2025 Board Performance Benchmark Report

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Introduction To The Board Performance Benchmarks

The 2025 Boardspan Benchmark Report offers a rare data-driven view of the prevailing governance issues in today's boardrooms. Boardspan is alone in offering the industry's only Board Performance Benchmark, enabling boards to compare their annual board evaluation scores against a broad dataset of peer organizations and contextualize their results.

Our Board Performance Benchmark aggregates data collected from the Boardspan Board Performance Assessment over the past two years. On an annual basis we share key findings from the Boardspan Benchmark to provide insight into relevant trends in board performance, including where expectations are rising and what new governance challenges are emerging.

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How Boards Are Performing: Six Trends for 2025

Each year, we don't just report the numbers, we look for what they reveal. This year, our analysis surfaced six notable trends that are shaping the boardroom. These insights, drawn directly from the data, reflect the evolving priorities, pressure points, and performance patterns we're seeing across our benchmark set.

1. Board-CEO Relationships: Solid Though Showing Strain

While most boards report a constructive relationship with their CEO, scores have dipped since 2023. In a more volatile operating environment, trust and communication are proving more fragile—and more critical—than ever.
Read the Performance Note on page 5

2. Boards Are Hungry for Competitive Intelligence

The 2025 Boardspan Benchmark data reveals that boards continue to want more insight into the competitive landscape, and rank this topic lower than most. With disruption a constant in most industries, directors are keen for more and better data to stay current on markets and trends.
Read the Performance Note on page 8

3. Management Succession Planning Continues to Challenge Boards

Amid record CEO and C-suite turnover, boards acknowledge that management succession planning remains difficult to get right and score it in the bottom 5% of the more than 60 governance topics covered by the Boardspan Benchmark. The good news? Scores improved modestly in 2025.
Read the Performance Note on page 11

4. Board Succession Planning Is A Growing Strategic Imperative

Boards report more confidence in their board refreshment processes and succession plans as they embrace a more deliberate approach to composition. High-performing boards take a longer view and apply more analysis to succession planning as they seek to meet evolving governance demands.
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5. AI Oversight: A New Competency Boards Are Anxious to Build

AI is reshaping business at breakneck speed—and boards know they need to move quickly to develop oversight mechanisms and contribute strategically. Board scores for AI Oversight are among the lowest of the 2025 Benchmark, though we expect they will improve as boards focus on AI education, clarifying oversight responsibilities, and embedding AI into their agendas.
Read the Performance Note on page 18

6. Board Leadership Is Getting Stronger & Contributing More

Scores for board and committee leadership continue to rise, with high-performing chairs playing a deliberate role in setting agendas, shaping culture, and balancing oversight with partnership.
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How the Benchmarks Work

Boards strive to deliver standout performance, though without context, it's hard to know where the board is excelling, where it may be falling short, or what to prioritize next. Many boards conduct annual evaluations, yet few have access to comparative data that puts their experience in perspective.

That's where the Boardspan Benchmark comes in.

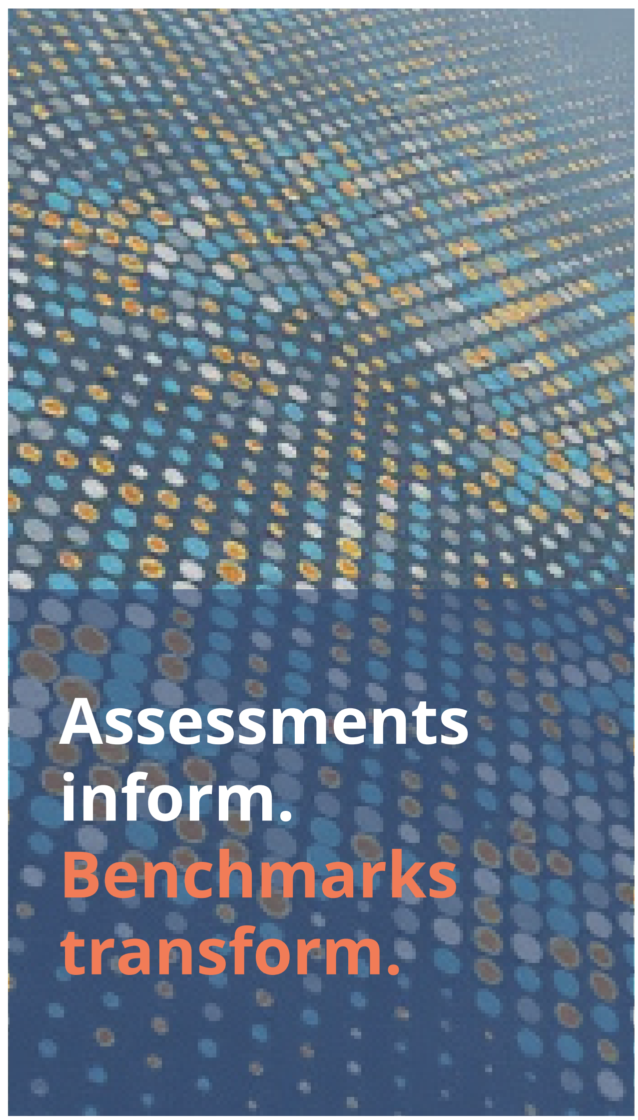
Boardspan's benchmark data comes from our comprehensive Board Performance Assessment, which evaluates effectiveness across more than 60 factors that matter most to strong governance. These factors are grouped into nine key categories:

- Board Responsibilities
- Board Alignment
- Board Strategy
- Board Culture
- Board Composition
- Board Information
- Board Meetings
- Board Leadership
- Board Committees

Each year, we aggregate and anonymize assessment results from boards of varying sizes, sectors, and ownership structures. The result is a nationwide data set that captures how boards are performing across these core areas—and how that performance is shifting over time.

Boardspan has been publishing benchmark data since 2021, making this the most robust and current source of its kind.

Every data point in this report reflects the real-world experiences of boards navigating today's governance demands. Boards that use Boardspan's Board Performance Assessment rely on the Boardspan Benchmark as a reference point—to track progress over time, to contextualize performance and calibrate goals, and to ground their work in the broader governance landscape. Whether or not your board has completed a Boardspan assessment, this report offers an external lens for reflection. It may surface emerging areas of focus among peers, validate your board's priorities, or spark new conversations about how to strengthen board effectiveness. We hope this year's report helps your board stay focused, informed, and better equipped for the road ahead.



