



The Men and Women Who Run Kingfisher

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Management can make all the difference to a company's success and, thus, its share price.

The best companies are those run by talented and experienced leaders, with strong vested interests in the success of the business, held in check by a board with sound financial and business acumen. Some of the worst investments to hold are those run by executives collecting fat rewards as the underlying business goes to pot.

In this series, I'm assessing the boardrooms of companies within the FTSE 100. I hope to separate the management teams that are worth following from those that are not. Today, I am looking at Kingfisher (LSE: KGF), owner of B&Q and Europe's largest DIY retail chain.

Here are the key directors:

Director	Position
Daniel Bernard	(non-exec) Chairman
Ian Cheshire	Chief Executive
Karen Witts	Finance Director
Kevin O'Byrne	CEO, B&Q and Koctas
Phillipe Tible	CEO, Castorama and Brico

Frenchman Daniel Bernard joined the board as deputy chairman in 2006, stepping up to become chairman in 2009. He has worked for several European retailers, and was chairman and CEO of Carrefour from 1998 to 2005.

Ian Cheshire was schooled at Boston Consulting Group, Guinness (where he was Ernest Saunders's executive assistant), and Sears, before joining Kingfisher in 1998 as strategy director. He became CEO 10 years later in 2008, after being B&Q CEO from 2005.

Checked history

He has thus seen Kingfisher's checkered history first hand. The group grew to be a sprawling conglomerate in the late 20th century, before a failed bid to buy Asda led to shareholder pressure to refocus.

Mr Cheshire has increased operating margins, with emphasis on exploiting synergies between the company's various international operations. The share price has doubled during his tenure, and though barely above what it was 10 years ago, that's a considerable achievement given the economic background. The business is sensitive to consumer spending and housing markets in the U.K. and Europe.



A chartered accountant, Karen Witts has worked for several companies in finance roles, and was CFO of BT retail and CFO of Vodafone Middle East and Asian region before joining Kingfisher in October 2012. Witts took up the job vacated by Kevin O'Byrne, who had been finance director since 2008. He had previously been finance director of DSG, and was poached after being passed over for the top job there.

Reshuffle

Philippe Tible has spent his career in the French retail industry, joining Kingfisher's French subsidiary in 2003. He joined Kingfisher's board in 2012 as part of the reshuffle involving O'Byrne and Witts, intended, in part, to broaden the executive team's experience. Also promoted to the board was the U.K. CEO, but he unexpectedly decamped to be CEO of the Co-op last December.

An impressive line-up of six non-execs includes a former CEO of Ikea, and CFO of Cadbury.

Ian Cheshire has 3.8 million pounds' worth of shares, but the other executive directors, albeit recently appointed, have much smaller holdings, and sold substantial option awards last year.

I analyze management teams from five different angles to help work out a verdict. Here's my assessment:

<p>1. Reputation. Management CVs and track record.</p> <p>Good.</p>	Score 3/5
<p>2. Performance. Success at the company.</p> <p>Strong, against a difficult background.</p>	Score 4/5
<p>3. Board Composition. Skills, experience, balance</p> <p>Good.</p>	Score 4/5
<p>4. Remuneration. Fairness of pay, link to performance.</p> <p>Uncontroversial.</p>	Score 3/5
<p>5. Directors' Holdings, compared to their pay.</p> <p>See above.</p>	Score 2/5

Overall, Kingfisher scores 16 out of 25, a bottom-half result. The new board will need to bed down before shareholders can have full confidence in it, and hopefully, the new executives will demonstrate their own confidence through share ownership.

Link:

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