SpencerStuart

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Board Evaluation Best Practices: From Insight to Impact

A practical handbook for designing evaluations to strengthen oversight, improve board effectiveness and drive strategic renewal

About Spencer Stuart

Privately held since 1956, Spencer Stuart is a leading global advisory firm specializing in people, team and organizational performance — spanning more than 60 offices, over 30 countries and more than 50 practice specialties. Boards and executive leaders consistently turn to Spencer Stuart for senior-level executive search, board recruitment, board effectiveness, succession planning, executive assessment and development, culture change and performance acceleration for senior leadership teams. For more information on Spencer Stuart, please visit **www.spencerstuart.com**.

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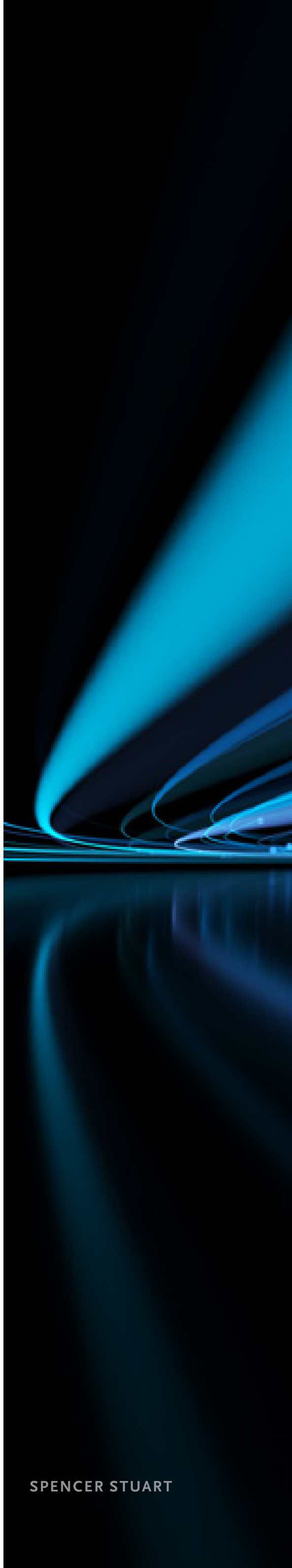
Introduction

Most boards at public companies conduct some form of annual evaluation, but many fail to capture the full value of the process. The main challenge? Boards can mistake the process for the end result. They dutifully execute an assessment, acknowledge the findings and then put the assessment behind them to focus on other matters.

Consider that in the 2025 *U.S. Spencer Stuart Board Index*, 99% of boards on the S&P 500 (all but six) reported carrying out some sort of performance evaluation. Yet in our survey of nominating/governance committee chairs from the same year, 29% believe that one or more directors on their board should be replaced. That gap reveals an important reality: even when boards regularly assess their performance, those insights don't always translate into meaningful action — particularly when it comes to director performance, board composition and renewal.



What is a board evaluation?

A board evaluation is a structured assessment of how effectively the board, its committees and individual directors perform their oversight responsibilities — and what should change to strengthen oversight, decision-making and future readiness.

The true value of a board evaluation is not the findings that it produces or the problems it uncovers. Instead, the value comes from translating those insights into action: meaningful changes in how the board functions and executes its oversight function. Viewed in that light, the most important work starts after the evaluation is complete.

Why board evaluations matter more than ever

Board performance is under increasing scrutiny from shareholders (including activists), the media, the public and other stakeholders. When boards fail to provide effective oversight, they may erode the company's resilience and put their own credibility at risk. Organizations may become slower to respond to disruption, weaker in succession planning and more vulnerable to reputational and operational risk. Evaluations are one of the few levers that boards fully control to address those risks.

For evaluations to create lasting value, boards should view them not as compliance exercises, but as strategic tools for continuous improvement. High-impact evaluations are designed not only to surface issues, but also to drive candid discussion, clear accountability and measurable follow-through.

This handbook outlines practical approaches boards can use to design evaluation processes that generate meaningful insight, foster candid dialogue and drive continuous improvement.