BOARD PERFORMANCE TREND #1

Board-CEO Relationships: Solid Yet Under Pressure

Few aspects of board work are more consequential than how the board approaches its relationship with the CEO. This relationship influences everything from strategy to culture to long-term enterprise value. Boards that nurture a constructive, high-trust partnership with their CEO are better positioned to anticipate risks, respond to change, and help leadership deliver results. Those that don't prioritize a respectful, honest, and communicative relationship can become misaligned, develop an unhealthy imbalance of power, or cease to trust each other, with serious repercussions for the organization.

The good news: Most boards describe their relationship with the CEO as effective. The latest Boardspan Benchmark data places the Board-CEO and Board-Management Team relationships in the top half of all scores across nearly 60 performance dimensions—including strategy, culture, and board responsibilities. This signals a healthy dynamic of trust and collaboration at the top.

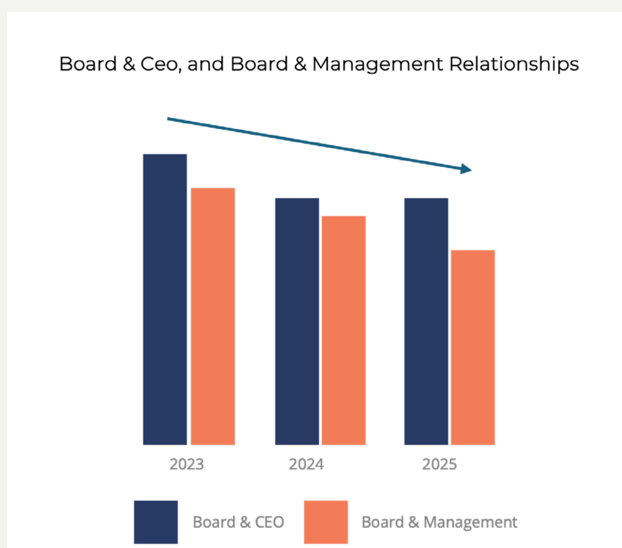
> *The Boardspan Benchmark shows a decrease in the median scores for Board and CEO dynamics since 2023.*

Still, scores for Board-CEO dynamics have declined slightly since 2023. In a more volatile environment, that's not entirely surprising. Tensions that might go unnoticed in better times tend to surface when performance lags or pressure mounts. With higher stakes, tighter funding, and greater scrutiny, the room for misalignment grows—and so does the risk of friction.

In these turbulent times, the rewards for strengthening this relationship are great. Boards and CEOs that deliberately cultivate a healthy, productive dynamic will find themselves better able to have the frank discussions required to align on strategy, consider novel risks, and adapt to new circumstances.

High-functioning board-CEO relationships share familiar traits: mutual respect, open communication, and a healthy balance of power. There's no unhealthy deference, nor dominance, just candor, trust, and collaboration.

That kind of relationship requires more than goodwill. It takes shared commitment to the mission, clarity about roles, and mutual respect for the responsibilities on both sides. Boards that support without micromanaging—and CEOs who inform without filtering—tend to get the most out of the partnership.



3 Common Challenges to This Critical Partnership

1. Breakdowns in Trust and Communication

Trust is foundational, but fragile. It can erode when respect fades, CEOs feel second-guessed or unsupported, or when board members find their guidance isn't valued or are surprised by "bad news."

One sure way for a CEO to undermine their board's confidence is failure to provide updates about significant issues, whether a failed product launch, new competition cutting into sales or a consequential personnel problem. Leaders sometimes interpret these as operational issues and don't think to inform the board, but when board members discover they weren't updated on a new threat to the forecast or to the business itself, they often develop concerns about what else they may not be informed about. This is how trust unravels.

Meanwhile, CEOs don't typically react well when board members adopt a tone or line of inquiry that suggests they think they could do a better job or don't believe the team is doing everything possible to meet challenges and be successful. This breeds antipathy and also erodes trust.

Best Practice: Aim to cultivate open, honest dialogue and set a tone of psychological safety. By encouraging transparency, asking thoughtful (not adversarial) questions, and modeling integrity, board members foster trust and better decision-making. CEOs cultivate trust through a willingness to discuss challenges and failures as well as successes and by regularly updating the full board about any issues that could have a significant impact on financial results or strategic plans.

2. Ill-defined Roles and Blurred Boundaries

A board member reaches out directly to senior executives, asking for data or analyses without running the request by the CEO.... A board continues to pressure the CEO to part with a key team member who has lost its confidence, even after the CEO has heard the critique and responded in support of the team member or stated they are currently needed in the role.

A CEO who promises a seat on the board to someone before the Nominating & Governance Committee has even set up an interview.... A CEO who asserts they will handpick their successor.

These are but a few real-life examples of how boards and CEOs overstep. There are many others! More often than not, boards and CEOs understand their roles, but it's hard to run a business, and when board members get concerned or frustrated, they have a natural tendency to lean in. (If a board member truly knows better than the CEO, maybe they should be the CEO!) Often board members are looking at the issues through a different lens, only seeing part of the problem, and would be better off letting their chosen leader lead.

Boards that drift into operational decision-making risk undermining the CEO's authority and create confusion among team members that can lead to work slowdowns, friction around who's directive to follow, morale problems, and possibly a CEO's exit. CEOs who take the lead on governance issues risk compromising the board's ability to fulfill its fiduciary duties, and in extreme cases may lose board members as a result or even face legal challenges.

Best Practice: Clearly articulate responsibilities to help both board and CEO stay in their lanes, while collaborating effectively. Be specific about which responsibilities belong to the board, which to management, and which are shared. Some responsibilities are codified in board and committee charters, while others may benefit from a discussion and/or the creation of explicit Board Agreements as well as ongoing reinforcement. Be sure to include clear guidelines on the board's responsibilities as part of new member onboarding. Understanding the roles and their boundaries creates a foundation for mutual respect and reduces friction.

3. Insufficient Feedback on CEO Performance

Not providing regular constructive feedback to the CEO is a huge miss. Even the most self-aware of executives benefits from timely input on what's working, how they are perceived, where they have room to grow. Without feedback, not only might the CEO lack the perspective needed to adapt leadership approaches or respond to evolving priorities, but the board might fail to spot or take action to remediate challenges as they arise.

A regular review of the chief executive is a clear governance responsibility. It holds the CEO accountable for performance, the board accountable for affirming the company has appropriate leadership, and both accountable for ensuring there are agreed upon goals and results that are measured. Not scheduling an annual performance evaluation or allowing it to be a subjective exercise that can be shaped by whoever collects the data does a disservice not only to the CEO, but to the whole organization. It can also upset the power dynamic between the board and CEO.

Best Practice: Establish a consistent, respectful feedback process that promotes clarity and candor. High-performing boards provide an annual CEO Review that evaluates performance on both hard and soft skills (not just financial outcomes), as well as constructive feedback after every board meeting.

