

# NON-EXECUTIVE DIRECTOR RESEARCH 2020

BALANCING STRATEGY, GOVERNANCE & PERFORMANCE



“This research, conducted at our Non-executive Director Retreat 2019, offers insight into the unique challenges Boards and leadership teams are facing in the current climate. The data reveals a concerning lack of alignment between NEDs and executives, as well as low confidence in the ability of executives to deliver on strategy against a backdrop of business model disruption.

Chairs and NEDs have a lot to say when it comes to the approach leadership teams take to strategy. 57% say they need to improve the quality of debate around strategy with their ExCo, and when asked where CEOs need to improve, building alignment and strategic thinking both came top of the list.

A significant majority (92%) of NEDs say more should be spent on developing leadership talent, with a similar number (95%) supporting the benefits of leadership development programmes which look at the team alongside the individual.

Contrary to last year’s results, where talent was the number one priority for NEDs, strategic alignment has now moved to the top of the list. It’s clear that Boards are pushing for more cohesion amongst the senior team, a greater focus on strategy and more opportunities to benchmark decision-making outside the business.”



**Tom Beedham**

Director – Board Mentors & NEDs  
Criticaleye

# Findings from Criticaleye's NED Research 2020



**83%**

of NEDs think that management teams are too inward-looking



**51%**

say the Chair, CEO and CFO are fully aligned on strategy



**57%**

of Chairs and NEDs believe they need to improve the quality of strategic debate with their execs



**83%**

of NEDs are grappling with business model disruption, compared to **67%** in 2017



**1 in 4**

CEOs will be replaced over the next 12-18 months



**95%**

of Chairs and NEDs agree on the benefits of leadership development combining both individual and team opportunities



# Strategy

Criticleye offers senior executives a unique opportunity to discuss and reflect upon strategy with peers and experts

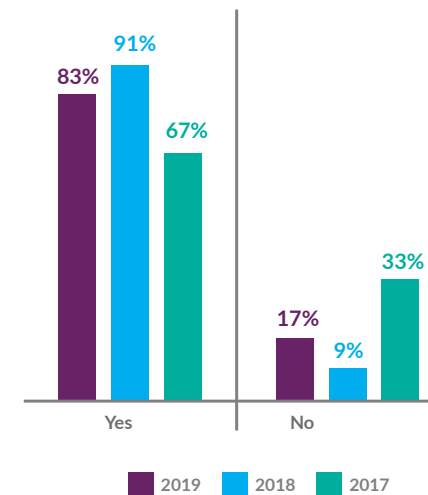


## Despite a small improvement year on year, the majority (83%) of Boards are still grappling with business model disruption

Click [here](#) to see senior executives talk about leading through disruption.

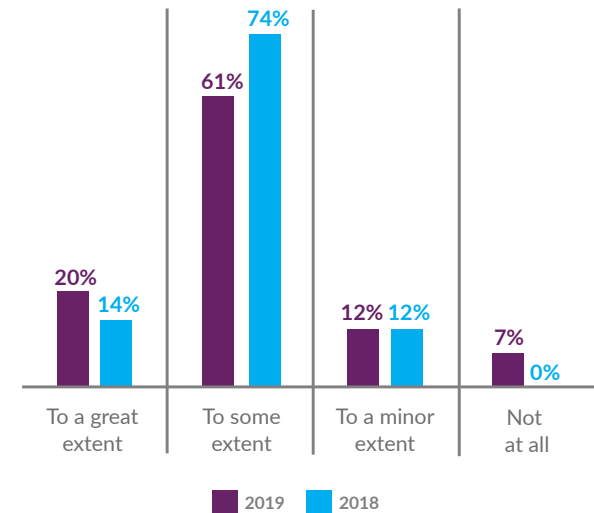
Featuring: **Mike Evans**, Chair, Just Eat plc; **Hywel Ball**, Managing Partner, EY; **Sarah Bates**, Chair, Polar Capital Technology Trust plc; **Tony Hayward**, Chair, Glencore; and **Neil Griffiths**, Non-executive Director, City Pub Group and StarStock (& Criticaleye Board Mentor).

Is your Board currently grappling with business model disruption?