Baseline elements of an effective board evaluation process

A high-impact board evaluation produces:

» A limited number of focused, clearly defined priorities

» Explicit owners accountable for follow-through

» Clear timelines, processes and/or metrics to gauge progress

» Follow-up discussions to assess progress and reinforce accountability

The value proposition for directors

Board evaluations are most effective when directors see clear value from the process. For that reason, it can help to clarify the benefits to directors:

» Better use of board and committee time

» Clear expectations, responsibilities and a sense of what "great" looks like

» Thoughtful and constructive feedback that supports continued development

Characteristics of high-impact board evaluations: from feedback to forward-looking action

High-performing boards take a thoughtful approach to their evaluations. They adopt processes to identify strengths, weaknesses and areas of potential growth with a clear purpose: to help the board govern the organization's evolving needs more effectively. They focus primarily on what they need to do differently to be a more effective board.

Our experience working with hundreds of boards points to several core principles of an effective board evaluation.

» **Purpose-driven, rather than process-driven.** Rather than simply aiming to complete the exercise and generate a report, directors prioritize goals of surfacing issues and improving board oversight.

» **Forward-looking, rather than retrospective.** Successful boards look ahead, with the goal of identifying specific changes: what should we start, stop or do differently — looking at the board, committees and individual directors — given the company's forward-looking strategy and operating environment?

» **Candid and evidence-based.** Evaluations succeed when they are grounded in open, forthright discussions and data. Some directors may hesitate to share sensitive feedback, especially in writing. For that reason, many boards use interviews, facilitated discussions or third-party advisers to encourage openness and objectivity.

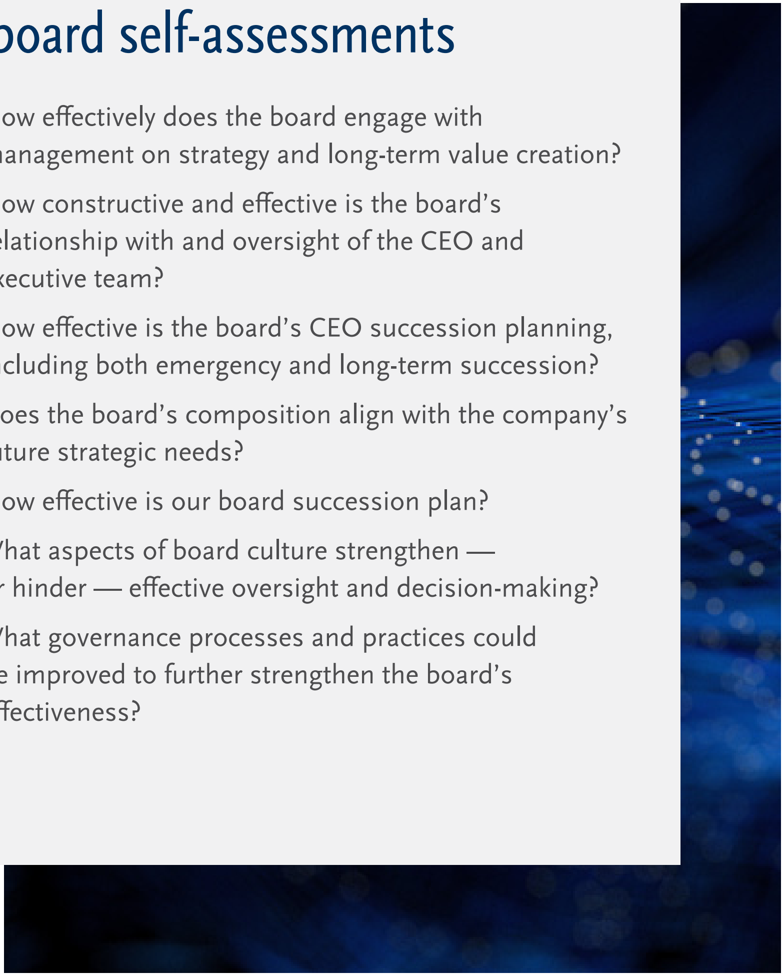
- **Connected to overall board effectiveness.** The process should test whether the board is equipped for the company's forward-looking needs — and highlight opportunities to strengthen how the board operates, allocates its time and evolves.

- **Structured to address working dynamics and relationships directly.** Rather than assessing the board as a monolithic body, the evaluation explicitly examines the quality of critical boardroom relationships, including those between board members and management, recognizing that trust, candor and clarity in these interactions are central to effective decision-making and long-term board performance.

