

Closing the Confidence Gap: Why the Board-CEO Relationship Needs a Reset

Our Measure of Leadership series highlights the findings from regular surveys of CEOs and board directors globally, focusing on how they are navigating a complex and rapidly evolving business environment.

The ability of the board and CEO to build a collaborative, supportive and productive working relationship is critical to maintaining high performance in times of rapid change. The most effective CEOs we know leverage their boards' expertise and experience just as much as they view them as a governing body. Yet our first [Measure of Leadership study](#) uncovered a troubling trend around that key relationship: just one-third of CEOs said they are highly confident in their board's ability to help them navigate the challenges facing their organizations today.

Given the importance of the board-CEO relationship, we felt compelled to explore this dynamic further. We wanted to understand why CEOs doubted their boards, what — if any — were the hallmarks of an effective board-CEO relationship, and how the strength of this relationship related to company performance.



DO YOU FEEL THE BOARD GIVES THE CEO EFFECTIVE SUPPORT TO ADDRESS A RAPIDLY EVOLVING AND COMPLEX BUSINESS ENVIRONMENT?

22%

of CEOs agree

43%

of board directors agree

Our latest *Measure of Leadership* survey of 2,400 CEOs and directors around the world reinforced our earlier findings and then some:

- » **CEOs aren't confident their boards are meeting the moment.** Fewer than a quarter of CEOs report receiving effective board support to navigate a rapidly changing business environment.
- » **CEOs expressed a desire for their boards to expand beyond traditional oversight and provide different types of support.** This includes strategic thought partnership, specific subject matter expertise and deeper knowledge of the company's challenges and opportunities, among others.
- » **Directors strongly agree this kind of support matters, especially thought partnership, but perceive they're already delivering it.** They were notably more likely to report boards already provide the desired engagement and skills — often by large margins. While they see room for improvement, there is a clear disconnect between how confident boards are and how confident CEOs are.
- » **"Effective support" from the board correlates with a variety of positive outcomes,** including higher total shareholder return, achievement of growth goals and greater CEO satisfaction with their board's contributions and engagement.

This final point is critical. Our data underscores the vital link between the board-CEO relationship and business performance, and many CEOs and directors we surveyed emphasized this. As one director shared, "The board-CEO relationship lies at the heart of business success. A board that brings the right blend of knowledge and experience, coupled with meaningful engagement, is a huge asset to any CEO and can provide the right balance of challenge and support."

But what is the right blend of knowledge, experience and engagement? Strikingly, we found no one-size-fits-all model. Instead, we saw a clear link between proactive expectation-setting and an effective board-CEO relationship: seven in 10 (68%) CEOs who said they had explicit conversations with their board about the nature of support and input they can expect to receive said they were effectively supported, versus half (50%) of the CEOs who haven't had proactive expectation-setting conversations.

Boards, of course, have a fiduciary responsibility to oversee CEO performance and act when performance is slipping — as [our own analysis shows](#), it's important to move swiftly when that happens. Yet our latest research reinforces that when there is a balance between accountability and support, CEOs are more equipped to deliver long-term value creation. Further, boards that are more deeply engaged in the business will be more effective at understanding the linkage between the CEO's strategy and leadership and the results. The takeaway: Boards and CEOs together must proactively define — and regularly redefine as conditions change — what the optimal model for working together should look like.

FIGURE 1: CEOs WHO FEEL SUPPORTED REPORT MORE POSITIVE OUTCOMES, A BETTER RELATIONSHIP WITH THE BOARD AND FEWER FRUSTRATIONS

Percent agreeing with each statement



What are CEOs looking for from the board?

One of the first questions that we set out to answer was, “What do CEOs mean when they say ‘support?’” In our survey, what CEOs needed from the board varied depending on the challenge at hand, but responses largely fell into three categories:

More personal support and engagement. CEOs frequently pointed to aspects of support that felt notably personal in nature: A majority (60%) want directors to serve as thought partners to help them solve complex problems, and half want to feel that the board has their back even in challenging situations. Only 15% reported that they can “always” be vulnerable with the board when facing a hard strategic decision, and more than four in ten say they can “rarely” or “never” be vulnerable with the board. One CEO said he would like to see the board “get in the game” a bit more: “In normal times, the quarterly advisory nature of boards is just fine, but in volatile times (and contracting industries/challenging availability of capital, etc.), it would be great to feel like your board is operating with an ‘all-hands-on-deck’ attitude when they see you and your team working incredibly hard day and night and weekends to deliver for them.” Said a director, “A well-functioning board acts as thought partners to a CEO — they both challenge and encourage, as needed.”

Skills and expertise that go deeper on organizational challenges. More than half of CEOs (53%) said board members would ideally provide specific subject matter expertise relevant to the challenges the company is navigating. However, only 43% said their boards were doing that today, compared to 63% of directors. Both groups see room for improvement. Said one director, “Too often, boards are reporting and compliance entities who try to steer the business but lack detailed enough context to bridge to real solutions that support the leadership team with critical insight for strategic decision-making.” One area where CEOs and boards were aligned was on the type of expertise that’s becoming more important for the future: Both groups ranked technology/digital/AI, cybersecurity, and regulatory and government expertise as vital to add in the next three years.



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More time for strategic discussion and debate. Another area that stood out was the board agenda and whether it provides sufficient time for strategy discussions. While opinions were mixed about whether there is a need to adjust how board meeting time is spent, more than 40% of both CEOs and directors said they would like to focus more time on strategy. Of course, this is hard in practice; boards will have to decide how to make that additional time available, whether by spending less time on other topics or changing practices to free up time, for example, increasing expectations that board members show up fully prepared with good questions and insights to contribute. One director observed about their own board, “We are moving in the right direction: more time for open, frank sharing of insights and ideas between board and top management (not just the CEO).” Notably, CEOs who report feeling effectively supported by the board were more likely than others to say their board is getting this balance right and that meetings are always structured effectively.

