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# The modern board

A Warren Partners report



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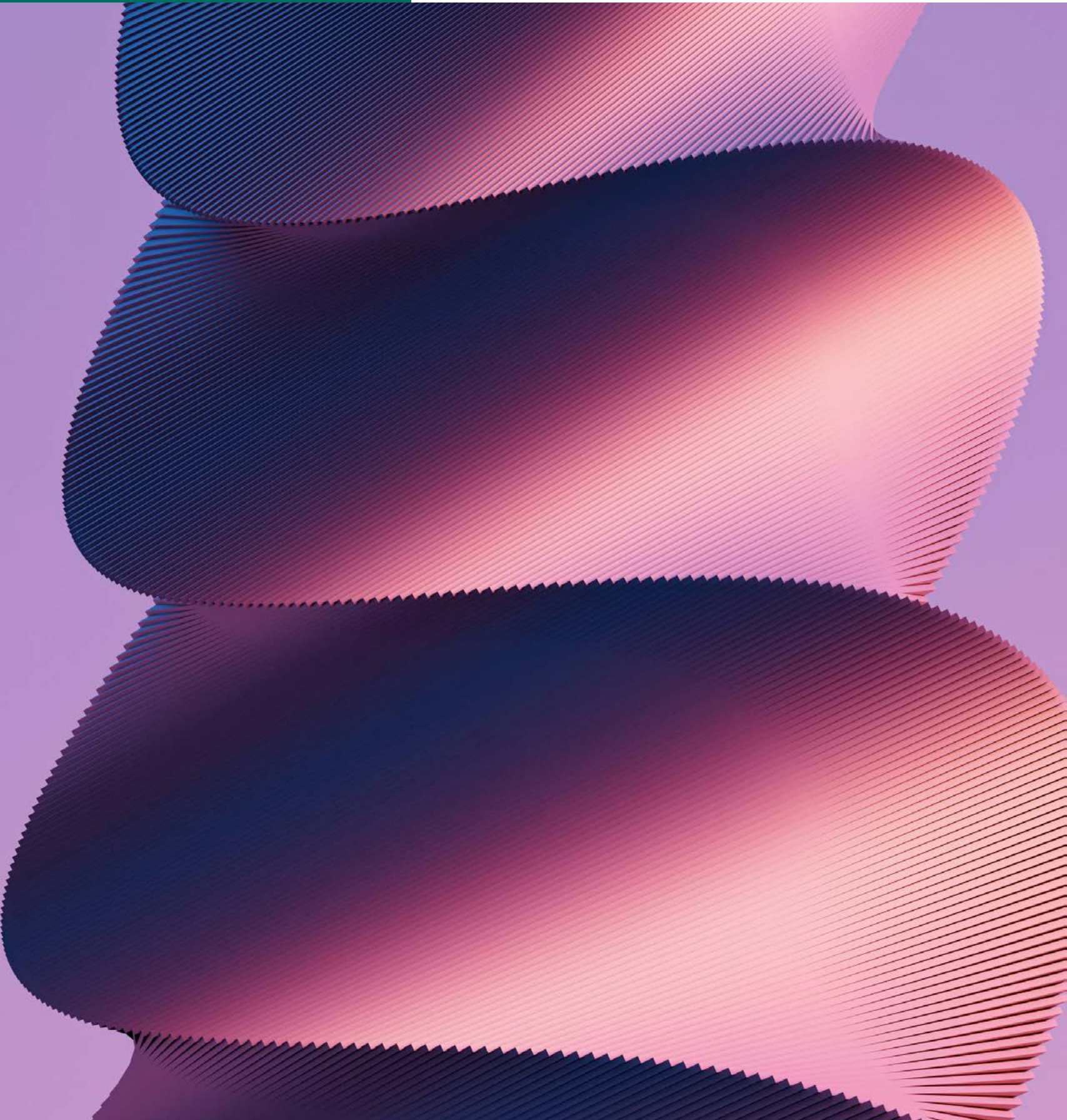
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# Executive Summary

The concept of the modern board has evolved significantly over the past decade, driven by technological advancements, shifting workforce demographics and increasing commitments to environmental, social and governance (ESG) principles. This report explores the characteristics of an effective board in today's business landscape, emphasising the importance of diversity, robust governance practices and digital transformation. By gathering insights from industry leaders and expert analyses, we offer a guide for organisations seeking to build and maintain high-functioning boards that are prepared for future challenges.