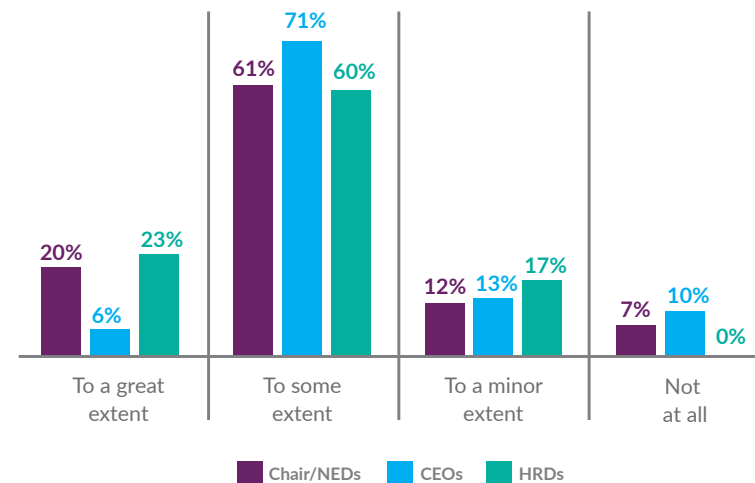


## Increasing numbers of Boards have no confidence in the executive team's ability to handle disruption

Do your senior executives have the ability to respond to business model disruption?

