

Unlocking the

DYNAMIC BOARD ***ADVANTAGE***

What It Means to Be a Truly
Dynamic Board — and Why
It Matters Now

SpencerStuart



The pace of change and uncertainty of the environment demand new agility and dynamism from the board. Adaptability is key.”

BOARD CHAIR

Boards have never been asked to do more. Oversee AI. Help companies navigate geopolitical uncertainty and risk and seize new strategic opportunities. Guide transformation. Manage stakeholder pressures. And do it all while helping management move faster.

But many boards are still built for a slower, more predictable era. Regulatory demands and rigid governance cadences consume time and attention, crowding out the forward-looking discussions boards now need most. Drowned in information, directors spend too many hours reviewing the past while the business moves in real time. The result is a risky mismatch: the company operates at 24/7 speed, while the board often engages on a schedule designed for another time.

What this moment demands is not incremental improvement, but a renewed commitment to excellence in the boardroom — an optimized state in which boards have the independence, agility and trust needed to challenge management constructively, support it effectively and help the business move faster on both risk and opportunity.

We call this the Dynamic Board Advantage.

Dynamic boards embody excellence. Their people, structures, practices, culture and dynamics, focus and priorities are aligned to the organization's context in a way that provides sustained advantage to the company. These dimensions reinforce one another, giving the most dynamic boards a distinctive edge. They govern with discipline, engage constructively with the CEO, bring external perspectives into the boardroom and continuously renew how they operate.

The need for dynamism and adaptability in the boardroom has never been more urgent during our many decades of working closely with boards around the world. This experience and our research underscore that the most effective boards respond differently to the forces facing companies today. They engage with management more knowledgeably, refresh expertise more deliberately, challenge assumptions more constructively and devote more time to strategy, future opportunities and emerging risks. They set ambitious targets, track leading indicators to monitor progress and hold management accountable. These boards are not simply better governed; they are better positioned to help companies anticipate disruption, navigate uncertainty and accelerate smart strategic moves.

To test and refine our board framework, Spencer Stuart surveyed more than 1,400 board chairs, directors and CEOs globally. We identified the specific behaviors, operating models and leadership practices that distinguish the most dynamic boards — and assessed how boards measure up. Boards were classified into four categories, from Pacesetter — the most dynamic, engaged and future-ready boards — to Static, those with meaningful weakness across multiple dimensions. In the middle are Adaptive boards, which score well on operating mechanics, but trail Pacesetter boards in development activities such as succession planning, and Reactive boards, which are less likely to seek external perspectives, reflect on board culture or proactively engage on emerging issues.



THE DYNAMIC BOARD ADVANTAGE: UNDERSTANDING THE FOUR ARCHETYPES AND THE PATH TO EXCELLENCE

PACESETTER

*High-performing today
while actively preparing
for tomorrow.*

Strong and integrated across all dimensions, with high trust, quality challenge and strategic partnership. Boards continuously evolve as the context changes, treating succession with utmost importance.

ADAPTIVE

*Strong execution with
opportunities to strengthen
long-term preparedness.*

Strong operating mechanics and governance foundations and effective across many dimensions. Opportunity to strengthen renewal, succession and board development.

REACTIVE

*Effective oversight of current
issues, but limited focus
on future readiness.*

Solid operational discipline, focused primarily on the current issues management presents. Opportunity to be more proactive in anticipating risks and opportunities.

STATIC

*Governance practices that have
not evolved to match
today's operating environment.*

Inconsistent across dimensions. Governance doesn't translate into board impact. Trust, challenge and future-focused discussion are often limited.

Pacesetter boards do not excel in only one area. They show strength across all dimensions; their impact translates into CEO effectiveness and enhanced performance. They focus on the right priorities for the future, both opportunities and risks. They adopt structures and practices that support timely, high-quality decision-making. They ensure the right mix of people and capabilities. And they build cultures of trust and constructive challenge.