- **Action-oriented with clear follow-through.** Most important, the assessment should land on a manageable set of priorities that the board can take to improve performance. The board should ensure that a post-assessment action plan is developed, with timelines and explicit accountability, and follow up over time to monitor and assess progress. Without follow-through, even candid and well-designed evaluations risk becoming procedural exercises rather than drivers of meaningful improvement.

Key questions that should be part of board self-assessments

- How effectively does the board engage with management on strategy and long-term value creation?
- How constructive and effective is the board's relationship with and oversight of the CEO and executive team?
- How effective is the board's CEO succession planning, including both emergency and long-term succession?
- Does the board's composition align with the company's future strategic needs?
- How effective is our board succession plan?
- What aspects of board culture strengthen — or hinder — effective oversight and decision-making?
- What governance processes and practices could be improved to further strengthen the board's effectiveness?



Designing a board evaluation process that drives action

Effective board evaluations require deliberate design choices before, during and after the assessment process.

Before the assessment begins: Clarify expectations and build a baseline of trust

In advance of launching the evaluation, it's crucial to determine what will be assessed and communicate what's expected of directors.

» **Assign clear accountability.** Responsibility for the evaluation process should be clearly defined from the outset. That includes responsibility for:

- Designing the evaluation process
- Synthesizing findings
- Facilitating board discussion
- Developing action plans
- Monitoring progress over time

The process is typically overseen by the nominating/governance committee, with the committee aligning on the approach and the committee chair (or in some cases, the independent board leader — either the lead director or board chair) coordinating execution. Input should be provided by the full committee and board leaders to ensure alignment, credibility and follow-through.

» **Define objectives, scope and focus.** Rather than simply replicating the same process as in previous years, a high-impact board evaluation not only measures year-over-year changes in performance in certain areas but also is customized to the company's current context — including strategic inflection points, CEO tenure and performance, the business cycle, board tenure and other factors. Boards should ask:

- What important board or company decisions are on the horizon?
- Where should the board take a closer look at its performance?
- Which governance capabilities will matter most over the next several years?

Some topics, such as CEO succession, board composition, strategy oversight and independent board leader performance, should consistently remain in scope. However, boards may choose to prioritize a subset of areas (and exclude others) in a given year, allowing it to take a deeper look at its performance in key prioritized topics.

» **Engage the full board early on.** Directors should have the opportunity to shape the evaluation process before it begins. That includes discussing:

- The assessment's scope and objectives
- Confidentiality expectations
- Reporting approaches
- Evaluation methods and timelines

Early engagement helps strengthen director buy-in, improve participation and reinforce confidence in the process.

» **Set a tone of constructive, forthright discussion.** The independent board leader and any other person leading the evaluation process should clearly communicate that honest feedback is expected, valued and protected.

The evaluation process works best when directors feel comfortable sharing candid perspectives. Confidentiality and trust are essential to generating meaningful insight — particularly when addressing sensitive topics such as board dynamics or director performance. The process works best when there is a collegial board culture, grounded in professionalism and an openness to giving — and receiving — feedback.

During the assessment process: Gather inputs using a wide range of mechanisms

The evaluation itself should use mechanisms that fit the board's situation — a survey, interviews or hybrid approach — and these may change year to year depending on what the board needs most. Boards should remain flexible and adapt their approach based on the organization's circumstances and governance priorities in a given year.

» **Use surveys to gather broad, structured input.** Director surveys provide an efficient and consistent way to capture perspectives across the full board. Well-designed surveys combine quantitative ratings with open-ended questions, helping identify patterns, areas of alignment and emerging concerns. They also enable year-over-year comparisons. However, surveys may be less effective at surfacing nuanced or sensitive issues.

- **Use interviews to explore issues in greater depth.** Confidential one-on-one interviews may generate more candid and detailed insights, particularly on sensitive issues that may not surface through written questionnaires alone. Questions should be provided in advance and allow time for open-ended discussion. Interviews are most effective when conducted by someone with direct, deep experience in board governance, CEO-board dynamics and facilitation. In our experience, interviews are most frequently led by the independent board leader, the nominating/governance committee chair or an independent third party. However, interviews can be time-consuming and, if conducted poorly, may generate limited insights or undermine trust in the assessment process.