# Introduction

The role of a board has never been more critical. In an era characterised by rapid change and unprecedented challenges, boards must adapt to remain effective. This report delves into the essential attributes of a modern board, exploring how these elements contribute to organisational success. We examine the impact of technological advancements, workforce dynamics and emerging business models, offering strategies to enhance board performance and resilience.



## Characteristics of an effective board

### Composition and diversity

Diversity within the boardroom is not just a matter of compliance; it is a strategic advantage. [Research from Deloitte](#) indicates that diverse boards are more likely to understand and address the needs of a diverse customer base, leading to better financial performance. Diverse perspectives contribute to more innovative solutions and robust decision-making processes, as well as better identifying blind spots and improving oversight of strategy and risk.

However, the study also notes that “Having a diverse board is only valuable to the extent that it is also an inclusive board.” In other words, only by having an inclusive boardroom culture and practices will these benefits be realised.

Indeed, [a 2024 survey of 700 directors conducted by PwC](#) revealed that 43% of the respondents found it difficult to voice a dissenting view in their boardroom. This indicates that many boards may benefit from examining their culture to ensure that diverse perspectives are truly welcomed in the boardroom.

**“Board diversity isn’t just a compliance measure – it is a strategic advantage. Diverse voices help organisations navigate complexities and drive more balanced, informed decisions.”**

*Kirsty Dougan, MD, Warren Partners*





## Addressing the challenges of building a diverse board

- **Low turnover:** Many boards do not change from year-to-year, as there is usually a wait for individuals to retire or hit their term limit. However, adding a new board seat, whether temporary or permanent, is a simple way to make change happen more quickly. As a [2021 Harvard Business Review report](#) says: “Boards that do not have healthy turnover ossify, significantly impacting their ability to provide effective oversight.”
- **Inadequate succession planning:** Many boards only consider succession planning when a director is close to retirement. Instead, board leadership should proactively formalise board succession plans before they are needed, allowing everyone the opportunity to source in-demand diverse candidates.
- **Candidate availability misconceptions:** When diversifying board makeup, some board members may question whether there are enough qualified candidates available. However, as Kirsty Dougan, MD, Warren Partners says: “There is always a wider talent pool if you are patient, persistent and smart about the way you search. Also, do not assume that new board directors must be retired executives. Consider looking one or two levels below C-suite for new talent.”





**“To maintain transparency in our board’s decision-making process, we allow ExCo to attend the full board – excluding a NED closed session. We also publish an inventory of matters discussed in our R&A.”**

**Brendan McCafferty, Chair of the National Employment Savings Trust**

## Governance and decision-making

### Best practices for board governance

Effective governance is the cornerstone of a high-functioning board. Clear role definitions, accountability mechanisms and transparent decision-making processes are essential components. As this [KPMG report notes](#), boards that establish clear governance frameworks are better equipped to navigate crises and capitalise on opportunities. Black swan events, such as the pandemic, have shown that making low probability/high impact scenario discussions should be a requirement, not an optional activity.

For Brendan McCafferty, Chair of the National Employment Savings Trust, there are clear best practices to implement to create good governance. “Full Terms of Reference

(TOR) must be in place for all committees and agenda calendars should be agreed with the Chair. Each NED role should also be described in a role description,” he says.

According to William Eccleshare, SID on the Board of Britvic Plc, defined roles around the board table can be instrumental, particularly during periods of change, such as a takeover. He describes how clear roles enabled his board to move decisively: “The Chair took responsibility for leading discussions with the acquiror, while, as SID, I acted as a conduit between the Chair and the NEDs, ensuring everyone was fully informed. This clarity allowed us to move at pace while supporting new NEDs through the process.”