A well-structured, objective, annual CEO 360 Review is invaluable for clarifying expectations, reinforcing strategic alignment, and identifying areas where the board, management team, and CEO may have different perspectives on performance. Using the same format year after year allows for progress to be measured. When conducted thoughtfully, the CEO review becomes a vital tool for ensuring the organization's leadership is not only effective today, but continuously evolving to meet the challenges ahead.

Regular feedback at the close of each board meeting allows for continuous affirmations of good performance and course corrections in the moment. The board chair or lead independent typically gathers feedback at the close of the meeting—either during Executive Session or one-on-one follow-ups—then distills key themes to share with the CEO. This input can be delivered in a private debrief or in a full board setting to model transparency and shared accountability. By framing feedback as an ongoing leadership conversation rather than a periodic critique, the board reinforces partnership and supports the CEO's continued effectiveness.

BOARD PERFORMANCE TREND #2

Boards Are Hungry for Competitive Intelligence

As markets become ever more dynamic and strategies more frequently disrupted, boards recognize that timely, relevant, and well-organized competitive intelligence is essential to their ability to add value. The 2025 Boardspan Benchmark data clearly shows that boards want more and better data, along with greater insight into the competitive landscape. Scores for topics such as access to market data and competitive standing register in the bottom 10 percent among the more than 60 topics covered by the Boardspan Board Performance Assessment. Interestingly, these scores have remained essentially flat since 2023, which hints that the issues are tricky to solve.

Competitive Insight as a Strategic Imperative

Boards don't generally view themselves as lacking industry knowledge; in fact, commentary from board members (collected in the Boardspan Board Performance Assessment and in subsequent conversations between Boardspan consultants and directors) suggests the lower scores in these topics don't represent widespread dissatisfaction with the information available, but acute eagerness to improve on and refine it. Board members see continuous improvement in this area as critical to adding value. Several forces are driving this perspective:

Rapidly changing markets: Even established companies face new entrants, disruptive business models, gamechanging technologies, geopolitical shifts, and other threats to even the most wellthought strategic plans.

Longterm strategy needs: Staying attuned to external forces is vital to provide appropriate oversight and guidance on strategy, capital allocation, risk management, and more.

Broader industry scope: Many companies expand into new segments or find that customer or competitor shifts leave them competing in multiple markets, requiring insight into varied competitive dynamics.

Diverse board expertise: Most boards include directors with a wealth of experience, some directly relevant to the industry, others bringing perspective from adjacent industries or functional expertise, or some other key need—and they need a common frame of reference to engage effectively.

What Are Boards Looking For?

Directors increasingly want competitive intelligence that is broader in scope and more nuanced context rather than raw data. While most boards acknowledge that their executive teams work hard to deliver relevant information, there is a widespread desire for more data and a higher level of analysis. Specific information needs vary by company stage, size, industry, and many other factors. Information sources vary widely too. However, there are some common themes:

Big Picture: Most boards schedule an annual assessment of the broad competitive landscape, perhaps as part of a longer board retreat or strategy session. Often this is provided by a thirdparty who can bring an objective perspective, incorporate other data sets, and deliver informed insights.

Details: Boards seek regular market updates from the management team that include agreed upon metrics, as well as trend analysis and competitive statistics such as market share or win/loss ratios. Board members generally prefer that management standardize on a format so that it is easy to compare data across periods.

Wide Angle: Many boards like to get analyst reports about the company or the industry. In some cases, board members with close ties to the sector may share with the board specific industry newsletters or reports that offer relevant market insights.

Impact: Increasingly boards are asking management to put its data into context, identify trends, or to explain, for instance, not just the company's position vis à vis competitors, but why the company is in the position it is, what factors have contributed and are expected to contribute to its successes and misses.

How to Help Management Deliver What the Board Wants

Given their diverse backgrounds and perspectives, board members don't always share a clear vision of which data would be most helpful. When boards struggle to define the competitive insights that matter most, directors can make vague or conflicting requests. Without clarity, management may get confused, overdeliver, or misdirect resources and produce unnecessary data with limited strategic value. When the board is disappointed with management's attempt to meet its directive, frustration naturally ensues. If this has happened, it's essential to acknowledge the misunderstanding and work to get on the right track.

Even when directors agree on priorities, they may not share a common understanding of what a "robust" competitive analysis entails. Some want granular technical details; others prefer highlevel context. Aligning expectations, at the committee or full board level, allows the board to communicate more explicitly what it wants management to deliver.

Boards that have struggled with these issues say that sometimes it is difficult to translate directors' visions of "what good information looks like" into clear principles to align around, or directives to management. One tactic that has helped many is the simple practice of notetaking during meetings: Each director notes specific data or context they felt was missing from a presentation, where they would have liked more or less depth, or offers their guidance on additional analysis that would be beneficial. All the notes are shared with the board chair or lead independent director at the end of the meeting, who then collates and synthesizes the feedback, plays it back to the board to ensure agreement and then shares the collective feedback with the CEO. After a round or two of this very detailed feedback, most boards and management teams report they are much better aligned on expectations.

Keeping the Board Informed and Ready to Contribute (Best Practices)

There are no hard and fast rules about how to keep the board informed about the market. A lot depends on who sits on the board and how knowledgeable they are about the industry, as well as how quickly and dramatically technological innovations, regulatory changes, or new competition are impacting the market.

Key ways to ensure every board member is fully informed and able to contribute to strategic discussions and decisions include:

Onboarding: When new members join, ensure they are introduced to the big-picture competitive landscape as the board and management currently understand it.

Continuing education: Plan ongoing programming that enables directors to deepen their knowledge of the company and industry.

Additional resources: For directors who have less experience in the industry or whose knowledge is less current, provide opportunities to learn about relevant innovations, competitor offerings, or other aspects of the business that will improve their understanding.

Timely updates: Ensure the board stays informed about regulatory changes or political decisions that could impact the market.

Context and analysis: Work with management to finetune presentations and reports to include the appropriate data, context, and analysis.

Outside perspective: Arrange for periodic reports or presentations from industry analysts or consultants to stay informed about broader market trends, opportunities, and threats.

Strategic intent: Be intentional about incorporating a holistic market perspective into strategy discussions.

Conclusion

As boards navigate increasingly volatile markets, we expect competitive intelligence to remain a hot topic given how central it is to providing strong oversight and insightful strategic guidance. The challenge, and opportunity, lies in moving beyond static reporting toward dynamic insight that informs real-time decisions. Boards that take a proactive role in defining their competitive lens, aligning expectations with management, and seeking continuous refinement will be best positioned to guide their companies through the complexities ahead.