- **Consider a hybrid approach to balance breadth and depth.** Boards may benefit from combining surveys and interviews. Survey results can help identify themes, prioritize areas for discussion and inform more focused one-on-one conversations. A hybrid approach balances efficiency with depth, allowing boards to gather broad input while also exploring important issues in greater detail.

- **Gather perspectives from the CEO and other senior members of the executive team.** CEOs and members of the senior management team who regularly interface with the board can provide valuable insight into board effectiveness and opportunities for enhancement.

- **Benchmark governance practices where useful.** Benchmarking can help boards understand how their governance practices compare with peers and evolving leading practices. Benchmarking should inform discussion and perspective — not create pressure for unnecessary or unwarranted standardization.

Comparing common board evaluation approaches

Surveys

Advantages

» Efficient and scalable

» Lower cost

» Facilitates year-over-year comparisons

Limitations

» Limited ability to probe deeper issues

» May not surface sensitive or nuanced concerns

» Can produce overly general responses

Interviews

Advantages

» Deeper exploration of issues

» Surfaces nuanced concerns

» Encourages candid discussion

Limitations

» More time-intense

» Higher cost and coordination

» Calendar scheduling adds complexity

After the assessment is complete: From insight to action

Many boards treat the discussion of the evaluation findings as the end of the process. In practice, it is the beginning. This is the inflection point when insights should be translated into actions and sustained behavior change.

» **Identify the most immediate priorities for change.** Rather than a long list of actions, the evaluation should identify a limited number of high-priority actions with clearly defined owners, timelines for implementation and regular progress reviews.

» **Have the tough conversations about longer-term issues.** Build a plan to address more complex, longer-term issues, such as CEO succession, strategy oversight, board/committee leader succession, board refreshment, future capability needs or board culture and dynamics.

» **Give feedback to individual directors.** If the assessment includes peer reviews, directors should receive confidential, constructive, personalized feedback on their performance. (That's also true in cases where issues organically arise during the board evaluation about the performance of one or more directors.) In some cases, feedback might address specific behaviors that need to stop or improve, engagement, preparedness or performance expectations. When handled constructively, these conversations can be extremely impactful in enhancing director performance.

» **Communicate appropriately beyond the board.** Provide high-level public disclosures around the evaluation process, including whether an external adviser was involved. Robust disclosure may help reinforce investor confidence in the board's commitment to continuous improvement and effective oversight.

» **Use assessment findings to inform board effectiveness and evolution.** Evaluation findings should be used to strengthen overall board effectiveness over time — informing decisions about priorities, processes, leadership and capabilities, alongside other inputs.

Many boards periodically assess whether they have the right mix of skills, experiences and perspectives to oversee the company's strategy and evolving risks. Tools such as a skills matrix can support this assessment by providing a structured view of board capabilities and identifying potential gaps. These insights may inform a range of actions, including director development, changes in roles or responsibilities and, where appropriate, longer-term decisions about composition or succession.

SAMPLE SKILLS MATRIX

	Directors								
	1	2	3	4	5	6	7	8	9
Key skills & experiences									
CEO experience	X	X	X						
CFO experience				X					
Finance & accounting				X					X
Relevant industry experience	X	X			X	X		X	
Corporate governance	X	X	X	X					
Marketing						X			
P&L experience	X	X	X		X			X	
Government & regulatory							X		
Global operations		X				X		X	
Risk management				X			X		X
Demographics									
Age	57	68	65	63	61	54	66	59	64
Years retired	0	5	2	3	0	0	8	1	4
Gender diversity		X		X					X
Racial/Ethnic diversity			X		X				
Board service									
Independent director		X	X	X	X	X	X	X	X
Board tenure (years)	4	9	6	7	3	2	11	5	8
Other public boards	0	2	1	2	1	0	3	1	2
Board committees									
Audit committee				X	X			X	X
Compensation committee		X	X		X		X		
Nominating committee		X	X			X		X	X

Three ways to ensure board assessments lead to real change

» **Translate feedback into specific actions.** Identify a small number of priority improvement areas and define concrete next steps, timelines and success measures.

» **Assign ownership and accountability.** Clarify who is responsible for advancing agreed priorities, whether the board chair, lead director, committee chairs or the full board.

» **Revisit progress throughout the year.** Schedule follow-up discussions six to 12 months after the evaluation, or more frequently as needed, to assess whether agreed-upon changes are taking hold.