**“Defined roles allowed us to move at pace and maintain transparency during a takeover, supporting both NEDs and executives through the process.”**

**William Eccleshare, SID, Britvic Plc**

When transparency and accountability are embedded in board culture, it not only improves decision-making but also builds trust across the organisation. Laurence Vallaeyes, Partner (Consumer Practice) at Warren Partners and a board member at a UK charity, emphasises the importance of accountability, especially in sectors with high scrutiny.

“In environments where you manage what is effectively someone else’s money, clear accountabilities are critical. Board appointments come with fiduciary, regulatory and governance responsibilities, and it is imperative that discussions and decisions are meticulously recorded.”

#### **Maintaining transparency in decision-making**

Transparency is fundamental to board effectiveness. Eccleshare highlights that instilling an open culture is essential for executive teams to feel comfortable sharing both

good and bad news without fear of repercussions. He adds: “The way a board reacts to bad news is telling of its values. If directors feel supported, issues will be raised quickly, which is vital for informed decision-making.”

Eccleshare also advocates for regular interaction between NEDs and different levels of the business, including frequent site visits and inviting department heads to board meetings. This practice, he explains, brings “the business into the boardroom,” offering a deeper understanding of company culture and operations.

#### **Mechanisms for accountability**

Ensuring board members are held accountable requires structured processes. Laurence Vallaeyes, Partner (Consumer Practice) at Warren Partners, notes the importance of tracking objectives through regular updates and reporting, with board agendas and progress reports reflecting ongoing goals.





**“In high-scrutiny environments, clear accountabilities and meticulous documentation are essential to upholding governance standards.”**

**Laurence Vallaeys, Partner (Consumer Practice), Warren Partners**

Eccleshare reinforces this, explaining how his board monitors objectives. “We set clear objectives at board meetings and track progress against these through agenda items and regular progress reports. We also bring in key executive team members to present milestones, allowing the board to stay informed and aligned,” he says.

Continuous learning is another essential element of effective governance. However, Eccleshare believes many boards do not invest enough in this area, especially for

NEDs. “There is not enough formal education,” he says, “and too much responsibility is placed on NEDs to self-educate.”

His boards have taken steps to address this gap by arranging formal training on critical topics, such as health and safety and cybersecurity, and inviting external speakers to board meetings to discuss emerging trends like AI. Eccleshare adds: “I would encourage NEDs to understand that training is an ongoing commitment. Completing a course is just the beginning of a lifelong learning journey.”

## Governance checklist

- **Role clarity:** Define the roles and responsibilities of each board member to avoid overlaps and ensure accountability.
- **Accountability mechanisms:** Implement mechanisms to hold board members accountable for their decisions and actions.
- **Transparency:** Foster a culture of transparency by openly communicating board decisions and their rationale.
- **Continuous evaluation and director education:** Board members must stay abreast of industry trends, new regulations and emerging governance standards. Continuous education can not only fulfill this need but can also be a tool for board evaluation and development.



## The impact of digital transformation on board operations

Technological advancements are reshaping board operations, offering new opportunities and challenges. This section explores the impact of digital transformation on board effectiveness and decision-making.

### Leveraging technology

From artificial intelligence to blockchain, technological advancements are transforming board operations. Boards that leverage these technologies can improve efficiency and decision-making. A [McKinsey report](#) suggests that boards should set up a technology board committee dedicated to understanding and supporting the organisation's technology strategy, investments and risk profile and to sharing its insights with the full board. However, as of 2022, only 12% of

Global Fortune 500 companies have such a committee.

Vallaey suggests that Technology Advisory Boards (TABs) are arguably more common than technology committees. These comprise a group of advisors, rather than Non-Executive Directors, and “are lighter touch, less expensive and bring more pointed experience.”

