

**THE GARNER INTERNATIONAL
NON-EXECUTIVE FORUM**

8th November 2007: Lunch with Lord Maclaurin of Knebworth

Three things strike you when you are in the presence of Ian MacLaurin. He is a man of no obvious ego or pretence; he explains things in a few sentences for which most managers would require three pages; and, you can take a man out of Tesco, but you can't take Tesco out of the man.

Here is an individual who has gone well beyond all that he had done in building the UK's major supermarket company as its Chief Executive, who identified, supported and let loose one of the youngest and most successful CEOs of his generation when moving up to Chairman and capped that with some of the world's biggest ever M&A deals with Sir Chris Gent when he was Chairman of Vodafone. Looking at the Vodafone experience, one sensed a slight regret that he did not re-shape that Board more vigorously following the acquisitions, which is a lesson to us all.

He was insistent that young, up-and-coming executives should be released to serve on another company's board. He agreed, too, that spending time away from one's own company is crucial to the skill of delegation and to giving direct reports room to breathe and show what they are worth.



There was nothing clichéd about Ian's views on non-executive directorships. He viewed the sequence of regulation from Cadbury to Higgs as being relevant but, hopefully, it should stop there. He said the recent relaxation on individuals being able to take on two FTSE 100 chairmanships was welcome.

Ian was clear that serving on another company's board is an essential part of management's education. He cited the occasion of his being invited to join the Board of Enterprise Oil (a field about which he knew nothing, which is why he said they invited him) and the whole Guinness affair which, of course, led to the CEO being sent to prison! Moreover, all the machinations of that same affair – the promised move by Saunders of the head office to Scotland, and the share support issues – were a definitive test of non-executive directors' roles responsibilities, and fiduciary accountability.

Interestingly, he isn't a big fan of Nominations Committees. As a Chairman he likes to choose his own team of NEDs. Perfection for him is a board of fourteen with seven Executive Directors and seven NEDs, plus the Chairman. By the way, the paradox of his successor at Tesco, Sir Terry Leahy, not having an NED role had not gone unnoticed!

As the host for the talk and lunch is an executive search firm, Ian was asked whom he used to bring forward candidates for NED roles. “ Exclusively headhunters,” was the reply. “They know the market and the candidates and, that vital issue, they understand their potential fit”.

To close, Ian was off to the USA to have a close look at the launch of 'Fresh n' Easy' in California. This reminded him to stress again his belief that NEDs should really get to know the companies on whose boards they serve. This means actually getting out and about, meeting colleagues at all levels and talking to customers. Ian stressed that this was not about assuming quasi-executive roles, he said that NEDs have to have the authority of



knowledge about the company, its markets and its competition and, essentially, where the company's heartbeat lies. He made clear that when, some years ago, Tesco was contemplating the roll out of their international strategy, he involved the NEDs both in the USA, which resulted in a 'not now and not that one' and, upon detailed research by the NEDs on the ground in Hungary etc., where they responded with a 'yes'. History shows these were wise decisions.

Everyone agreed that this was a very special opportunity to get up close to one of the UK's most outstanding executives of his generation. The next event in this ongoing programme will be announced in the New Year.

