



# Good governance essential in business

*Corporate governance in Ireland has never been more firmly in the spotlight, along with closer scrutiny of the roles of directors and boards. The Institute of Directors says training in this area will firmly position Irish businesses, of all sectors and sizes, on the road to recovery. Linda O'Reilly reports...*

GOOD corporate governance and qualified and experienced directors of a company are essential to ensure the successful running of a business, particularly in the current difficult economic times. That's the view of Stan Buckley, financial controller of Fleetwood Paints in Virginia, where 120 people are employed at the company's plant on a 15-acre site. The importance of corporate governance, he said, is all the more evident given recent developments at Quinn Insurance and the collapse of the Irish banking system.

Speaking to The Anglo-Celt this week, Mr. Buckley, who is a qualified chartered director, said he believed that if good corporate governance was applied in Quinn Insurance and regulations were adhered to, the company would not have gone into administration, putting 1,000 jobs under threat.

"Part of the reason that Quinn got into difficulty was that the level of reserves didn't match what is required by regulation. You're either complying with regulation or you aren't. If you don't comply and somebody decides to enforce it, then you're going to be in bother," said Mr. Buckley.

"In general terms, if you fulfil all your corporate responsibilities and adhere to regulations, you will have these things planned out and you will know what reserves you're going to have next year unless something dramatic happens, and in fairness to Quinn I think something dramatic did happen but the regulator has got a job to do," he continued.

"Regulations are there for a reason and if they were followed and enforced, these things wouldn't have happened," said Mr. Buckley.

He also said that the collapse of the Irish banking system need not have been so severe, again, if good corporate governance was applied. "If regulations are in place within an organisation under the com-

panies acts and the regulations in place for public companies were applied and followed, then we wouldn't be in half the trouble we are in with the banks," said Mr. Buckley.

While the downturn in the construction section, and the levels of debt tied up in this area, impacted on the banks, Mr. Buckley added that "the fall may not have been so hard" if basic corporate governance rules were adhered to.

Employed by Fleetwood Paints for 23 years now, Mr. Buckley has just completed a chartered director programme with the Institute of Directors. It consisted of seven modules and two examinations, after which he had to apply to the institute to become a recognised chartered director by submitting a portfolio of his education, training and experience in business and as a director.

The course took seven months to complete, at two days a month per module. It cost €9,000 but Mr. Buckley explained that in most cases companies would pay for the training. This, he said, is a good investment in the business and certain to deliver a good return.

Mr. Buckley believes that a proper functioning board must be able to run and plan for the business and look forward. One of the modules on the chartered director programme is strategic business direction, important in the current economic climate.

He also suggests that to sit on a board of directors, individuals should have not just relevant business experience but some level of qualification. Mr. Buckley is also calling on the government to provide funding for such training and says that government-appointed directors to various boards need to have some qualification.

"If people get the job simply because of their connections, I don't believe that's correct," he said.

"If you have a pool of people who have had formal training,

who will act ethically when they are directors and who know how to assess risk and plan for the business, then the business community would fare out much better," explained Mr. Buckley.

Accepting that the directors of many small and medium companies in Ireland are husband and wife teams, Mr. Buckley says that at some stage the Director of Corporate Enforcement will insist on training or some level of qualification and this would be a welcome development.

"The majority of businesses are small and medium private companies and they are suffering most in the recession. They don't have the same level of expertise on boards that larger companies have," he said.

While new regulations and EU regulation in different industries have impacted on businesses in some way, Mr. Buckley says that the basic rules of business and corporate governance have not changed and are enshrined in the main Companies Act of 1963. "They haven't changed since then, they just weren't enforced," he said.

## Fleetwood Paints strong

In terms of the pressure on the manufacturing industry in recent years, with competition from emerged markets in eastern Europe and Asia, Mr. Buckley said that Fleetwood Paints was secure and performing well. The company produces decorative coatings to the highest standards of quality from its Virginia plant. It also offers the full range of painting accessories – everything you would need to paint your home from paint, rollers and brushes to white spirits and everything you need to prepare a room for painting.

With the downturn in the construction industry and the dramatic reduction in new builds, Mr. Buckley said that painting contractors are struggling for work. The recession has meant that household-

ers who previously may have hired contractors to repaint their homes are now doing it themselves.

There has been a shift in the market towards the DIY end and Mr. Buckley explained that people are now "improving rather than moving". This means that there is still a substantial market for Fleetwood Paints and its products.

Publication: Anglo Celt

Date: Thursday, May 06, 2010

Page: 30

Extract: 2 of 2

Circulation: 13305

Author: Linda O'Reilly

Headline: Good governance essential in business

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**Stan Buckley is the financial controller of Fleetwood Paints.**

Photo: Ian McCabe