**“By integrating technology into board operations, we can make data-driven decisions with greater speed and accuracy, ultimately strengthening our oversight capabilities.”**

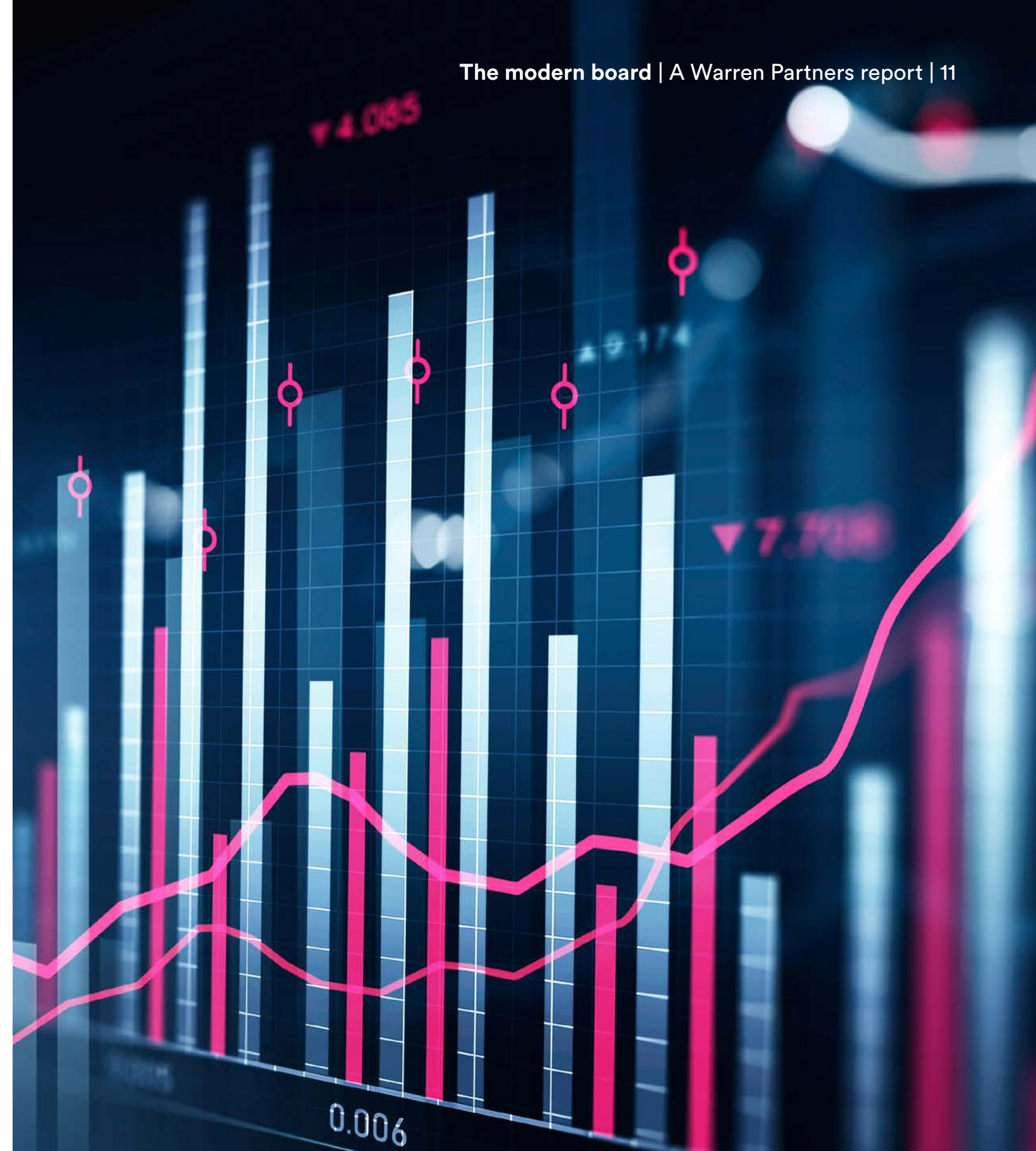
**Kirsty Dougan, MD, Warren Partners**





## Key technologies for a high performing board

- **Artificial Intelligence:** AI can enhance decision-making by providing data-driven insights and automating routine tasks. For example, over-burdened board members, who are given enormous pre-reads just days before a board meeting can use AI to summarise them, leaving more time for strategic thinking. Elsewhere, a company's internal audit department could use AI tools to monitor key financial information and make it available in real-time to the audit committee.
- **Blockchain:** Blockchain technology can improve transparency and security in board operations, from meeting record keeping to recording digital votes.
- **Digital collaboration tools:** Tools like virtual meeting platforms and collaboration software can facilitate real-time information sharing and decision-making. The increasing use of board portals, too, can give directors a single place to go for information, eliminating the need to keep track of multiple communications delivered in hard copy or by email. Although, as this [Deloitte report](#) points out, they are not without their cyber security issues.





## Cybersecurity and data governance

### Ensuring security and compliance

As boards become more reliant on digital tools, cybersecurity and data governance are paramount. Boards must implement best practices to protect sensitive information and ensure compliance with regulatory requirements. According to the [Chartered Governance Institute UK & Ireland](#): “Cyberattack threats can come from the boardroom, especially considering the sensitive information board directors manage, the use of less secure personal email accounts

to transfer information or the social engineering attacks used to target directors.”

Warren Partners MD, Kirsty Dougan, points out that it is a board’s duty to set the standards for the business. “Good governance and cybersecurity start with the board. By prioritising these values, boards model the optimum behaviours for the whole organisation, ensuring accountability and vigilance in every area.”



## Key practices

- **Cybersecurity measures:** Implement robust cybersecurity measures to protect sensitive information. Ask whether the company's cybersecurity practices are aligned with its risk appetite.
- **Data governance frameworks:** Establish data governance frameworks to ensure compliance with regulatory requirements.
- **Regular audits:** Conduct regular audits to identify and address potential vulnerabilities. Is the organisation planning and forecasting appropriately against the most relevant cyber threats for its sector?