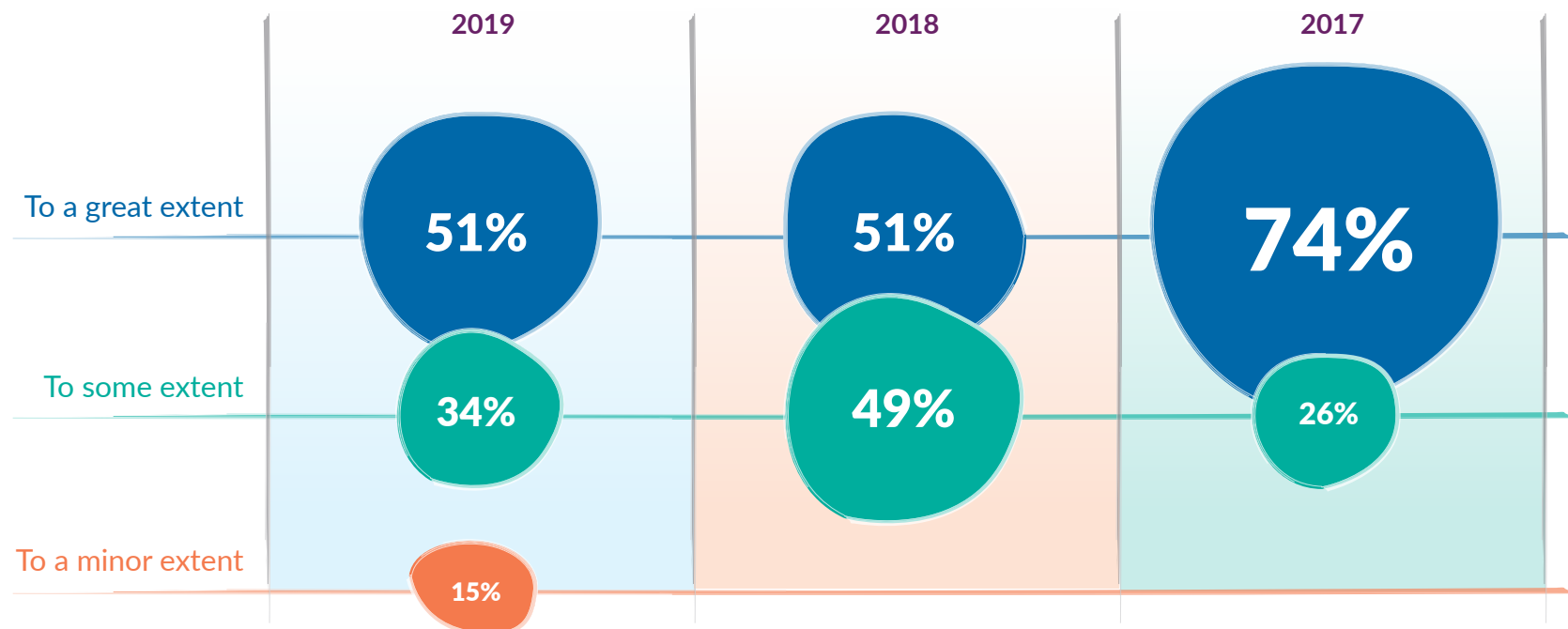


### 2019 confidence by role



Although the proportion of Chairs and NEDs who say senior leaders are aligned on strategy has remained consistent at 51%, 15% now believe the Chair, CEO and CFO are misaligned

Are the Chair, CEO and CFO aligned on strategy?

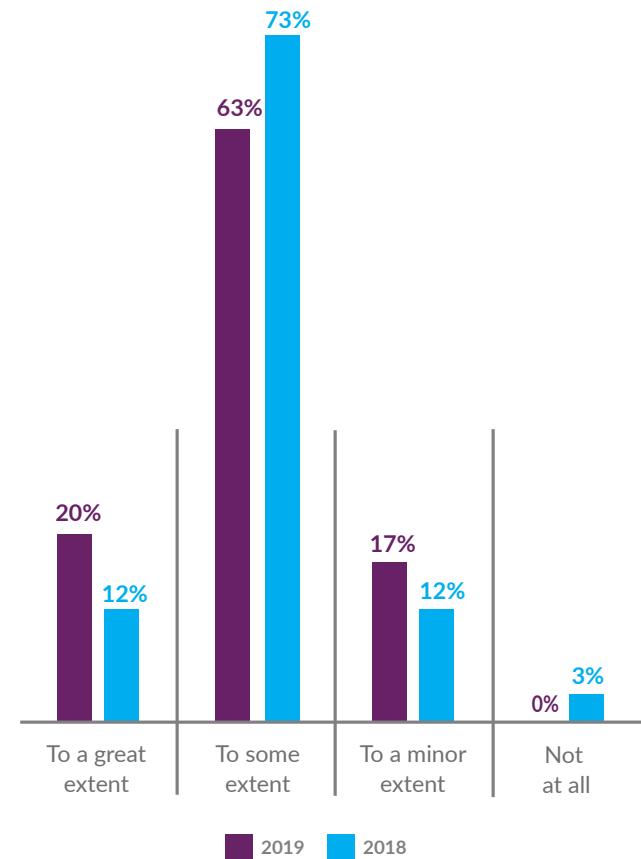


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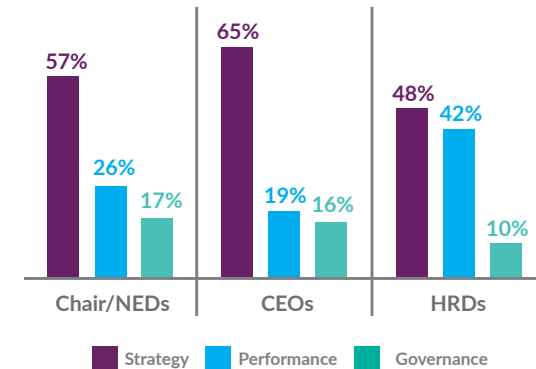
Despite a small annual increase, confidence that the executive team can fully execute on strategy remains low at just 20%

Is the executive team able to execute on the medium to long-term strategy?

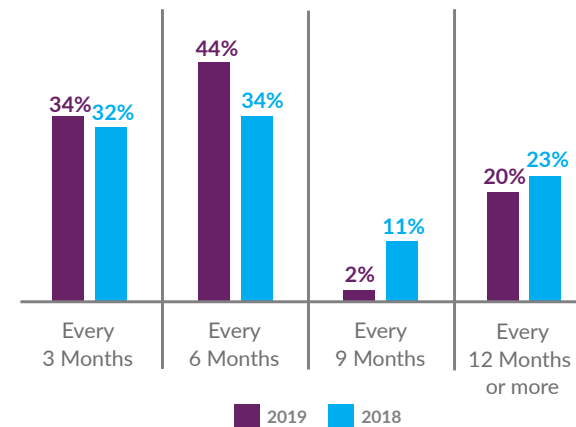


Executives agree that the quality of strategic debate needs to improve. Unfortunately, 66% of executive teams go six months or longer without discussing strategy

In which of the following areas do you need to improve the quality of debate with the ExCo?