5 KEY COMPARISON POINTS

Share of directors and board chairs saying each statement describes their board very well

	PACESETTER	ADAPTIVE	REACTIVE	STATIC
The chair, board and CEO operate with a high level of mutual trust	90%	81%	57%	24%
Board makes decisions efficiently, rarely deferring difficult issues	96%	76%	40%	6%
Board provides adequate oversight of risks before they escalate into major issues	76%	39%	25%	6%
The board has mechanisms in place to assess whether its composition remains fit for purpose	69%	44%	32%	9%
The board serves as a thought partner to the CEO, in addition to providing oversight	75%	61%	38%	16%

What sets dynamic boards apart

Pacesetter boards, the most dynamic boards in our sample, showed a clear advantage, correlating with:

- » **Stronger reported performance.** Directors on Pacesetter boards are 60% more likely than those on Static boards to say their companies have achieved or surpassed growth goals. They report outperforming peers by a similar margin.
- » **Tighter CEO-board alignment.** Earlier research finds that directors rate themselves higher as partners to management than how CEOs rate their boards. This “perception gap” is nearly erased among highly dynamic boards. In Pacesetter boards, only a few percentage points separate the CEO and director perspectives in critical areas of board support: areas such as mutual trust, decision timelines, role clarity, thought partnership and support for the CEO during periods of uncertainty. In Static boards, we tracked double-digit perception gaps on almost every dimension.
- » **Greater CEO effectiveness.** CEOs with highly dynamic boards overwhelmingly report that their board makes them more effective, providing perspectives and challenge that sharpen their thinking. Nearly half of CEOs with Static boards say the opposite: their board slows down decision-making and makes them less effective. Instead of partnership, CEOs work around Static boards.
- » **Significantly higher board effectiveness.** Nearly all Pacesetter board directors and CEOs describe their boards as extremely or very effective — a clear indicator of impact. On the Static end of the spectrum, 69% of directors and 70% of CEOs call their board moderately or slightly effective — and 30% of CEOs believe their board is not effective.

97%

Pacesetter directors describing their board as extremely or very effective

26%

Static directors describing their board as extremely or very effective

96%

Pacesetter CEOs describing their board as extremely or very effective

0%

Static CEOs describing their board as extremely or very effective

What dynamic boards do differently: 4 distinguishing behaviors

The Dynamic Board Advantage is not defined by a single practice or structural change. It is built through a set of choices about how the board spends its time, how it engages with management, how it develops an independent view of the business and how seriously it treats its own renewal. Our research identified four behavioral themes that consistently distinguish the most dynamic and effective boards. They show how these are forged through the careful alignment of context, people, culture, focus, priorities, structure and practices.

1. Dynamic boards start with trust

The most effective boards balance independence with partnership. They challenge management constructively while creating an environment where difficult issues can be raised early and discussed openly. On Pacesetter boards, directors and CEOs operate with a high degree of mutual trust and foster an effective partnership. As a result, CEOs with Pacesetter boards are nearly 40 percentage points more likely to say they are comfortable raising difficult issues before having a fully formed solution than CEOs on Static boards.

In addition to their oversight responsibilities, Pacesetter boards serve as effective thought partners to the CEO and provide meaningful support to the CEO in times of uncertainty or pressure. This isn't just what directors say; CEOs with Pacesetter boards report the same nearly as often as directors. The CEO-board perception gap grows among Adaptive and Reactive board respondents but is greatest among Static boards — suggesting room to improve trust and alignment. While Static board directors give themselves lower marks as a CEO partner, CEOs in this group see even less trust and support from their boards — by at least 20 percentage points.

A key element in fostering the right board–CEO partnership is trust among directors themselves. Directors on Pacesetter boards are nearly three times as likely to say directors are very comfortable expressing differing perspectives in the boardroom. These boards actively maintain trust: Pacesetter boards formally discuss group dynamics roughly three times as often as Static boards, and 35% of Static boards never discuss such issues at all. Overall, director-to-director trust tracks board effectiveness: 84% of respondents on “extremely effective boards” say directors are very comfortable voicing differing perspectives; this falls to 38% on moderately effective and 18% on less effective boards.



Some approaches and cadences are rooted in traditional board governance, and we need to move to more dynamic engagement given the rate of change in markets and technology.”

BOARD DIRECTOR



[We need] more time together outside the official supervisory board meetings to brainstorm, challenge and align.”