- **Lead by example:** Drive a culture of good governance from the top that embeds appropriate workforce behaviours.



## Growing business commitments to ESG

Environmental, social, and governance (ESG) factors are increasingly central to board strategy. This section explores the role of ESG in board decision-making and strategy.

### The role of ESG in board strategy

Boards must integrate ESG considerations into their decision-making processes and organisational goals. ESG factors are critical for long-term sustainability and stakeholder trust. As a sign of things to come, in 2021 activist investors who were focused on accelerating Exxon Mobil's transition toward clean energy [secured three seats](#) on the oil and gas company's board. In short, a company should not be taken by surprise by the importance of ESG to its stakeholders. Board members should be aware that it is now what society expects of an organisation.

For Susan Hooper, Co-Founder and Board Member of Chapter Zero, a non-profit organisation set up to

support NEDs and board members with their climate change strategy, there is also a challenge to keep ESG on the agenda of the investors of businesses.

“ESG has dropped in priority in the eyes of investors. Sadly, this is largely linked with politics. In my view, sorting the ‘S’ is all about good, strong leadership. But we are at the foothills of the ‘E’ – the environment,” she says.

“Many businesses are having to invest ahead of measurable returns and investors, having initially put the topic on the agenda, now often struggle to understand whether these businesses are on track or not and whether they will come out stronger on the other side. So, they revert to what they understand and what they can measure – a focus on steady growth and quarterly returns. In some cases, trade-offs will need to be made to get to the desired outcome longer term.”



**“ESG – I really object to grouping these three super-important topics together; it dilutes their individual importance. Companies should be rated on their individual scores for each topic. Creating an average of the three is meaningless to understand progress in any of them.”**

*Susan Hooper, Co-Founder and Board Member, Chapter Zero*



For Marzia Zafar, Non-Executive Director at Harworth Group, delivering on ESG commitments begins with leadership. She underscores the vital role of the CEO in driving ESG progress: “Yes, more and more citizens around the world want measurable ESG progress, but it takes the solid commitment of a CEO to focus and deliver on it. Many aspects of ESG aren’t immediate money-makers, but they will be tomorrow. A long-term vision from a passionate CEO is essential.”