How often does your executive team meet to discuss strategy

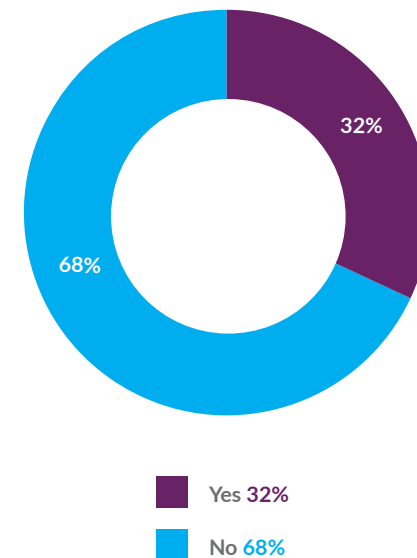


## Most Boards and leadership teams fail to benchmark externally, despite the consensus that this adds significant value (see p.18)

Click [here](#) to see leaders in our Community discuss the value of benchmarking strategy.

Featuring: **Phil Smith**, Chair, IQE plc (& Criticaleye Board Mentor); **Neil Griffiths**, Non-executive Director, City Pub Group and StarStock (& Criticaleye Board Mentor); **Keith Edelman**, Chair, Revolution Bars Group plc and PennPetro Energy plc (& Criticaleye Board Mentor); and **Sarah Bates**, Chair, Merian Global Investors.

Do you benchmark your strategy externally before it's approved by the board?





# With businesses under increasing pressure to perform, strategic alignment has jumped to the top of our NED priority list for the first time in 2019

## Top 5 Priorities for Chairs/NEDs in 2019

- ✓ Strategic alignment
- ✓ Retaining key talent and developing skills
- ✓ Innovation
- ✓ Improved performance management
- ✓ Purpose

## Top 5 Priorities for Chairs/NEDs in 2018

- ✓ Retaining key talent and developing skills
- ✓ Improved performance management
- ✓ Digitisation
- ✓ Organisational design
- ✓ Innovation

# Retaining key talent and developing skills remained a significant priority across the leadership team in 2019

## Top five priorities for NEDs

1.	Strategic alignment
2.	Retaining key talent and developing skills
3.	Innovation
4.	Improved performance management
5.	Purpose

## Top five priorities for CEOs

1.	Retaining key talent and developing skills
2.	Digital disruption
3.	Improved performance management
4.	Cost reduction
5.	Rebuilding the leadership team

## Top five priorities for HRDs

1.	Retaining key talent and developing skills
2.	Organisational design
3.	C-suite succession (including the CEO)
4.	Digital disruption
5.	Improved performance management

Thanks to Tian Chong Ng, President Asia Pacific and Japan, HP; Ruby McGregor-Smith, Portfolio Non-executive Director; Wouter Van Wersch, President & CEO, Asia Pacific, GE; Helen Murray, Chief Customer Solutions Officer, Webhelp UK; Jane Griffiths, Global Head, Actelion Pharmaceuticals; and Mark Silver, Chair, Cordic Ltd (& Criticaleye Board Mentor), for sharing their views about alignment on the senior team. [CLICK HERE TO WATCH THE VIDEO](#)



# Leadership

Criticleye enables and develops great leadership with the perfect mix of peer to peer discussion and high-impact case studies