BOARD CHAIR



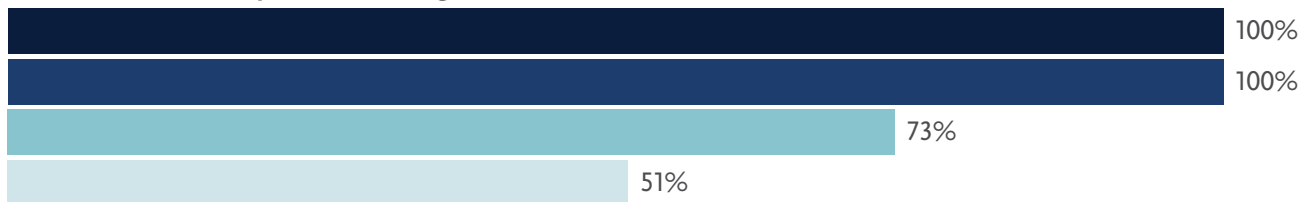
I've had the good fortune to have been on several good boards. This board, in terms of governance practices, director engagement/competence, mutual respect, strategic orientation, trust, etc., is by far the strongest."

BOARD DIRECTOR

DYNAMIC BOARDS FOSTER TRUST AND PROVIDE SUPPORT

Figures show the share saying each statement describes their board very or somewhat well, with directors/chairs and CEOs reported separately.

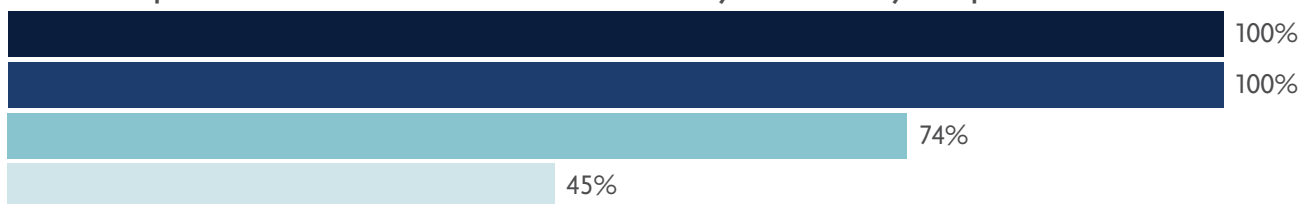
The board and CEO operate with a high level of mutual trust



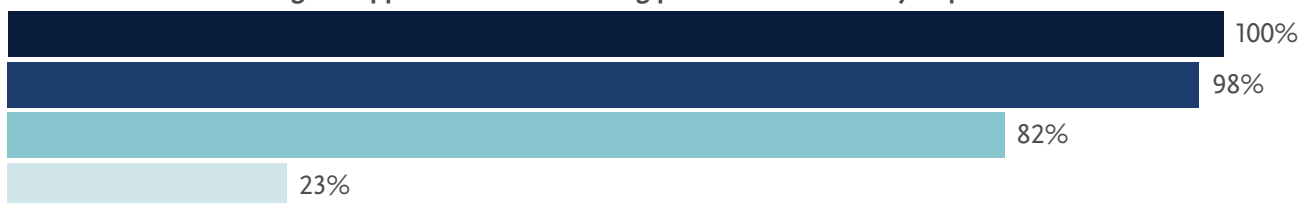
The board serves as a thought partner to the CEO in addition to providing oversight



Roles and expectations between the board and CEO are clearly understood by both parties



The board offers meaningful support to the CEO during periods of uncertainty or pressure



■ Pacesetter directors agreeing ■ Static directors agreeing
■ Pacesetter CEOs agreeing ■ Static CEOs agreeing

2. Dynamic boards shape, rather than react

Directors on dynamic boards take an active role alongside the chair and CEO in helping shape the agenda, proactively scanning the market for emerging issues and risks rather than merely responding to the issues — and the framing — management presents. Their meetings are structured so that half or more of directors' time together is spent on forward-looking discussions, and they seek out external experts when approaching new or complex issues. Pacesetter boards are 30 percentage points more likely than Static boards to monitor regulatory/geopolitical developments, 23 percentage points more likely to engage external advisers and 27 percentage points more likely to conduct strategy deep dives. They are 20 percentage points more likely to have discussed AI, cybersecurity and major regulatory developments, and more likely to have discussed every other external force we asked about, including shareholder activism, evolving markets and emerging threats.