FIGURE 2: THERE’S A GAP BETWEEN HOW CEOS AND DIRECTORS PERCEIVE THE SUPPORT BOARDS CURRENTLY PROVIDE TO CEOS

Types of support the CEO currently receives from the board	Directors agreeing	CEOs agreeing	Margin of difference (percentage points)
Board members serve as thought partners to help the CEO and management solve complex problems	61%	41%	-20
Board members proactively seek relevant information about company context and situations	50%	37%	-13
Board members provide specific subject matter expertise relevant to the challenges the CEO is navigating	63%	43%	-20
If needed, the board brings in specialized advisers with expertise relevant to challenges the CEO faces	33%	29%	-4
The board provides opportunities for the CEO to discuss sensitive topics such as personal well-being	36%	22%	-14
The board collectively has the CEO’s back and will support the CEO, even through challenging situations	47%	37%	-10

Enhancing board-CEO alignment and performance

Many directors acknowledged the need to rethink their working relationship with the CEO and management; in fact, 67% said the model of board-CEO engagement should change somewhat or significantly as the business environment continues to evolve. This represents a call to action for both CEOs and boards. Said one director, “I believe that board members can become more effective in driving organizations forward, but this has to be a two-way process.”

Our advice

Be proactive, explicit and dynamic in setting expectations for the board-CEO relationship.

As one CEO said, “Our market is dynamic, and we need to act quickly. It is critical the board gives management clear direction, targets and guardrails that we can act within.”

The most natural time to define how the board and CEO will work together is at the outset of the relationship. However, most boards and CEOs don’t have this luxury, so it’s critical to set the expectation that this will happen regularly and not casually. Points of discussion and alignment should include:

- » The vision and mission for the organization
- » Translating that to the CEO’s mandate — what the CEO is held accountable to deliver
- » How the board will understand the operating context, constraints and plan the CEO is putting forward to achieve the mandate
- » How the board will align to support key areas of risk or opportunity
- » How CEO performance will be evaluated
- » The cadence and content of communications and interactions between the board and CEO and, critically, the board and other members of management
- » Overall board meeting agenda, focus and structure and how it aligns (or not) with what the company needs to accomplish

What the CEO needs from the board will change over time throughout the [CEO Life Cycle](#) and as the business evolves. This calls for regular communication, both formal and informal, between the CEO and board chair or lead director about the evolving business context, shifting priorities, and the challenges and opportunities facing the company. This should translate into a clear dialogue about where the CEO needs board input and support — as well as how the skills and expertise needed in the boardroom should evolve.

Boards must take ownership for not just evaluating performance, but also for intervening if performance doesn’t change. In the end, boards are responsible for the long-term outcome and must hold themselves accountable for successful intervention. As for CEOs, we commonly hear from new CEOs that the time “managing the board” is the biggest surprise in the role but as one CEO shared, “The CEO needs to understand where they need the most assistance, then work with the board so they provide it.”



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Ensure the board has the relevant expertise for the organization's changing opportunities and challenges. CEOs want the board to be a thought partner in solving complex problems in a changing business environment, and 80% of directors in our survey agree that the board ideally should serve that role. To do that, boards have a responsibility to remain fit for purpose: Effective boards are made up of directors who reflect the strategic priorities and challenges of the business, the relevant areas of risk and the composition of stakeholders. Said one director, "In a fast-paced and ever-changing world, boards must constantly ensure they are learning, developing and growing themselves."

While CEOs want more subject matter expertise, the answer is not necessarily recruiting a single subject matter expert to the board. The board's job is to help contextualize risks and opportunities from a strategic perspective, and the nature of their expertise must reflect that. For example, if AI is poised to upend a company's business model,



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an academic who studies machine learning may be less helpful to a CEO in the long term than another leader who has successfully reinvented their category in the face of technological upheaval. While the nominating/governance committee drives board refreshment and succession planning,

working with the CEO on this improves the chances of a positive outcome. In our survey, CEOs who reported having more influence in the selection of board directors were more likely to say that the board gives them effective support.

Create the conditions for long-range thinking. Finally, all parties — directors, CEO and management team — must feel empowered to have broad and deep conversations on the big issues facing their organization in an uncertain environment. CEOs and directors alike were vocal in their desire for board meetings to allow for more future-oriented discussions, a better balance between short- and long-term topics, and greater interaction overall. As one director told us, "All boards need to create the space for 'non-governance' free flow discussions on hot topics and emerging trends." The board chair or lead director has a particularly important role to play in creating this kind of environment and building a trusted relationship with the CEO. In fact, 83% of CEOs who report having effective board support say they have an excellent relationship with their chair or lead director.



At its core, the board-CEO relationship is a dynamic partnership that both sides must actively nurture and refine, especially as our research reveals their expectations of what “good” looks like aren’t always the same. As CEOs face extraordinary new challenges leading their companies in a world where uncertainty is the norm, they must be courageous in driving conversations about what the board works on and how they need them to dig in more or differently. Directors must challenge themselves and the board as a whole to evolve, thinking more expansively about what strong board governance looks like as they move toward the future.



Methodology: This Spencer Stuart survey was conducted online from November 13 to December 3, 2024, among 787 CEOs and 1,694 directors in Spencer Stuart’s network. Leaders represented all major industry sectors, as well as government and academia.



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Drawing on our deep understanding of the challenges facing boards and CEOs, along with our groundbreaking research on CEO and board performance, our consultants help boards, CEOs and CHROs navigate the high-stakes leadership decisions that make a critical difference for the future of their teams and organizations.

About Spencer Stuart

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