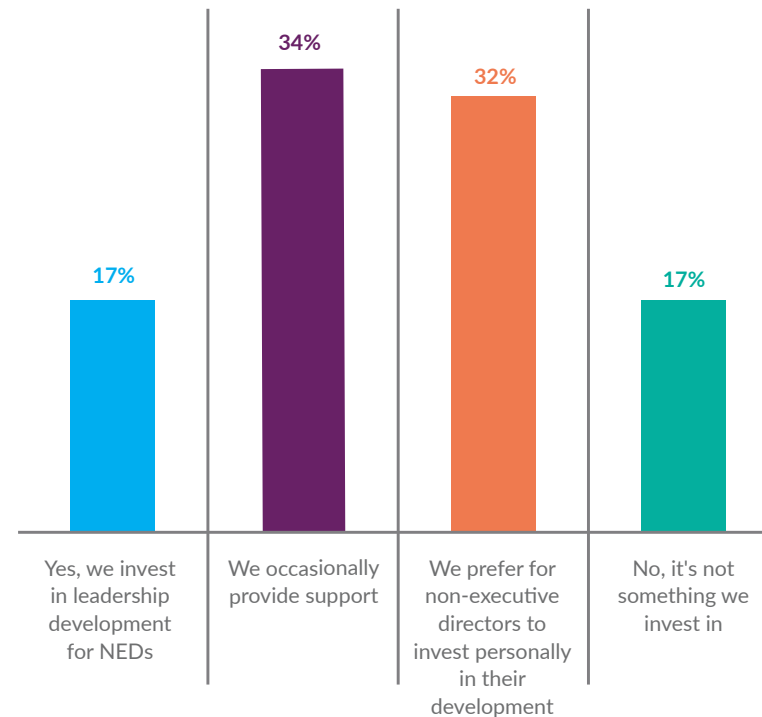
**Lack of alignment on key objectives has moved to the top spot for NEDs as the primary reason for management team failure. However, CEOs and HRDs believe failure is down to insufficient time spent discussing strategy and a lack of trust**

What is the primary reason for failure of the management team?

<u>Chair/NEDs</u>				<u>2019 comparisons</u>		
2019		2018			CEOs	HRDs
<b>1</b>	▲	<b>4</b>	<b>No alignment on key commercial objectives</b>	<b>1</b>	<b>Not enough time spent discussing strategy</b>	<b>Not enough time spent discussing strategy</b>
<b>2</b>	▼	<b>1</b>	Afraid to challenge and speak openly	<b>2</b>	Lack of trust	Lack of trust
<b>3</b>	▶	<b>3</b>	Not enough time spent discussing strategy	<b>3</b>	Substandard internal controls and reporting	Afraid to challenge and speak openly
<b>4</b>	▼	<b>2</b>	Lack of trust	<b>4</b>	No alignment on key commercial objectives	No alignment on key commercial objectives
<b>5</b>	▶	<b>5</b>	Poor communication and people skills	<b>5</b>	Afraid to challenge and speak openly	Poor communication and people skills
<b>6</b>	▶	<b>6</b>	Substandard internal controls and reporting	<b>6</b>	Poor communication and people skills	Substandard internal controls and reporting

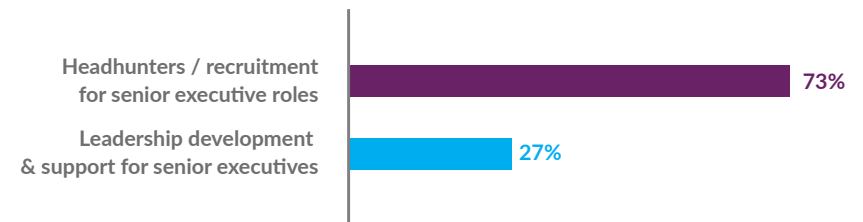
Over 50% of Chairs and NEDs say leadership development of non-executive directors is a priority for their Boards

Is leadership development for non-executives a priority for your Boards?

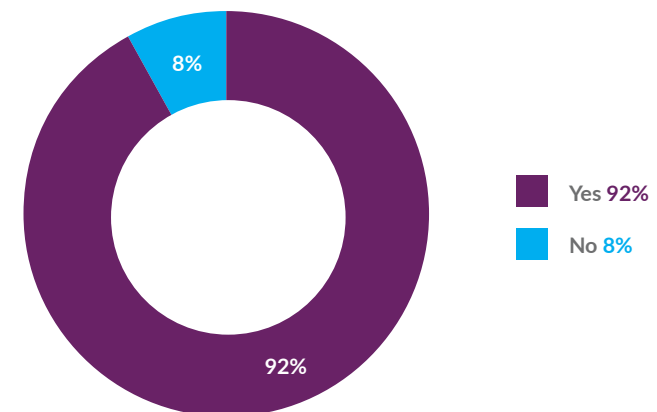


**The majority (92%) of Chairs and non-executives say more investment is needed to support and develop senior executives, however recruitment still takes precedence**

In your experience, on which of the following do organisations spend more?