BOARD PERFORMANCE TREND #3

Management Succession Planning Continues to Challenge Boards

Boards can't afford to ignore the accelerating pace of leadership transitions. Yet management succession planning remains one of the weakest areas of board performance—despite growing awareness of the risks. In Boardspan's 2025 Benchmark Report, succession planning again ranks in the bottom 5% of more than 60 governance topics assessed. While scores ticked up modestly this year, most boards still acknowledge gaps in oversight and preparedness.

> *Boards can't afford to ignore the escalating pace of leadership transitions.*

This governance shortfall comes at a time of record turnover. CEO exits are at an all-time high, with hundreds of chief executives stepping down each month. In 2024 alone, 2,221 CEOs left their roles—a 16% increase from the previous year. And the wave isn't limited to the top job: more than half of senior leaders say they expect to exit their roles within the next two years, leaving many organizations thinner at the top than they'd like to be.

In this environment, succession planning is no longer optional. It's how boards ensure leadership continuity and protect enterprise value.

How Even High-Performing Boards Can Stumble on Succession Planning

Despite the growing urgency and clear responsibility, boards often struggle to make meaningful progress on management succession planning. The primary reason is because it's hard! How exactly does one identify potential leaders today for an opening that doesn't currently exist and may look different tomorrow? In another context it might seem inefficient to spend time selecting and even cultivating prospective leaders who may not be available or interested or even have the right skills for the job when it eventually needs filling.

Yet, nothing has a greater impact on the trajectory of an organization that its leadership. That's why selecting and affirming a company's leadership has always been considered among the most important responsibilities of the board. Proactive boards regularly update their long-term and emergency succession plans for the CEO and ensure that there are succession plans in place for key management team members. Yet many boards are stymied by common obstacles:

It's Not A Crisis, Yet: One of the most common challenges to succession planning is a perceived lack of immediacy—when the CEO isn't planning an exit and no known transition is looming, boards may put succession planning out of mind to focus on more pressing business matters.

A Reluctant CEO: It's not unusual for boards to find that succession planning is an uncomfortable or even threatening topic for their CEO, especially those who are founders, relatively new in their roles, or have no plans to exit. Some CEOs may view discussions about their eventual replacement as unnecessary, signaling doubt in their leadership, or a harbinger of loss of control. The tension created in these instances isn't unsurmountable, but can become complicated to navigate when combined with other Board-CEO misalignments impacting urgent strategic priorities.

Living In Unpredictable Times: In a world as fast-moving and turbulent as this one, some boards believe there isn't a crystal ball big enough to hold all the potential futures and see which leadership attributes will be needed at an undetermined date. Boards of smaller, younger companies that don't have a deep bench under the CEO sometimes assume that in an emergency, they will appoint a board member as interim CEO while they determine the best path forward. Unfortunately, without discussion or explicit agreement about who on the board would step up, this "plan" may not work for a host of reasons or may require precious board time and/or test board dynamics during an already high-intensity moment.

Mythologizing Current Leadership: Sometimes boards fall into the trap of viewing a founder CEO or long-serving leader as irreplaceable. They may see the CEO as a singular visionary with such unique abilities and relationships that a loss of this hero would require a wholesale reimagining of the business. Should something happen they would need a new playbook (as well as a new CEO), and so traditional succession planning seems to them a futile exercise—they figure they will to draw up a new playbook when and if it is needed. A risky proposition to say the least!

Poor Visibility Into "The Bench": Succession planning for the management team is the CEO's responsibility, but boards have a responsibility to oversee this work to ensure leadership continuity. The dynamics here are nuanced—the board wants assurance that succession plans are in place and individuals are being developed to step into senior leadership roles; it may have opinions about individuals or guidance on the plans, but the board doesn't have decision-making responsibility here. Its role is to ensure the organization is undertaking thoughtful planning. Some boards don't understand this role well and as a result don't actively engage, which is a mistake. Lately we've heard from board members that many companies have resorted to external hires when losing senior leaders—which can slow progress or impact the culture--because they had not planned for nor developed internal candidates.

The Cost of Not Planning

When succession planning is deferred, the consequences are often messy and arrive when the board is least prepared to manage them. Emergency CEO searches can be costly—not just in fees, but in time, distraction, and the risk of misalignment. The absence of a clear plan can lead to rushed decisions, strategic drift, or internal confusion during a critical leadership gap. In some cases, reputational damage follows when investors, employees, or the market perceive instability at the top.

Even iconic companies with experienced boards can face public scrutiny and operational disruption due to unclear or rushed CEO transitions. Consider Disney, where long time CEO Bob Iger stepped down suddenly in early 2020, handing the job to his hand-picked successor Bob Chapek with minimal board or market preparation. The abrupt transition, coupled with overlapping roles (Iger stayed on as Executive Chairman), led to strategic confusion, internal tension, and negative press. Chapek was replaced less than three years later—by Iger again—but not before Disney's stock had fallen by more than 25%.

A Simple Remedy: Commit to the Process

While the challenges are many, there is one key that can unlock performance improvements around succession planning for most boards: A commitment to process.

Establishing a succession planning process and calendaring periodic reviews creates a framework for the board to embrace this key responsibility, diffuse any tensions with the CEO, and cut through the false pretense that change is unimaginable. The planning process is typically the purview of the Nominating & Governance Committee, though the Board Chair is often closely involved and ultimately the full board will engage.

1. Clarify the Board's Responsibility: Some directors think succession planning is the CEO's job and simply defer to her or him. Of course, it is the CEO's job to ensure succession planning takes place for the leadership team, though this process is typically orchestrated by the head of HR. The CEO may also take the lead on identifying key competencies needed to be effective in the role. Nevertheless, the board is accountable for overseeing succession planning for the management team, as well as preparing its own CEO succession plans to ensure strong leadership continuity.

2. Establish Processes and Timelines: It's generally true that what gets scheduled gets done. Setting an annual agenda item to review succession planning can help set wheels in motion. The CHRO or head of Human Resources might offer an overview of the company's process, along with visibility into the bench beneath key leaders and relevant development plans. Meanwhile, the Nom & Gov Committee and/or the Board Chair will want to confirm the timeline for CEO succession (if known), and propose next steps, such as creating a position specification, selecting a search firm (if using) and/or identifying internal candidates. Even when there is little likelihood of the CEO exiting in the foreseeable future, the board will want to establish plans for both long-term and emergency succession and revisit them on a regular cadence.

