

Marks and Spencer

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The investor disquiet at Marks & Spencer has been distorted into an argument over whether shareholders are for or against Sir Stuart Rose. Yet it has always been about sound governance. It stems from last year's misguided decision to defy best practice and make Sir Stuart chairman as well as chief executive, reinforcing institutions' sense that the board was failing to pay them due regard. In fact, few shareholders dispute that Sir Stuart is, for now, best person to be chief executive. Even the Local Authority Pension Fund Forum, leading calls to split the roles, calls this a "difference of principle, not personality".

The board must heed the substantial 38 per cent protest vote in favour of the LAPFF's resolution on Wednesday – and surprisingly large 10.5 per cent vote against re-electing Sir David Michels, the deputy chairman and the senior independent director. But directors face a balancing act. They must maintain stability in a brutal retail environment while finding candidates capable of succeeding Sir Stuart – who recently turned 60 – and steering towards splitting his roles again. No one benefits from plunging M&S into an immediate succession crisis.

The LAPFF's call for M&S to appoint an independent chairman first, by July 2010, has in effect been overtaken by the board's potentially faster alternative. Although it would have been better to make this clear earlier, M&S has now signalled intentions to appoint a new chief executive by next summer. Sir Stuart would then remain chairman for a handover period, but probably depart well before an agreed July 2011 deadline. The board must show that it can handle this process effectively. Meanwhile, Sir David should drop ambitions to succeed to the chair and focus on choosing a new independent chairman. Free of association with past mis-steps, that chairman can then lead efforts to rebuild shareholder trust.