In your view, should more be spent on leadership development and support for senior executives, as opposed to headhunters?

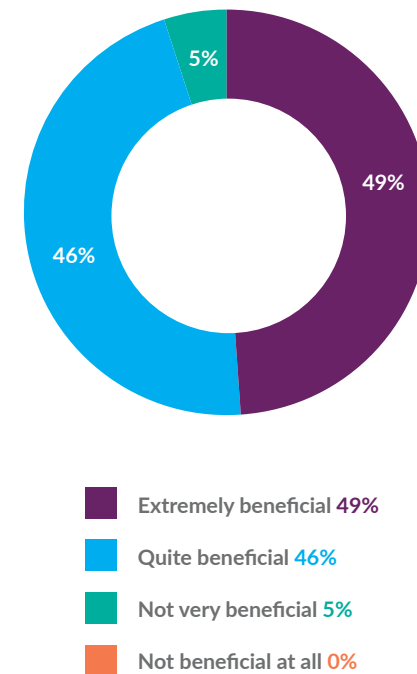




**Almost all (95%) Chairs and NEDs agree on the benefits of leadership development solutions which combine both individual and team opportunities**

Click [here](#) to learn more about Criticaleye Corporate Membership

How beneficial are leadership development solutions which have a combined focus on both individual executives and the team as a whole?

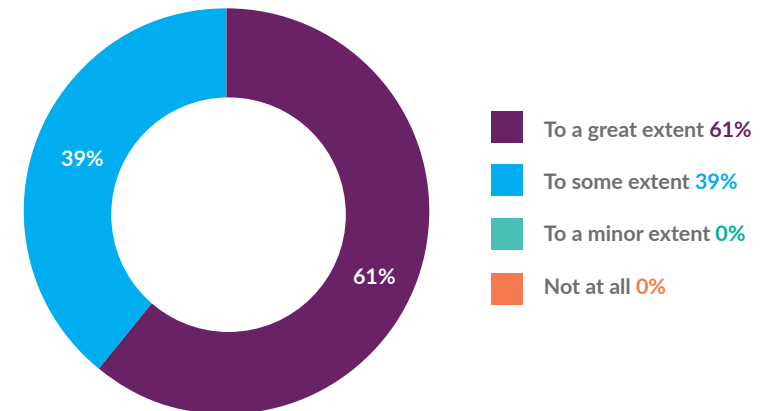


# The power of mentoring and peer-to-peer networks

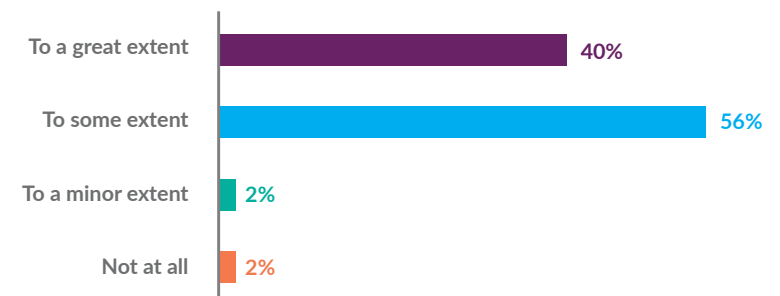


Click [here](#) to see **Amanda Nelson**, CEO, Vodafone Hungary, Vodafone Group; **Yetunde Hofmann**, Non-executive Director, CIPD (& Criticaleye Board Mentor); **Nigyar Makhmudova**, Executive Vice President, Growth & Innovation, Danone; **Samantha Barber**, Non-executive Director & Chair, Iberdrola SA; and **Sandy Khanna**, former MD, Group Business Services, BT Group, discuss the value of reference points outside your business and traditional networks.

Is business performance enhanced if executives have access to reference points outside of their organisation / sector?



Does external mentoring improve the performance of senior executives?