We deep dive on external views at an annual strategy retreat. With the pace of innovation and change, we need to accelerate the inclusion of those perspectives on a more frequent basis.”

BOARD DIRECTOR

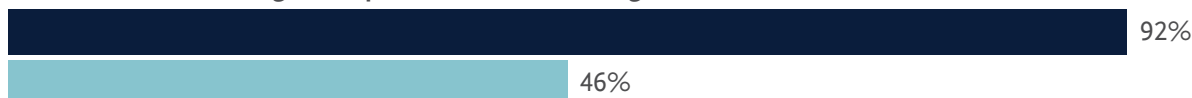
DYNAMIC BOARDS DEVELOP AN INDEPENDENT PERSPECTIVE ON THE BUSINESS

Figures show the share of all respondents in total agreement with each statement (e.g., very or somewhat well).

The board regularly works with management to bring in external perspectives on developments that could impact strategy



Half or more of meeting time spent on forward-looking discussion



Confident in their 3-year strategic direction



The board provides adequate oversight of emerging risks before they escalate into major issues for the business



■ Pacesetter boards ■ Static boards

“

The work of an effective board is pulling on threads management hasn't presented — and that requires time, access and a willingness to ask uncomfortable questions. Most boards don't invest enough in the first two.”

BOARD DIRECTOR

3. Dynamic boards are actively engaged and decisive

Survey respondents rated decision timeliness and high-quality debate among the most important factors for overall board effectiveness. Pacesetter boards do this well; 100% of Pacesetter respondents say their board makes timely decisions without regularly deferring difficult decisions and that the board chair fosters high-quality discussions. Fewer than two-thirds of Static board respondents report the same. The CEO lens is sharper still: 100% of Pacesetter board CEOs — but only 40% of Static board CEOs — say the board enables rather than impedes decisive action. Directors on Pacesetter boards are highly engaged and actively participate in board discussions, rather than letting a few directors dominate. Directors on Static boards are far less likely to stay informed between meetings, explore different viewpoints and make timely decisions.

“

[Board needs] better focus by the chair and CEO on creating an agenda that drives the board discussion towards strategy, risks and opportunities.”

BOARD CHAIR





[We] tend to spend too much time discussing things we know rather than what we don't know.”

BOARD DIRECTOR

DYNAMIC BOARDS ARE ENGAGED AND PREPARED

Figures show the share of all respondents in total agreement with each statement (e.g., very or somewhat well).

Board makes timely decisions without deferring



Board chair fosters open, high-quality discussion



Most or all directors are actively engaged in boardroom discussions



Board stays well-informed about developments affecting the company between meetings



Different viewpoints are actively explored before the board reaches important decisions



■ Pacesetter boards ■ Static boards

“More structured discussions on leadership pipeline development, identification of potential successors, emergency succession preparedness and alignment of future leadership capabilities with the company’s long-term strategy would strengthen the board’s effectiveness and continuity planning. Periodic interactions with high-potential management personnel, supported by clearer talent and organisational development updates, would also provide the board with broader perspectives and greater confidence in leadership continuity.”

BOARD DIRECTOR

4. Dynamic boards commit to continuous improvement

Pacesetter boards are twice as likely as Static boards to assess their composition, culture and effectiveness to ensure directors' skill sets remain relevant to company strategy and their work supports company performance. They identify areas for improvement and foster a culture of continuous development to help the board work well together in support of value creation. Nearly all CEOs with Pacesetter boards say their board's experience and backgrounds are relevant to the company's current strategy. Only 38% of Static board CEOs say the same.

At a time when CEO turnover is on the rise, Pacesetter boards treat CEO succession as an ongoing strategic priority, regardless of CEO tenure or performance, and are 33 percentage points more likely than Static boards to evaluate succession planning and leadership risk.



Some board members are not as knowledgeable as others about emerging technologies — so the board needs to spend (in my judgment) too much time educating those board members.”

BOARD DIRECTOR

DYNAMIC BOARDS ARE STRUCTURED TO STAY RELEVANT

Figures show the share in total agreement (very or somewhat well); all rows reflect all respondents except the first, which is asked of directors and chairs only.