Types of board evaluations — and what they assess

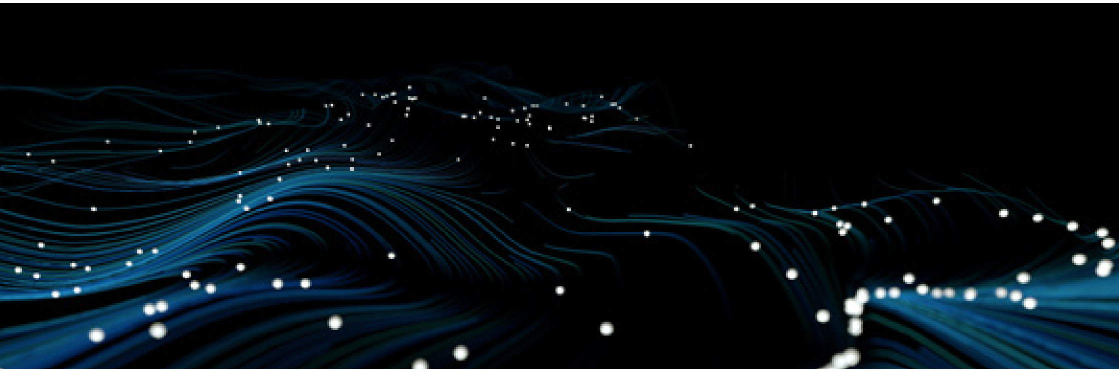
High-performing boards assess their effectiveness at three interconnected levels — the full board, board committees and individual directors — and integrate all three to build a holistic view of board effectiveness. Focusing on only one dimension can leave important gaps; taken together, these perspectives provide a more complete understanding of how well the board is operating and where it has opportunities to improve.

Overall board assessment

The overall board assessment assesses how effectively the board fulfills its governance and oversight responsibilities, including strategy, leadership, culture and alignment with the company's long-term direction.

Committee assessments

Committee assessments evaluate whether committees are operating effectively, with clear mandates, strong leadership and alignment with board priorities.



Individual director assessments

Individual director assessments provide insight into each director's contributions, engagement and alignment with the evolving needs of the board. While individual evaluations are not required by major U.S. stock exchanges for listed companies, their use continues to grow:

- 48% of S&P 500 boards disclosed that they have some form of individual director evaluations in 2025, an increase from 38% a decade ago.
- In a 2024 Spencer Stuart Pulse Survey of directors at U.S. public company boards, 62% of respondents said their boards conduct individual assessments; of that group, 83% do so yearly.

Some boards adopt a staggered schedule for individual evaluations (e.g., every two or three years).

When and why to use an external adviser

Boards can benefit from using an external adviser to help design, administer or facilitate the evaluation process. One of the primary advantages is access to a broader body of boardroom experience and insight than any single board can develop on its own. While directors bring valuable perspectives from their own board service, an experienced adviser draws on observations from hundreds of boards and thousands of directors across industries and governance situations. This broader perspective can help boards identify opportunities they may not otherwise recognize, introduce new ideas and proven practices, and provide practical recommendations that strengthen board effectiveness.

External advisers also bring an objective third-party perspective, encourage more candid feedback and help boards translate findings into actionable improvements. For these reasons, boards may choose to engage an external adviser especially when:

- The board believes it would benefit from a third-party perspective
- The board wants access to broader market practices, benchmarks and governance insights
- The board needs more candid input than internal processes are producing
- Leadership is transitioning (CEO, chair, lead director)
- Performance concerns are emerging
- Dynamics are complex (e.g., activists, conflict, trust gaps)

According to the 2025 *U.S. Spencer Stuart Board Index*, 27% of S&P 500 boards reported engaging an independent third party for their evaluation processes, a substantial rise from 9% six years earlier. Actual use of outside advisers is likely even higher, as disclosure remains voluntary and many boards retain an outside adviser periodically (every other or every third year) rather than annually.

Benefits of using an external adviser

Outside advisers may bring experience, benchmarks and best practices from their work with other boards. They may draw out deeper insights — particularly in one-on-one interviews with directors — and translate those insights into specific recommended actions that can improve board effectiveness. Outsiders also can provide an objective, third-party perspective that can be beneficial at any time and also “turn down the temperature” in difficult situations.