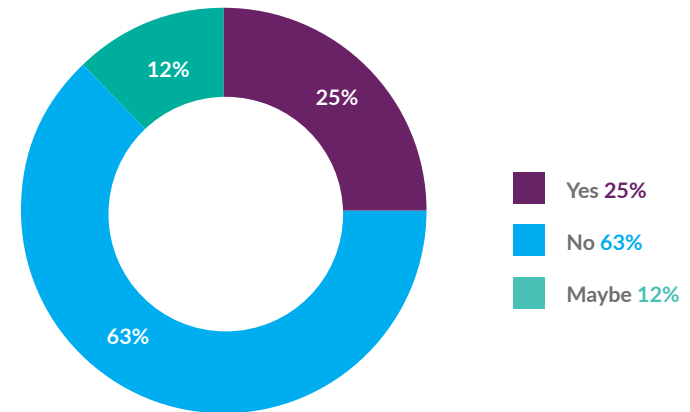
# Stakeholders

Criticleye provides the right reference points to manage and navigate increasingly important stakeholder relationships

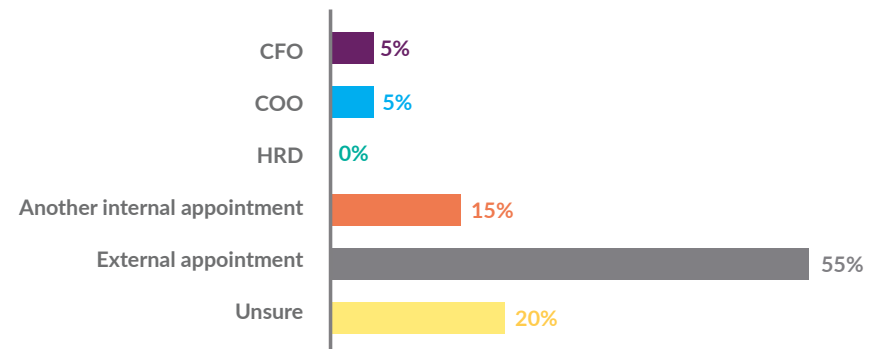


One in four Chairs and NEDs expect to replace their CEO in the next 12-18 months, with over half of new hires coming from outside the organisation

Do you expect to replace the CEO in the next 12 to 18 months?

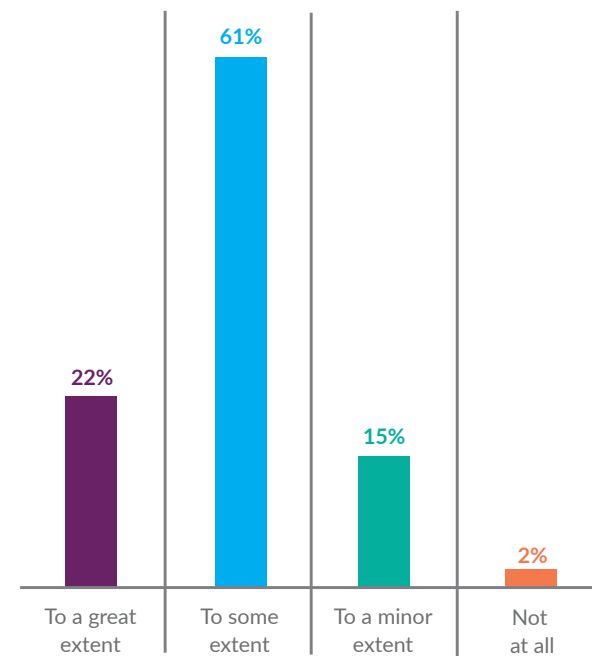


Who do you expect to replace the CEO?



**Most (83%) agree that management teams are too inward-looking, but bonus and incentive schemes are less likely to be driving short-termism in 2019 (see p.22)**

Is the management team in your organisation too inward-looking and focused on the day-to-day?



## Chairs and NEDs revealed the most common reasons that management teams become too focused on short-term goals

2019		2018	
1	▲	3	Management team is too tactical, rather than strategic
2	▶	2	Pressure to provide a return to investors
3	▼	1	Certain bonus and incentive schemes encourage short-term thinking
4	▶	4	A lack of external reference points

Chairs and NEDs revealed the top three areas of improvement for their colleagues.  
They say CEOs need to focus on building alignment in 2019

## CEOs

1.

