



Ask Mr Sid

Dear Mr Sid

Re: Stepping Down to Step Up

And so the world turns. After 12 successful years as the CEO of a listed manufacturer of precision equipment, I finally retired. To my delight, I was installed on the board as the non-executive chairman, no less.

I thought this would be a great way to secure my legacy and guide the company, but it's been more challenging than expected.

My successor, whom I groomed and recommended (so you'd expect some gratitude and loyalty), seems to resent my instructions and even goes so far as to ignore me. Recently, when I raised concerns about his staff mishandling a technology project, he countered that, as the CEO, he has confidence in his people. I reminded him that as CEO, he reports to the board, especially the chair, but he seemed unfazed.

I also suggested having a dedicated office for my visits and sharing his personal assistant's services, but he implied he didn't want staff communicating directly with me or other directors.

I know the saying "nose in, fingers out" for non-executive directors, but surely that doesn't mean being hands-off, especially as board chair. After all, no one knows this organisation better than I do!

Even some fellow directors have changed. As CEO, I was deferential to them, but now, as board chair, I don't feel I'm getting the respect I deserve. The nominating committee chair even mentioned reviewing the board structure and individual roles, which feels ominous.

I am considering pushing for executive chair status to clarify my authority, but the majority shareholder, who was also the former non-executive board chair, seemed resistant when I floated the idea.

Mr Sid, how can I assert the influence I need to secure the best outcomes for the company I love?

Yours sincerely,

Retired-CEO-but-unretired-chairman

Dear Retired-CEO-but-unretired-chairman

You are clearly deeply invested in the company and its success, and your dedication is commendable.

The challenges you described are not uncommon for someone transitioning from being a successful CEO to the non-executive chair of the same company. Let us explore how you can navigate this shift.

Stepping down, stepping up, and stepping back

First, your description of "stepping down to step up" is not entirely accurate, as it misses the nuances of the roles.

Yes, becoming board chair is, in many ways, a step up. You now oversee the governance structure, ensuring strategy and accountability at the highest level. But you have also stepped down from the operational responsibilities of a CEO, and this requires stepping back from day-to-day management. Your focus must shift to guiding the board and supporting the CEO, rather than directly managing the company's operations.

While you can view the chairmanship as a step up in governance, the scope of your work has reduced from an executive to a non-executive role. This scope reduction is reflected in compensation – the CEO pay, often several times that of directors, reflects the intensity of daily

operations, while board roles, including the chair, are remunerated less because they are less hands-on.

To successfully transition, it is critical to recognise and respect this distinction. Understanding the boundaries of your non-executive chair role and working collaboratively with the board and management will ensure that you contribute meaningfully without overstepping.

Understanding the non-executive chair role

Accelerating your understanding of the non-executive chair role will be key to easing this transition.

Consider joining the board of another well-governed company, particularly one with a strong, established relationship between the board chair and CEO. Observing the dynamics of such a board can provide valuable insights.

Additionally, reflect on how you interacted with your previous non-executive chair and board when you were CEO. Think back to how they managed the balance between being supportive and holding you accountable. How did they exert influence without crossing into executive territory? This can be a helpful reference as you reshape your own approach.

I also recommend you attend the Singapore Institute of Directors (SID) courses on board chairmanship, and join in their Chairman

Conversations and Chair Accelerator Programme. Interacting with your peer non-executive chairs will provide practical perspectives and help you build a support network.

Working with the board

As board chair, your leadership should come through influence rather than authority. The boardroom is not a space where you can give directives as you did to your staff when you were CEO. Your primary goal now is to foster a healthy, functioning board that works collaboratively with the CEO to provide oversight and guidance – without micromanaging.

Be clear with yourself and your fellow board members on the proper role of directors. You referenced the saying “nose in, fingers out” but worried that it implied being “hands off”. Taking that analogy further, you would be correct to say that being “completely hands off with eyes closed” will be risking “back exposed” for the board and company.

But that’s an extreme characterisation of an absentee board. The key is balance: an effective board provides support while maintaining control. As chair, your role is to ensure the board remains alert, inquisitive and engaged while trusting the CEO to handle operations.