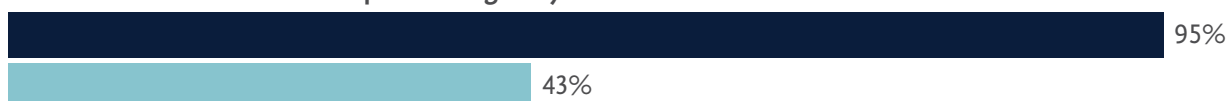
The board's experience and backgrounds are relevant to the company's current strategies



The board has mechanisms in place to assess whether its composition remains fit for purpose



The board has mechanisms in place to regularly reflect on its own culture and effectiveness



The board treats CEO succession as an ongoing, strategic priority



■ Pacesetter boards ■ Static boards

Unlocking the Dynamic Board Advantage: the choices for boards

Boards themselves build a Dynamic Board Advantage by thoughtfully deciding how directors spend their time together, how they work with management and how they operate. Boards can become more effective through practical shifts in board cadence, information flow, board composition, the quality of board–CEO engagement, and rigorous and regular board evaluations. Becoming more dynamic and future-focused is not just an imperative for Static boards. Operationally solid boards, such as those in our Adaptive and Reactive categories, will benefit from enhancing future-ready practices, and even Pacesetter boards have room to improve in areas such as CEO succession planning. The suggestions that follow highlight several ways boards can begin moving in that direction.

Set the tone at the top

While respondents had mixed views on who drives board performance standards — the board chair/lead director, the CEO or the full board — in our experience, the independent board chair or leader is integral to the effectiveness of the board and is in a unique position to establish and enforce high standards. The chances of creating a dynamic board are extremely low if the chair/lead director is not of the highest quality, capable of dealing with people and situations with purpose, care and sensitivity.

As the key liaison between management and the board, the independent board leader helps set the tone, culture and focus of the board. Their leadership is pivotal in fostering collaboration, encouraging accountability and ensuring that the board fulfills its fiduciary responsibilities. Distrust between the board chair or independent leader and CEO — and among directors themselves — can have real consequences for company performance, so the board leader should advocate for meaningful board evaluations that can surface cracks in key relationships and the sources of misunderstanding.

Make board and CEO succession a strategic discipline

Among the many activities that define a Pacesetter board, few are more significant than CEO and board succession planning, as our survey shows. Boards that gain the Dynamic Board Advantage will treat succession planning as a strategic discipline, not as an occasional exercise. That means working with the CEO to develop a clearer, more current view of the leadership pipeline and the capabilities the company will need next. More structured discussion of potential successors, the external talent market, leadership development priorities and continuity risks can help the board move from reactive oversight to genuine foresight. Directors welcome periodic interaction with high-potential leaders — combined with more candid updates on talent, development progress and organizational health — which can give them greater confidence in the future pipeline. Succession planning should extend to the board itself, with regular assessment of whether director capabilities, experience and composition still match the company's strategy and risk profile.

Rethink the board calendar

Over and over, survey respondents told us that the traditional board calendar and agenda-setting make it difficult to get ahead of today's fast-moving business cycle, emerging risks, strategic opportunities, market shifts, talent implications and the assumptions underlying management's plans. "Creating greater space for long-term planning, succession, risk foresight and business transformation discussions would enhance the board's ability to add long-term value," writes one director.

Evaluating the board calendar, redesigning meeting structure to use time together more effectively, and leveraging AI and other technology may allow boards to respond faster, engage more substantively and operate with the agility the current environment demands. This may involve creating new dynamic dashboards that combine internal performance data with external indicators, streamlining board materials — less, but better — moving some oversight work to committees, and using executive sessions more deliberately so directors can identify the questions that most need deeper discussion.

Deliberately bring the outside in

Many directors noted the "information asymmetry" that keeps boards from identifying and framing issues before they are raised by management. Given today's relentless pace of change, boards need a more deliberate way to bring the outside in so they can be a more effective partner with management in monitoring risks and potential opportunities. Boards can build regular exposure to external perspectives into their operating model through independent expert briefings, deeper engagement on geopolitical and market developments, or structured use of advisory boards and subject matter specialists on issues such as AI, regulation or shareholder expectations. The goal is to widen the aperture, sharpen debate and help the board spot threats and opportunities sooner.