3. Demand Accountability: Too often, boards don't hold the CEO or themselves accountable for creating and updating succession plans. However, a board that institutes clear processes, an annual review of succession plans and possibly other regular updates, creates an environment of normalcy around succession planning as a governance responsibility. This is enhanced when boards don't let succession planning slip off the agenda because the board and/or CEO are busy with something more urgent or because the topic is emotionally charged or difficult to get right.

Succession planning may never be easy or comfortable, but it can become normal.

When boards treat leadership continuity with the same seriousness they do strategy, risk, or audit oversight, they're better prepared for the future, no matter when change arrives. That doesn't mean having all the answers, or naming a successor years in advance. It means building a habit of updating the position spec and candidate lists, asking the right questions, creating space for honest conversations, and staying close to the talent pipeline. In a time of extraordinary turnover and uncertainty, process is not bureaucracy—it's a safeguard for the organization's long-term health. And it's one of the clearest ways a board can demonstrate that it's ready to lead, not just govern, through change.

In a time of extraordinary leadership turnover and uncertainty, the succession planning process is not bureaucracy.

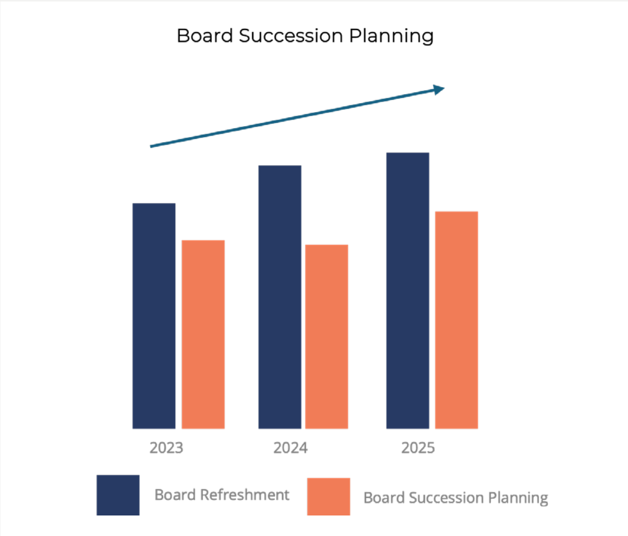
It's a safeguard for the organization's long-term health.

BOARD PERFORMANCE TREND #4

Board Succession Planning Is A Growing Strategic Imperative

Momentum is building. The 2025 Boardspan Benchmark data shows measurable improvement in how boards approach refreshment and succession planning. Directors increasingly credit their board leadership with driving this shift—an encouraging sign of a more proactive, strategic mindset that mirrors the rising complexity and pace of boardroom demands.

Effective refreshment is no longer about backfilling vacancies—it's about shaping a board fit for the future. High-performing boards are planning ahead for director retirements, committee transitions, and emerging skill needs. Succession planning is becoming a central lever for continuity, risk management, and a forward-looking, skills-based approach to board composition.



The Evolution of Board Composition Priorities

Director recruitment has evolved in step with the expanding scope of board responsibilities. In recent years, searches often prioritized technical expertise—cybersecurity, digital transformation, international operations—to keep pace with new oversight demands. Boards also placed greater emphasis on diversity across background, experience, and demographics, recognizing that broader perspectives strengthen boardroom judgment.

That focus is shifting. While diversity remains a priority, many boards are now placing greater weight on leadership experience—particularly that of sitting or former CEOs and seasoned operators who have led through volatility. There is a growing premium on directors who can think systemically, ask the right questions, and bring a steady hand to strategic decision-making.

It's a pragmatic response to today's business environment. With mounting macroeconomic pressures, geopolitical uncertainty, and relentless innovation, boards are seeking directors who can engage deeply, challenge constructively, and bring contemporary leadership insight to the table.

Obstacles to Healthy Board Succession

Despite good intentions, many boards don't get around to thoughtful board succession planning. The most common barrier? Conflict avoidance.

Boards are, by nature, collegial. Without a clearly articulated process for refreshment or term limits, tenure discussions can feel personal, as if the director's contributions are being questioned. Long-serving directors may remain in place simply because no one wants to raise the topic of change. Even well-intentioned directors may default to avoidance.

Without a shared framework for succession, there is little impetus for change and a higher probability that inertia settles over the board, possibly leaving it with a legacy structure that no longer reflects the organization's strategic direction or governance needs. Over time the board may then experience a cascading effect: With no visibility into the retirement horizon of long-tenured directors, plans for committee rotations and leadership development get little attention. It's challenging to groom someone to step up when no one expects to step off. Without regular turnover, opportunities for directors to gain familiarity and experience with different committees and leadership roles ebb—making it harder to cultivate the next generation of board leadership.

What Sets High-Performing Boards Apart

Boards that lead on refreshment and succession planning do more than plan—they take a future-focused and disciplined approach to governance. Their approach reflects a long-term view of board composition as a strategic asset.

Multi-Year Perspective: Leading Nominating & Governance Committees maintain a forward-looking, multi-year view of anticipated turnover—often extending three years or more. This visibility into expected retirements, committee transitions, and leadership shifts allows the board to anticipate needs, avoid disruption, and maintain continuity.

Leadership Readiness: Rather than wait for vacancies, these boards identify and cultivate future committee members and board leaders in advance. Whether through formal mentoring, targeted exposure, or engagement with external prospects, they ensure the next generation of board leadership is prepared to step in with confidence.

Integrated View of Composition: High-performing boards approach diversity and skills not as separate checkboxes, but as interconnected components of board effectiveness. They use thoughtful, multidimensional assessments that consider demographics, experience, and expertise in context—helping the board secure the full range of attributes needed to meet today's demands and tomorrow's challenges.

These practices don't just build stronger boards—they create the conditions for sustained, strategic renewal.

Best Practices for Strategic Refreshment

Boards that excel at refreshment and succession planning don't treat it as an event—they integrate it into the structure of ongoing governance. The following practices reflect the intentional, forward-looking mindset that sets high-performing boards apart. Together, they offer a practical framework for ensuring board composition evolves with the same rigor and foresight applied to other strategic priorities.

Keep the Skills Matrix Dynamic: Treat the board's skills matrix as a living tool, not a static record. Review it annually with a multi-dimensional lens—considering strategic alignment, committee strength, diversity, and readiness for future demands. Sophisticated boards benchmark against peer companies to identify gaps and opportunities.

Map Tenure and Leadership Progression: Maintain a forward-looking view of director tenures and committee assignments. Overlay eligibility for leadership roles to ensure a strong bench and create a visible path for future chairs and key committee leaders.