Potential drawbacks and considerations

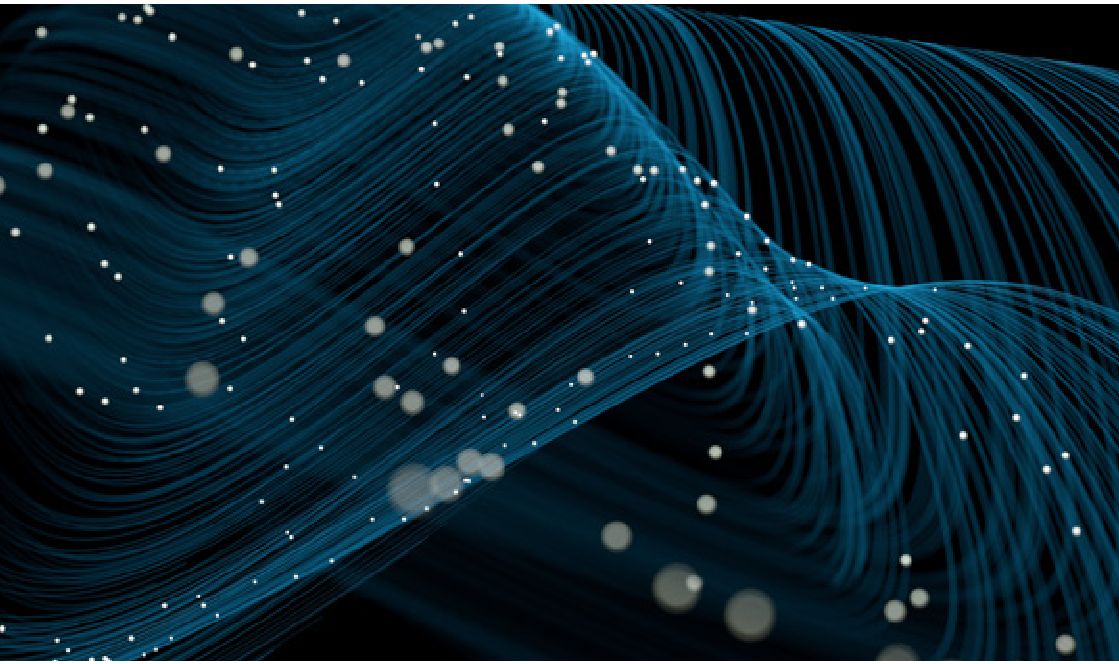
The drawbacks of using an outside adviser include cost and director reluctance or discomfort talking with a third party. Additionally, boards may believe they’ll have to adjust their evaluation process to fit a rigid methodology. In practice, most experienced advisers are flexible enough to adapt to varying boards and processes.

Conclusion

Board effectiveness is not static. In an environment shaped by accelerating change, rising shareholder expectations, geopolitical uncertainty, technological disruption and increased scrutiny of governance, boards must continuously adapt how they oversee the business.

The most effective boards treat evaluation not as an annual requirement, but as a continuous discipline — one that strengthens performance, supports CEO leadership and ensures the board remains fit for purpose.

The ultimate goal of an evaluation is not to confirm a board is effective; it is to help the board become more effective.



About Spencer Stuart Board Services

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 60 offices, across 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of organizational effectiveness.

Leveraging over 70 years of experience, our Board Advisory Practice has become a trusted partner in identifying and recruiting independent directors, advising on governance issues, and supporting boards and CEOs through career milestones, business transformations and crises.

Our global team provides unmatched access to top director talent and assists boards in increasing the diversity of their composition. We support every leadership decision, including board appointments, CEO recruitment, long-term CEO succession planning, executive development and accelerating CEO performance within their pivotal first year and beyond. As a strategic partner to boards, we help identify and remove obstacles to improving board effectiveness and performance.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring the key concerns of boards and innovative solutions to the challenges they face. Publishing the U.S. Spencer Stuart Board Index, now in its 40th edition, is just one of our many ongoing efforts. We also host the Spencer Stuart Governance Chair Network — a forum for nominating/governance chairs of leading companies to share best practices, address board challenges and exchange perspectives — and the New Director Program, a unique two-year development program for first-time non-executive directors.

SPENCER STUART BOARD ADVISORY AT A GLANCE

47%

Access to the right talent
47% of our board placements in the past year have had recent CEO or COO experience.