The Dynamic Board Advantage is not a destination. It is a continuous commitment to strengthening how the board governs, engages, learns and evolves as the business environment changes. In a business environment defined by disruption, compressed decision cycles and mounting stakeholder expectations, the dynamism and effectiveness of the board is becoming a competitive variable in its own right. As we will explore in-depth in a series of future articles, every board, regardless of where it stands today, has an opportunity to become more dynamic — by sharpening its focus, setting ambitious goals, strengthening trust, refreshing its expertise and creating more space for forward-looking debate. The companies best positioned to compete will be those whose boards are not just well governed, but fully engaged, future-oriented and able to move at the speed the moment requires.



Defining the dynamic board

The Dynamic Board Score classifies boards into four archetypes — Pacesetter, Adaptive, Reactive and Static — based on how respondents rate their board's performance across 16 board behaviors. Each represents a distinct pattern of board behavior and engagement. The archetypes are relative: boards are classified against their peers, so "Static" describes the least dynamic quartile of an already-elite sample rather than an absolute judgment. And because the 16 scored behaviors define the archetypes, the strongest evidence for the framework comes from the measures outside the score — CEO experience, director engagement, proactive posture, meeting-time allocation and reported performance — which all rank the four archetypes in the same order.

PACESETTER

The future-ready boards

ADAPTIVE

The operationally effective boards

REACTIVE

The broadly competent but unremarkable boards

STATIC

The at-risk boards

PACESETTER

The future-ready boards

Pacesetter boards achieve near-universal endorsement on the operating basics and deliberately invest in the developmental work that most boards underinvest in. These boards regularly reflect on board culture and effectiveness, assess board composition fit for purpose and treat CEO succession as an ongoing strategic priority. They are much more likely to actively probe issues and bring in external perspectives. Nearly 90% of CEOs with Pacesetter boards say their board makes them more effective, and they are 55 percentage points more likely to describe their board as "highly dynamic and forward-looking." Pacesetter boards report exceeding growth goals 28% of the time and describe their organizations as above peers on financial performance 67% of the time.

ADAPTIVE

The operationally effective boards

Adaptive boards score well on operating mechanics, but trail Pacesetter boards in developmental dimensions, such as reflecting on board culture, assessing composition and treating succession as a strategic priority. They are less likely to actively probe issues with external input. Just under three-quarters of Adaptive board CEOs say their board makes them more effective. 60% of Adaptive CEOs rate their board extremely or very effective. When asked to self-describe, 62% of Adaptive respondents choose “generally adaptive” — the bucket label closely tracks self-perception, suggesting the classification has face validity with respondents themselves. Adaptive boards report exceeding growth goals 26% of the time and performing above peers 62% of the time.

REACTIVE

The broadly competent but unremarkable boards

Reactive boards handle the present adequately. They score high on decision timeliness, the ability to adjust course quickly and directors’ comfort with expressing differing viewpoints. They trail more dynamic boards in seeking external perspectives, reflecting on board culture and treating CEO succession as a strategic priority. Only one-quarter characterize their board’s posture toward emerging issues as proactive, and they are less likely to say that all or nearly all directors on their board are engaged. From the CEO’s perspective: 64% say the board makes them more effective, 11% say less effective; 21% say the board often or always slows them down. Reactive boards report exceeding growth goals 19% of the time and performing above peers 55% of the time. 21% of Reactive board CEOs rate their board as extremely or very effective.

STATIC

The at-risk boards

Static boards show meaningful weakness across multiple dimensions simultaneously, including decision timeliness, CEO enablement, mutual trust between the board and CEO, chair tone and risk identification. On developmental behaviors, 43% reflect on culture, 36% treat succession as strategic, and only 41% seek external perspectives. 29% primarily respond to issues as presented by management. Only 15% of CEOs say the board makes them more effective, and 49% say less effective — making the board a net negative for nearly half of Static CEOs. 49% say the board often or always slows them down. Static boards report exceeding growth goals only 16% of the time and performing above peers 43% of the time; 19% fall short of growth goals. 66% of Static board CEOs say their board is slightly or not effective.



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