Rotate Committees with Intention: Committee composition should evolve over time. Regularly assess leadership and membership to promote fresh thinking and broaden director experience. Rotating chairs can also help build leadership capacity across the board.

Engage Early and Often: High-functioning boards initiate candid conversations about directors' future plans well before term completions. These proactive check-ins support thoughtful planning and help avoid last-minute decisions or uncomfortable dynamics.

Include Succession in the Governance Cycle: Approach board succession as a long-range strategic priority on par with CEO succession. Build it into the annual governance calendar to ensure it receives the structure, attention, and rigor it deserves.

By embedding these practices into the board's planning process, directors reinforce a culture of continuity—one that positions the board to lead with relevance, adaptability, and purpose.

Conclusion: Composition as a Strategic Lever

In a governance landscape shaped by complexity and change, every board seat is a strategic decision. High-performing boards don't leave composition to chance—they treat it as a lever for future readiness, not just current compliance.

When refreshment and succession planning are embedded into ongoing board work, composition becomes a tool for sustained oversight, better decisions, and long-term value creation. That is the kind of governance today's environment demands—and tomorrow's success will require.

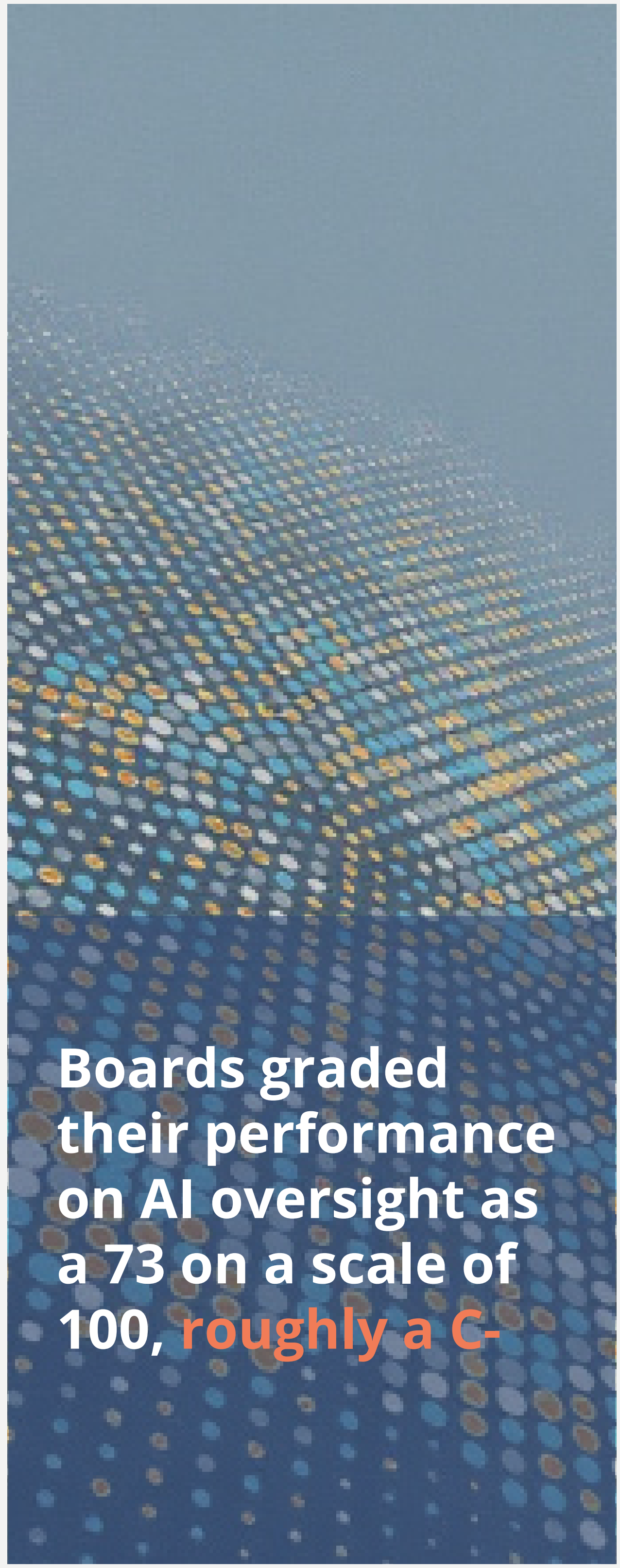
BOARD PERFORMANCE TREND #5

Boards Grapple with the Governance Demands of AI

The boardroom is no stranger to disruption, but few forces are transforming business as swiftly or profoundly as artificial intelligence. From generative AI tools to predictive analytics, these technologies are reshaping business from within (operations) and without (the market and competitive landscape) and having a profound impact on nearly every organization's strategy.

Unsurprisingly, AI is a difficult subject for most boards to get their hands around. Not only is it new, it is moving at breakneck pace. Every week sees new advances in and uses for AI, and if you aren't working, which most board members are not, you aren't likely to be using AI every day and evolving your understanding of it in sync with how your company is using it. Regulations are few and far from keeping pace; at this point they offer few guideposts for oversight of AI. Boards are behind the 8-ball. The good news is they know it.

AI Oversight topics were the absolute lowest scorers in the 2025 Boardspan Benchmark, which is built from the aggregated data collected from all boards that participated in the Boardspan Board Performance Assessment over the previous year. Boards graded their performance on AI Oversight as a 73 on a scale of 100, roughly a C- in the letter-grade system. (The highest scoring topic in the 2025 Benchmark received 95 out of a 100, for a solid A, while the mean



score for all topics was 87, or about a B+.)

The 2024-2025 assessment season was the first in which Boardspan included questions on AI Oversight, and boards were candid about their progress: While many are actively seeking to educate themselves to understand the implications, ethics, risks, competitive impact and compliance issues, few have fully established what they consider to be appropriate mechanisms and processes for board oversight of this era-defining innovation.

Boards of companies that have already baked AI into their product offerings, mainly software companies, tend to be much farther along the AI Oversight learning curve and feeling more confident in their performance. We would venture to guess that over the next 12 months boards will dramatically increase their knowledge and activity around AI, and it's likely that next year's Benchmark scores for AI Oversight topics will see an uptick.

Working Toward An "A" In AI Oversight

The gold standard of AI oversight is yet to be defined, but will surely require a strong working knowledge of AI's strategic, ethical, and operational dimensions as well as board structures that encourage that knowledge to be consistently applied across fiduciary responsibilities. Ideally, the board will ensure that AI initiatives align with the company's mission and values and that AI investments drive measurable outcomes, while also anticipating the risks of bias, misuse, and unintended consequences.