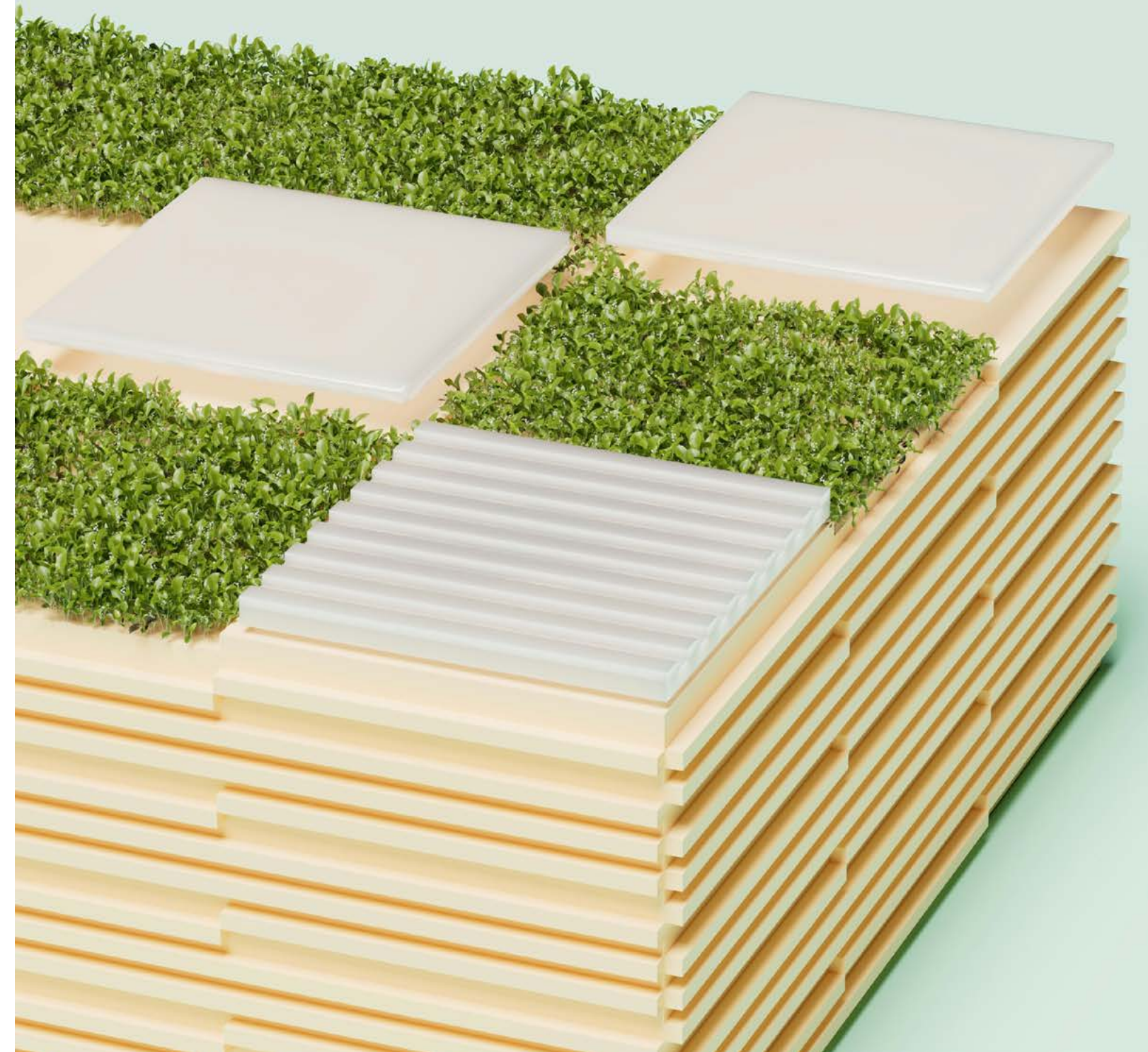
Zafar emphasises that board support is equally critical. While many boards acknowledge ESG as a “nice to have,” full commitment is often lacking. According to Zafar, having an ESG-focused NED can help elevate the discussion, pushing boards to remain current and informed. Her board regularly invites the Head of ESG to present progress updates, creating a continuous feedback loop that has clarified strategic priorities and

simplified decision-making: “This constant feedback loop has actually made decision-making and strategy development easier for us because it has brought clarity around priorities and expectations,” she says.