38%

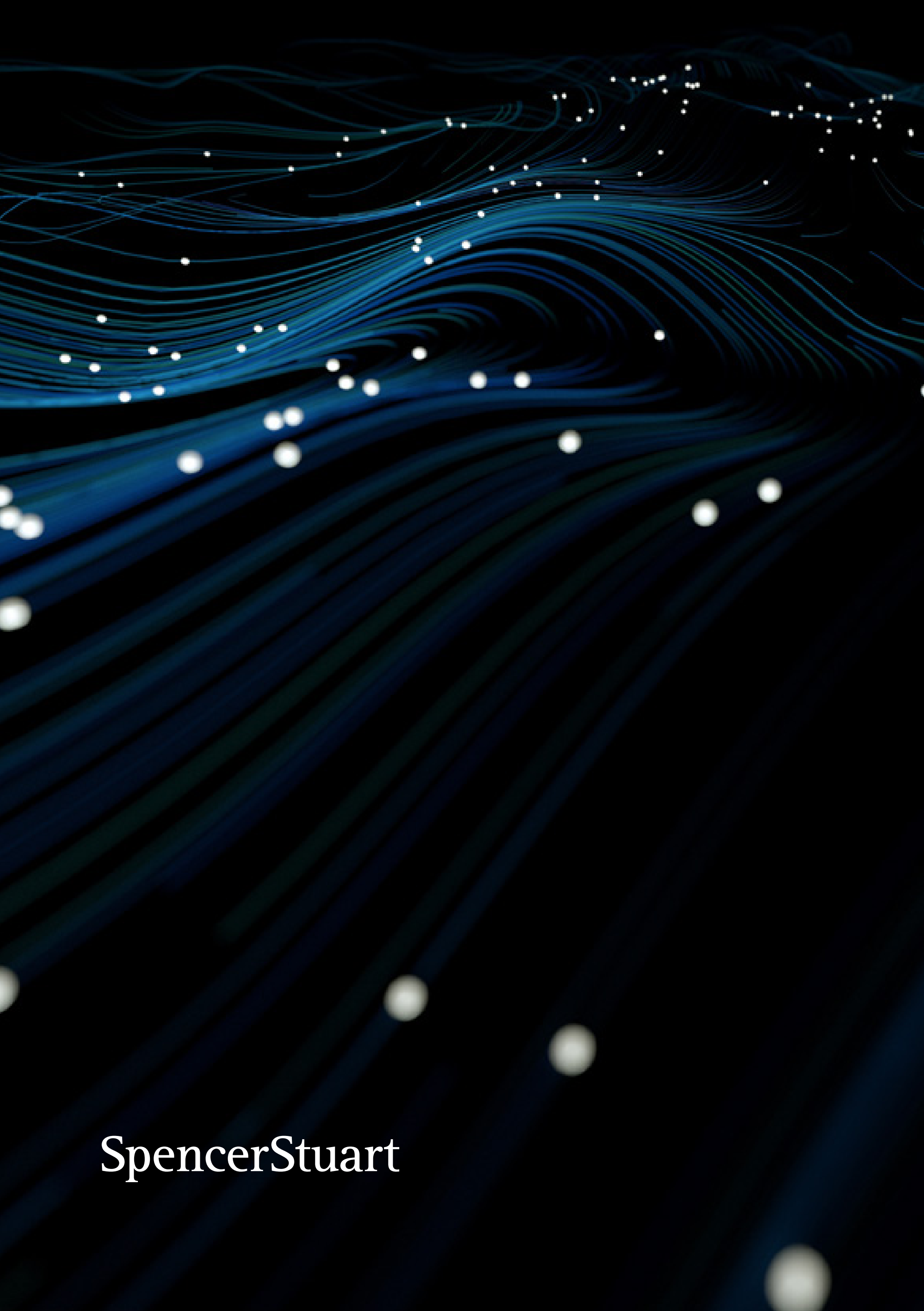
Trusted by leading boards
In the past 10 years, we have helped place directors at 38% of S&P 500 company boards.

845

Deep experience in the boardroom
We completed 845 board advisory projects — including director search, succession planning, board effectiveness and governance advisory — over the last 12 months.

40%

Inclusive search practices
Focused on excellence and fairness when presenting candidates, 40% of our recent board placements have been women and/or individuals from underrepresented minority groups.



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