High-performing boards will actively engage with management on AI-driven innovation, foster a culture of responsible experimentation, and advocate for transparency and human oversight. They will also need to ensure clear accountability structures and compliance with evolving regulations. Ultimately, boards will be working to seamlessly integrate AI Oversight into broader enterprise risk and strategy discussions, not as an add-on, but as a core competency.

By committing to structured learning, clear oversight roles, and a deep curiosity about AI's implications, boards can evolve their governance capabilities in step with this transformative technology.

AI Oversight: Today's State of Play

Boardspan consultants have spent many hours this year advising our board clients on AI Oversight and how to approach it. Here are a few trends we have identified.

1. Information

Most boards want to hear more from the management team. Two key questions to start with:

- How is AI being leveraged for operational efficiencies?
- How can it be leveraged to be a differentiator against competitors?

Best Practice: Embed AI into the board's regular rhythm through recurring agenda items, standing committee assignments, and clear expectations for reporting from management. This normalizes oversight and avoids treating AI as an occasional or one-off topic.

2. Knowledge & Expertise

Few boards are satisfied with their current levels of AI knowledge & expertise and are seeking to uplevel. Common plans include:

Regular presentations and updates from management and/or outside experts that examine how AI is being applied, or could be applied, to the relevant landscape

Continuing education for directors, both formal and informal or self-directed efforts, that might include online or in-person courses, webinars, podcasts, and books that offer a general introduction to AI, tips for generative AI prompting, and/or industry-specific resources; ideally directors will be introduced to new educational offerings at least every 6 months to keep current

Recruiting new directors with strong exposure to AI and technology oversight from current or very recent operating roles; this is currently most common for technology companies, while some other boards are waiting to see what kind of AI expertise will be most valuable

Best Practice: Invest in board education as a continuous process, not a one-time event. AI is evolving too quickly for directors to stay current without ongoing learning tailored to the company's strategic context.

3. Governance & Policy

Most boards are adapting governance structures and policies to ensure appropriate attention to AI Oversight. Among the actions being taken:

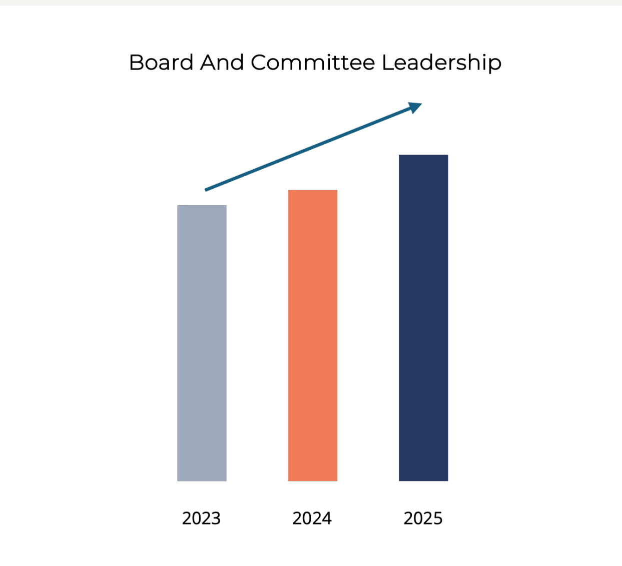
- Intentionally making AI Oversight a direct responsibility of the full board and ensuring that AI-related topics are a regular agenda item
- Assigning AI Oversight to a specific committee, such as a technology committee, that can engage deeply on the topic and deliver reports and recommendations to the full board
- Analyzing the risks and ethical implications of AI and working with management to ensure there are appropriate policies and guardrails in place.

Best Practice: Foster a tone of responsible innovation, where the board supports experimentation while requiring accountability, transparency, and ethical discipline.

BOARD PERFORMANCE TREND #6

Board Leadership Is Getting Stronger And Contributing More

Board leadership is one of the highest-performing areas in the 2025 Boardspan Benchmark. In this year's data, Board and Committee Leadership ranks third out of nine critical governance areas, with scores rising each year since 2023. These results reflect increasing confidence in how board chairs or lead independent directors and standing committee chairs are helping boards elevate their effectiveness and add more strategic value.



What Good Board Leadership Looks Like

The most effective board and committee leaders are strategic thinkers, knowledgeable about governance, skilled at culture building, and adept at chairing meetings. They understand that they have enormous influence on board culture and intentionally model respect, integrity, and constructive inquiry, while encouraging healthy debate and shared accountability.

These leaders work closely with the CEO and management team to shape meeting agendas with a keen sense of strategic priorities. They facilitate discussion: welcoming divergent opinions, coaxing quieter voices into the conversation, working to integrate varied perspectives into a more robust understanding of the issue at hand, and building consensus. They manage time effectively to ensure that time-sensitive discussions take place and that board decisions and committee recommendations are made as needed.

Skillful board chairs or lead independent directors typically forge strong relationships with their CEO, yet maintain an independent perspective, setting a tone for the whole board that balances trust with appropriate oversight. At times they may informally coach individual board members or the chief executive in private conversations to diminish tensions that can arise from differing expectations or communication styles, or to help everyone understand how best to add maximum value.

Committee leaders must, of course, bring the expertise required to oversee issues under their purview, such as fluency in financial oversight (Audit), executive compensation (Compensation), or board composition and evaluation (Nominating & Governance). They review committee charters periodically both to ensure the committee fulfills its responsibilities and to recommend changes or updates when needed.

Strategic Alignment

Board chairs (or lead independent directors) play a central role in ensuring that the board's work is aligned with the organization's long-term strategy. While management is responsible for formulating and executing the strategy, it is the board's job to oversee and challenge that strategy—bringing a broader perspective, identifying risks and opportunities, and ensuring alignment with the organization's mission and stakeholder expectations. The chair's influence in framing discussions and guiding the board's focus can be pivotal in keeping strategic priorities at the forefront of governance.

Without strong leadership in this area, boards can drift into a reactive posture—spending most of their time on operational or compliance matters while strategic issues receive inconsistent attention. This imbalance can lead to missed opportunities for growth, insufficient preparation for emerging risks, and misalignment between board oversight and organizational direction.

Best Practice: Effective board leaders ensure that strategy is not treated as an annual exercise but as a continuous thread running through the board's agenda. They integrate strategic considerations into committee work, encourage scenario planning, and ensure that the board periodically steps back to evaluate whether decisions and priorities remain aligned with the organization's overarching goals.