Elsewhere, Zafar supports government-led ESG targets, noting their potential influence on investor behaviour. While long-term goals like 2030 or 2050 seem distant, Zafar predicts that as these target dates approach, investors will increasingly focus on ESG performance, potentially impacting share prices.

**“A long-term vision from a passionate CEO is essential for ESG progress, even when immediate financial returns aren’t evident.”**

Marzia Zafar, Non-Executive Director,  
Harworth Group





### On the agenda: ESG essentials

**ESG Frameworks:** Establish ESG frameworks to guide decision-making and strategy. Ensure the board has sufficient ESG competence and experience to challenge management on ESG plans and exercise board oversight on execution. Adding ESG education as part of regular board trainings can help establish a solid baseline of understanding among directors.

**Stakeholder Engagement:** Engage with stakeholders to understand their ESG concerns and priorities. There is a common misunderstanding among many directors that the fiduciary duty of the board is to put shareholders first – especially short-term shareholders. In fact, corporate law in almost every country in the world states that the fiduciary duty of the board is to the corporation. Thus, board members must be alert to ESG issues that would affect the company's ability to survive and thrive over the long term.

**Regular Reporting:** Provide regular reports on ESG performance and initiatives. Additionally, bringing in outside experts – whether on a regular or flexible basis – allows boards to focus only on finding advisors with deep subject-matter expertise on specific ESG topics rather than searching for someone who has both the knowledge of those specific topics and the experience that makes them suitable to serve as a director.

## Key lessons

- **Leadership Commitment:** Successful ESG integration requires commitment from board leadership.
- **Clear Objectives:** Establish clear ESG objectives and track progress.
- **Stakeholder Collaboration:** Collaborate with stakeholders to address ESG concerns and priorities.





## Enhancing employee engagement and wellbeing

Employee engagement and wellbeing are critical factors in organisational success. This section explores the board's role in fostering a culture of engagement and wellbeing that drives productivity, innovation and commitment.

### Fostering engagement

Boards play a crucial role in fostering employee engagement by championing a positive organisational culture. Nikki Kenyon, Partner (Consumer; Tech & Digital Practice) at Warren Partners, highlights several ways in which boards can influence engagement: “The board can significantly enhance employee engagement by championing a positive organisational culture, prioritising open

communication, supporting leadership development and promoting diversity and inclusion,” she says.

Kenyon adds that integrating these elements into the company's strategic focus helps create an environment where employees feel valued and motivated, ultimately strengthening their commitment to the organisation's goals. [McKinsey's State of Organization Survey](#) highlights some important factors in this regard. The report states that compensation and job title are not enough to keep the workforce happy. Leaders need to go deeper to tailor value propositions for individual employee segments – traditional employees, working parents, early-stage employees, late-stage employees and more.







**“The board can significantly enhance employee engagement by championing a positive organisational culture, supporting leadership development, and promoting diversity and inclusion.”**

**Nikki Kenyon, Partner – Consumer; Tech & Digital Practice, Warren Partners**

### **Strategies for seeking and acting on employee feedback**

According to Kenyon, effective feedback mechanisms include regular surveys, direct interactions, focus groups and accessible feedback channels. She highlights employee representation on the board as a particularly effective strategy. Having employee or member representatives on the board, Kenyon explains, brings colleague perspectives directly into the decision-making process. This approach, common in co-op and mutual models, fosters a culture where employees feel valued, heard and connected to the organisation’s mission and purpose.