If the board functioned well during your time as CEO, there is no reason it cannot continue to do so now. You can aim to improve board processes, but perhaps only at the margins.

Work closely with the nominating committee chair on any necessary board restructuring. One key improvement could be the appointment of

a lead independent director (ID). A lead ID can act as a bridge between the chair and the rest of the board, providing feedback without leaving you to speculate about how your colleagues view your performance. By proposing this, you will signal that you are committed to making the board dynamics work rather than clinging to old patterns of authority.

Finally, I advise against seeking executive board chair status. This move risks blurring the line between governance and management, undermining the principles of good governance. Your role is to ensure oversight and accountability, not to retain executive control. Moreover, with the majority shareholder against the idea, pushing for it would create unnecessary friction.

Working with the CEO

Your relationship with the CEO will be crucial to the success of your chairmanship. It’s understandable that there might be tensions, given your history together and the shift in power dynamics. But instead of allowing these tensions to grow, now is the time to focus on building a collaborative relationship.

Remember, you groomed and mentored this CEO. Think about his strengths and where he can succeed on his own terms. While it may be tempting to continue directing him, it’s essential to give him the space he needs to lead.

There are no rigid rules for how a chair should interact with the CEO, but it is worth sitting down together to define the boundaries of your roles. Think back to your own time as CEO – how would you have liked your chair to offer advice without undermining your authority? Use those

insights to create a relationship based on mutual respect and partnership.

By working together to establish clear boundaries, you may find that collaboration, rather than confrontation, produces better results. If you approach your relationship with your CEO as a partnership, you may even find that you will get your office space and access to the management team – without having to push for them.

Alignment for success

At the end of the day, the company’s best interests are served when the board, the chair and the CEO are aligned. Disagreements will happen, but they should be resolved through dialogue, mutual respect, and a shared commitment to the company’s success.

You have an incredible opportunity here to continue building on the legacy you have created at the company you so love. But, as you have already noticed, there’s a risk of damaging that legacy if the relationships between you, the board and the CEO become too strained. Don’t let that happen.

By stepping back strategically and trusting the structures of good governance, you can still play a vital role in the company’s future, but one that befits your position and ensures the success of your successor.

Wishing you success in this new chapter.

Yours sincerely



Mr Sid ●

Who is Mr Sid?



Mr Sid is a meek, mild-mannered geek who resides in the deep recesses of the reference archives of the Singapore Institute of Directors.

Burrowed among his favourite *Corporate Governance Guides for Boards in Singapore*, he relishes answering members’ questions on corporate governance and directorship matters. But when the questions are too difficult, he transforms into Super SID, and flies out to his super network of boardroom *kakis* to find the answers.

Mr Sid's References (for this question)

Board Guide
Section 2.5: Board Leadership
Appendix 4H: The Role of the Board vis-à-vis Management in Strategy
Section 6.5: The CEO
Appendix 6B-6: Balancing the Chairman-CEO Relationship

Boardroom Matters
Vol 1, Chapter 26: “Sense and Sensibility in Board Diversity” by Lyn Boxall
Vol 3, Chapter 5: “Role of Non-Executive Directors in Strategic Planning” by Eugene Kang
Vol 4, Chapter 31: “The Role and Challenge of the Non-executive Board Chair” by Lee Chong Kwee

SID Directors Bulletin
2017 Q2: “The Board-Management Relationship: How to Achieve Control and Support” by Professor Jean-Francois Manzoni
2017 Q2: “The CEO: Power Leads to Altitude Sickness” by Professor Philip Anderson
2017 Q4: “Roles and Practices of Board Chairs Across the World” by Professor Stanislav Shekshnia and Veronika Zagiev
2019 Q1: “What Next? How CEOs Deal with the Challenge of Leaving the Top Job” by Alain Deniau and Dan Cullen

SID Courses
Chair Accelerator Programme
Board Chairmen Conversations
Listed Entity Director Programme: LED 2: Board Dynamics
Governance for Outstanding Organisation Directors Programme: SGD 3: Board and Management Dynamics
SID-SMU Directorship Programme: SDP 1: The Role of Directors: Duties, responsibilities and legal obligations
SID-INSEAD International Directors Programme: IDP 2: Board Dynamics, Efficiency and the Role of Committees