most active in it, but particularly if you look at the situation in the Anglo Saxon companies, like Unilever, the Nomination Committee, which is a committee of the board, has a key role to make sure that you specify the job and run the process.

If we take the example of Unilever, our Nomination Committee meets every time we have a board meeting, roughly five or six times a year. Among its key duties is surely to make sure we are on top of the succession planning. But also the full board is interested. So at least once a year we have a full session with the board on succession planning and talent management.

Roger Crockett: Let's talk a bit about once the CEO is in place. What is the Chairman's role and also the board's role in making sure the CEO has everything he or she needs to lead the company successfully?

Michael Treschow: Each case is different, but generally, you can say you need to be close to the individual in the beginning. You need to always be available when that person needs you. And then, of course, you need to make sure that you are sensitive to how things are going. But you also have to give a lot of freedom for that individual to do his or her own things. But you need to make sure that you offer a lot of support, particularly if it's a person who has not been a CEO before. You try to understand and help. Because it's a big step to go from, say, number two to being a CEO.

Roger Crockett: How often do you meet with that CEO and talk to him? Is it every day, is it once a week? What's the structure?

Michael Treschow: I figured out it's important to have a chat with my CEOs every week—a preset meeting, whether it's needed or not. It gives the CEO an opportunity to think aloud about what's on his mind or what he is doing. But there is no agenda, it's actually asking questions: "What's on your mind?" "Is there anything that stops you sleeping at night?" "How do you feel?" But at

the same time, I think you need to meet physically almost that often. Sometimes we have it on video presence or video conferencing because you want to make sure that you can see that person in the eyes and figure out if everything is okay. Because we are normally very well trained to say it's okay, even if it's not.

CHAPTER 2: Helping the CEO through tough times.

Roger Crockett: What about in very difficult times — economic challenges, operational challenges? In those crises, how does that change the relationship between chairman and CEO? The board and CEO?

Michael Treschow: I've been through some of those, and you have to be even closer. At Ericsson, for instance, we didn't meet our target or we had to revise it, and the CEO got really hammered on that. Then you need to be close and supportive, even more supportive to figure out how you are doing. Because it's tough when you get all that pressure. So don't add to the pressure, try to share the pressure.

Roger Crockett: When pressure comes from Wall Street, from shareholders and from the media, who steps to the fore as the leader? Is it the chairman or is it the CEO, or is it both?

Michael Treschow: It depends on the issues. Normally, it's the CEO who is the spokesperson for the company, in all matters. But when it's more closely linked to shareholder issues—like in the Ericsson case when we had a big shareholder rights issue—then I had to drive that. But you have to be careful because when the chairman speaks instead of the CEO it can create confusion in the marketplace. People wonder who is actually running the business. So you have to make sure you don't undermine the CEO's authority. It is the CEO who is the prime spokesman in 90% of the cases.

Roger Crockett: We know that diversity is a big topic, particularly gender diversity in Europe. How important is it to have that diversity in the C-Suite and also on the board of directors?

Michael Treschow: I'm a great believer in diversity but not necessarily diversity that says it has to be a woman or a man. In the end, it's the diversity of minds. It would be very bad for the company if there were too many that thought like I do, and were actually copies of me. So you need to really make sure that you have diversity of minds. In that sense, gender and nationalities play a big role. You want different individuals on the team, but of course, the team needs to play together.

CHAPTER 3 – “Diversity is critical for organizational success.”

Roger Crockett: As the Chairman of a large, global company that operates in many different countries, how do you go about making sure the board has the right representation on it? Geographical representation, experience, etc.

Michael Treschow: I think we can start with the notion of understanding. Make sure that all the questions are asked. That is easy to say, but depending on your own personal interest and background as a board member you have a tendency to ask certain questions. It also requires having good representation, which means you want to make sure there's diversity, that everything and everyone is represented around the table. And of course, that can not exactly happen, but you want to make sure that the board has good representation by nationality, by job functions, by expertise, and by personality. So the more of a blend, and the more of a great global zoo you create, the better it is.

CHAPTER 4 – Driving an effective board and strategy.

Roger Crockett: As Chairman, how are you measuring the board's effectiveness and performance?

Michael Treschow: Well, there are the soft issues where it's good fun in the board room, and board members feel at ease, they feel they can contribute. Also you want them to feel that the right issues are on the agenda, and that we stick to time. So they don't have to get nervous that they won't get out on time. But then, once a year, we have a broader, intensive process of board evaluation. This year, here at Unilever, besides answering a number of questionnaires, there will be an outside facilitator that will meet every board member for a couple of hours. And I will meet every board member for a couple of hours. To just discuss the performance and what we can do better. You always ask the question, what can we do better? It's the yearly calibration.

Roger Crockett: Tell me, Michael, what role should the board play in the setting of strategy?

Michael Treschow: Well, I think the board needs to make sure that there is a strategy in place. In the companies I've been Chairman of we always discuss the strategy with management. In every board meeting there is a strategic issue or strategic question that we spend time on. It can be a talent review. It can be a category. It can be a market. It can be a risk. But it's still addressed from a strategic point of view with a long term perspective. I try to drag management a little out of their boots, and discuss more long term, and not operational. Because a board is not that good at discussing operational. We are much better at discussing the long term. It's a rolling, annual process. We just came back a couple of weeks ago from Jakarta, Indonesia, where we had our annual strategic review. And before that, management spent intensive time to address the strategic issues that we have. As a result, you feel comfortable with the process, you feel comfortable with the process throughout the year. And then you feel comfortable for the exam day, where you actually review the whole thing in one go.

Roger Crockett: And of course, some boards are quite different from others. You ran a board with Ericsson that had union representation, and Unilever does not. What's the difference in managing these different boards?

Michael Treschow: You have a team around the table and they can come from different places. At Ericsson we had union members, which we are not used to here. In the Anglo Saxon boards, many companies are used to many executive directors on the board. We are not used to that at all in the Swedish context. But it's not that big of a difference. You play with what you have. And you make sure you bring the most out of their expertise. Of course, the bigger the room and the bigger the table, it becomes less dynamic. But that becomes a leadership issue. How do you create a dynamic environment, even with 20 people? Yes, it's easier with six, so it's a matter of doing it a little different.

It's important to create confidence in the CEO that the board is his best friend and supporter, and helping him or her to develop the business. If you can get that atmosphere going, I think it's more productive.



Michael Treschow is Chairman of Unilever N.V. and PLC, a global powerhouse in consumer packaged goods. He was appointed Chairman in May 2007. He is a member of Unilever's Nominating and Corporate Governance Committee and the Compensation and Management Resources Committee. Prior to joining the Unilever board, Treschow was Chairman of telecom networking equipment maker Telefonaktiebolaget L M Ericsson, from 2002 to 2011. He was also chairman of the board of AB Electrolux from 2004 to 2007. Treschow became CEO of Electrolux in 1997, and before that he was president and CEO of Atlas Copco AB. A native of Sweden, Treschow was chairman of the Confederation of Swedish Enterprise until joining Unilever.



Roger O. Crockett is a veteran business writer, thought leader and speaker. He is the former Chicago Deputy Bureau Chief for *BusinessWeek* magazine and a contributor to *Harvard Business Review*. His perspectives on business, leadership and diversity are trusted by many of the world's top executives and entrepreneurs.