Fostering an inclusive culture is another critical aspect of employee engagement. Kenyon emphasises that boards can create an inclusive environment by setting and upholding clear values, championing diverse leadership, implementing unbiased recruiting and ensuring equality of

opportunity. By holding leadership accountable and celebrating diversity, boards can foster a culture in which all employees feel respected and valued. “An inclusive culture is built on clear values, diverse leadership, and equal opportunity, with leadership held accountable to create a flexible work environment where everyone feels respected,” says Kenyon.

### **How to help employees thrive**

- **Employee Feedback:** Regularly seek and act on employee feedback to improve engagement.
- **Recognition Programmes:** Implement recognition programmes to reward and motivate employees.
- **Inclusive Culture:** Foster an inclusive culture that values and respects all employees.





**“A board is only ever as effective as those it oversees. And that workforce – particularly as we emerge from what has been called a ‘permacrisis’ – needs as much support as possible. That means creating Employee Assistance Programmes that really work, and that people genuinely engage with. And tracking that engagement against the company’s performance, in order that ROI can be demonstrated.”**

**Kirsty Dougan, MD, Warren Partners**

### **Designing effective wellbeing programmes**

Effective employee wellbeing programs are essential for maintaining a healthy and productive workforce. According to [this Deloitte report](#), poor employee mental health costs UK businesses £51bn annually. Organisations need to refocus their efforts on systematically addressing the causes of mental health and

wellbeing challenges. One-off and incremental fixes will not be enough to hold back the tide of mental health issues for business. Investing in corporate wellbeing programmes such as On Wellbeing or Headspace can provide real ROI, with the Johnson & Johnson corporation revealing that its return on corporate wellness programmes [was \\$2.71 for every dollar spent](#).

### **Key practices**

- **Holistic Approach:** Adopt a holistic approach to employee wellbeing, addressing physical, mental, and emotional health.
- **Flexible Policies:** Implement flexible policies to support work-life balance.
- **Regular Assessments:** Conduct regular assessments to measure the effectiveness of wellbeing programmes and make necessary adjustments.
- **Demonstrate Support:** Ensure senior leadership are well equipped to tackle wellbeing challenges by upskilling them. As this article in People Management says: “Too often businesses go to HR when their wellbeing issues get to a critical point. But these could have been identified and supported much earlier to lessen the impact for all.”



## Conclusion

The modern board must be diverse, digitally proficient, and deeply committed to robust governance, ESG principles and employee wellbeing. As explored throughout this report, today's boards face an increasingly complex business environment that demands adaptability, inclusivity and forward-thinking leadership. Diversity in board composition enhances strategic decision-making, equipping boards to better anticipate and respond to the needs of a global and multifaceted market. Effective governance practices establish the accountability and transparency necessary to build trust with stakeholders and uphold organisational integrity.

Digital transformation has introduced unprecedented opportunities to improve board efficiency and enable data-driven decision-making. However, this shift also requires boards to prioritise cybersecurity and data governance, setting standards that protect organisational assets and build resilience. ESG considerations have similarly become indispensable, with stakeholders, governments and society expecting boards to lead with a long-term perspective, ensuring sustainability and responsible practices. And that genuine commitment to ESG must come from the top, driven by passionate leadership and actively supported by the board.



Employee engagement and wellbeing have also emerged as essential priorities. Boards today play a crucial role in creating a supportive culture that values diversity, fosters inclusivity and prioritises wellbeing programmes. These elements contribute not only to a more productive and motivated workforce but also strengthen the organisation's ability to retain talent and compete in a rapidly evolving market. By championing these values, boards can transform workplace culture and enhance organisational performance.

Warren Partners hopes that this report serves as a practical guide for boards seeking to align with these modern standards. By embracing diversity, prioritising effective governance, leveraging technology, committing to ESG and fostering employee engagement, boards can prepare their organisations to thrive amidst both current challenges and future uncertainties. Through these actions, boards not only safeguard their company's interests but also contribute positively to society and the broader business ecosystem.



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Times change, our purpose hasn't

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