Strong board leaders will:

- Work with management to prioritize strategic topics in meeting agendas, ensuring sufficient time and focus on long-term value creation.
- Encourage the board to examine strategic assumptions, test resilience against different scenarios, and explore alternative pathways.
- Connect committee insights back to the full board so that risk, financial, and talent considerations inform strategic deliberations.
- Prompt reflection on whether board decisions support agreed-upon strategic priorities and adapt when external conditions shift.
- Foster a culture that balances strategic ambition with prudent oversight, keeping the organization both forward-looking and grounded.

Independence and Oversight

Board leaders help shape the agenda and set the tone in the boardroom, which gives them influence on what gets discussed and how. Board leadership that is overly confident in, intimidated by, or feels beholden to the CEO or management team, and so fails to hold them accountable, can leave the organization vulnerable.

Allowing key performance indicators or warning signs to go unexamined can result in delayed responses to emerging threats, while unenforced accountability can lead to unchecked executive decision-making. Not only does this disempower the board, but ultimately it may bring reputational or financial harm to the organization.

Best practice: Strong board leadership ensures that governance is not only well-intentioned, but disciplined and rigorous. Fostering a cordial and productive relationship with the CEO and other executive counterparts is essential, though maintaining independence of perspective and critical thinking is equally important.

Strong board leaders will:

- Role model and encourage fellow board members to ask probing questions, challenge assumptions, and offer dissenting views—creating space for independent judgment and a balanced dialogue with management.
- Manage meetings to ensure adequate time for critical discussions and to avoid rushed or postponed decisions.
- Preserve time for executive session, creating a constructive space for board members to have candid conversations and bring up concerns without the management team present.

Open Communication and Transparency

Leadership roles are always a balancing act and especially so in the boardroom, where there is a lot to accomplish in a short period of time, many voices to hear from, and consensus decision-making. It's essential that board leaders approach this work with the intention to facilitate rather than dominate.

Board leaders are most valuable when they have the self-awareness to guard against inadvertently stifling debate by presenting their preferences first, managing discussion such that dissenting views are not entertained, or using a tone that suggests that a recommended course of action is an agreed-upon decision just awaiting formal approval. Ideally, board leaders make sure "every voice is heard," not allowing any individual to dominate the discussion or the decision-making.

When leaders allow themselves (or a select few) to dominate discussion, meetings may feel performative, with limited opportunity for board members to challenge assumptions, highlight emerging risks, or contribute novel, out-of-the-box thinking. The result is often some form of groupthink, blind spots, and a diluted sense of accountability. Factions may form within the board when some voices are lifted up and others are disregarded.

Ultimately, an absence of open dialogue can lead to poor decision-making, missed opportunities, and diminished board cohesion, weakening the board's effectiveness and the organization's strategic resilience.

Best Practice: Strong board leaders foster a culture where every director feels respected, informed, and heard. They understand that good governance depends not on unanimity, but on full participation and shared understanding. They don't control discussion, and instead create an environment that encourages honest, sometimes difficult conversations, and help the board to navigate them constructively.

When a topic surfaces competing viewpoints, a skilled chair engages the whole board in seeking common ground or determining how to close the gap in perspectives. Rather than forcing agreement or deferring the issue, the best chairs guide the board toward thoughtful resolution. They develop a sense for when to pause for reflection, when to synthesize the group's thinking, and when to move forward decisively.

Strong board leaders will:

- Cultivate a culture of open-mindedness, curiosity, and inquiry. Invite candid conversation, ask open-ended questions, and acknowledge differing perspectives.

- Encourage every board member to speak.
- Make room for insight: Sometimes the most valuable board contributions come from directors who are invited to share a contrarian view or offer a new framing of the issue.
- Guard against any particular person's or sub-group's opinions being given undue weight.
- Seek to find common ground and build consensus.

Conclusion: Leadership That Elevates the Board

Board and committee chairs shape how a board governs. They influence not just what gets discussed, but how, and to what end. The most effective leaders ensure that board discussions are strategically aligned, balancing near-term oversight with forward-looking vision. They foster open communication, invite diverse viewpoints, and guide the board toward thoughtful consensus without diluting accountability. By modeling integrity and maintaining independence, they help the board navigate complex risks and opportunities while staying true to the organization's mission.

The rising Board & Committee Leadership scores in the Boardspan Benchmark suggest that many boards are getting this right. Of course, leadership is not static and it will be important for boards to continue to select savvy leaders, prepare them for their roles, and hold them to a high standard that ensures the inclusive and strategic leadership that today's governance challenges demand.

Make the Benchmarks Work for Your Board: A Path To Success

The more boards understand about their performance as part of the bigger picture of their responsibilities, the surer the path to success. We've seen the lightbulbs go off time and again.

How do you begin to reap the benefits of benchmarking? Here's how to start.

Step 1: Establish A Baseline

By measuring performance with a comprehensive and objective assessment, the board gains an understanding of how it is doing, and where additional attention may be needed or will help the board add more value. Benchmarks help convert that absolute data into more nuanced insights, helping boards calibrate their performance, understand how their performance compares to that of peers, and recognize where their performance may be affected by evolving governance requirements.

Step 2: Double Down On Governance Planning

Having identified challenge areas makes it easier to chart a course toward improvement. Engaging in thoughtful and coordinated governance planning helps to ensure your board schedules and achieves all of its routine governance objectives, while also building time into the calendar to focus on more challenging topics and strategic work that might otherwise not get the attention it deserves.

Step 3: Get An Annual Check-Up

Whether evaluating progress toward better performance in specific areas or spotting new opportunities for growth, an annual performance assessment helps a board stay on track with continuous improvement. Just like a routine physical to monitor your personal health, a regular and independent evaluation of all the board's vital signs is the best way to ensure the health of the entity and identify issues before they become serious. Whether simply for maintenance or to address concerns, a board benefits from regularly participating in a well-run board assessment that includes performance benchmarks.

Organizations evolve, new issues arise, people change.

Let board benchmarks be your information advantage.

Contact Us

Benchmark Your Board

Want to find out what a data-informed assessment can do for your board and its stakeholders?

Contact Boardspan to learn more about benchmarking, assessments, and other board governance solutions

info@boardspan.com

About Boardspan

We help boards raise the bar on their governance initiatives by combining cutting-edge digital capabilities with high-touch consulting services. Boardspan is a leader in board assessments, individual director & CEO evaluations, board succession planning & search, skills & composition analyses, and bespoke advisory work.

Our focus is entirely on boards, delivering deep experience, objectivity, an analytical orientation, and insight-driven recommendations. We work with public, private and non-profit organizations across all industries. Clients include Autodesk, Blue Shield (CA), Colgate-Palmolive, e.l.f. Beauty, HubSpot, Roblox, KKR, the PGA, Salesforce, USOPC, and scores more.

Learn more at boardspan.com

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