

THE SKILLS OF A CAPABLE OWNER

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The main role of an owner is to establish conditions in which a business can operate competitively. Only a competitive business can have a future. The owner must understand how to conserve and enhance competitiveness. Understanding of this kind requires experience, knowledge and skills.

The ability of an owner to influence value creation in the business will be expressed through the decision-making process of the shareholders' meeting, by serving on the board of the company, and by engaging in direct discussions with the board of directors and senior executives as required. An owner will be involved in the business over the long term, even in times of difficulty.

The members of the board of directors, particularly the Chairman are the most important appointments that an owner can influence.

The role of the Chairman is of prime importance for three reasons:

- (1)** The chairman must be capable of professionally managing, developing and, where necessary, reforming the board to ensure that its strategic impact on company operations remains continually relevant.
- (2)** The chairman serves as a close confidante of the CEO, preparing board meetings and the longer-term agenda in partnership with the CEO.
- (3)** The chairman is an important channel of communication with the owners.



The importance to the owner of making appointments successfully is evident when reviewing the main functions of a company board, which must be competent to make decisions on all of the following:

- the strategic position and competitive edge of the business,
- strategically important questions such as investments and corporate acquisitions,
- financial targets and benchmarks of success,
- the normative operating framework (mission, vision, values and key policies), and
- appointing, instructing and remunerating the CEO and planning for a successor.

Every member of the board must understand all relevant aspects of the enterprise if the board is to function as a team that can generate added value.

A capable owner will understand the operations and strategic position of a business, be able to make appointments that support and develop its competitiveness and ensure that the remuneration of senior management supports increasing enterprise and shareholder value. A capable owner will also know how to call on outside expertise when discharging the duties of ownership.

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Mikael Silvennoinen is the Chairman of the Finnish executive search and management consulting firm **IMS Talent Oy**, which helps owners and company boards evaluate and recruit directors and senior executives. Silvennoinen has more than 25 years of boardroom experience with several private and listed companies, serving for 16 years as President and CEO of Pohjola Bank before taking up his current position.

IMS Talent is a Finnish executive search partnership established in 1986. The services of the partnership also include finding company directors and evaluating and enhancing the work of company boards and management teams. **IMS Talent** is affiliated to the **IMD International Search Group** representing more than 40 offices in 25 countries.