Building alignment in the senior leadership team

2.

Strategic thinking

3.

People skills and communication

## CFOs

1.

People skills and communication

2.

Strategic thinking

3.

Building alignment in the senior leadership team

## HRDs

1.

Strategic thinking

2.

Building alignment in the senior leadership team

3.

Recognising the need for external reference points





# What our leaders say

## The value of mentoring



In this video we ask leaders (including some of our Board Mentors) about the power of mentoring, how to get it right and the value of an effective mentoring relationship.

Thanks to Mary Jo Jacobi, Non-executive Director, Weir Group (& Criticaleye Board Mentor); Lynn Drummond, Non-executive Director, Venture Life Group (& Criticaleye Board Mentor); Kerrigan Proctor, Chief Executive, Capital Division, Legal & General; and Rick Sheppard, Head of Latin America, Consumer Healthcare, GSK, for sharing their views.

[CLICK HERE TO WATCH THE VIDEO](#)

## Balancing innovation with the here and now



In today's fast-paced, ever-changing business environment, how do leaders balance the day-to-day operations with innovating for the future.

Thanks to Gavin Patterson, Chair EMEA, Salesforce; Richard Foley, Senior Partner, Pinsent Masons; Joanne Ferris, Chief HR Officer, Alter Domus; Matthew Lester, Non-executive Director, Barclays plc (& Criticaleye Board Mentor); Philip Aiken, Non-executive Chair, Balfour Beatty plc; and Michael Lewis, CEO, E.ON UK, for sharing their expertise at our CEO Retreat 2019.

[CLICK HERE TO WATCH THE VIDEO](#)

## The changing role of today's leaders



Taken at our CEO Retreat, leaders in our Community talk about how their roles are changing.

Thanks to Yetunde Hofmann, Non-executive Director, CIPD (& a Criticaleye Board Mentor); Joanne Ferris, Chief HR Officer, Alter Domus; Philip Aiken, Non-executive Chair, Balfour Beatty plc; Sandy Khanna, former MD Group Business Services, BT Group; Nigyar Makhmudova, Executive Vice President, Growth & Innovation, Danone; Michael Lewis, Chief Executive Officer, E.ON UK; and Amanda Nelson, CEO, Vodafone Hungary, Vodafone Group, for sharing their views.

[CLICK HERE TO WATCH THE VIDEO](#)

## Leading in a complex world: what are the pressing concerns?



Leaders at our CEO Retreat explain what senior executives are focusing on in the current environment.

Thanks to Joanne Ferris, Chief HR Officer, Alter Domus; Richard Foley, Senior Partner, Pinsent Masons; Peter Lacy, Senior Managing Director, Accenture Strategy; Nigyar Makhmudova, Executive Vice President, Growth & Innovation, Danone; Sandy Khanna, former MD Group Business Services, BT Group; and Matthew Lester, Non-executive Director, Barclays plc (& Criticaleye Board Mentor), for sharing their views.

[CLICK HERE TO WATCH THE VIDEO](#)

## Leading a purpose-driven business



A clear and well-understood purpose is fundamental to the success of any organisation.

Thanks to Amanda Nelson, CEO, Vodafone Hungary, Vodafone Group; Gavin Patterson, former Group CEO, BT Group; Michael Lewis, Chief Executive Officer, E.ON UK; Richard Foley, Senior Partner, Pinsent Masons; Peter Lacy, Senior Managing Director, Accenture Strategy; and Diane Rochereau de La Sabliere, Strategic Development Director, Kingfisher plc, for sharing their views on this topic.

[CLICK HERE TO WATCH THE VIDEO](#)

**WANT TO JOIN OUR GROWING COMMUNITY OF CEOs, CFOs, NEDs, HRDs AND OTHER LEADERS? CONTACT: [INFO@CRITICALEYE.COM](mailto:INFO@CRITICALEYE.COM) FOR MORE INFORMATION ABOUT HOW WE SUPPORT AND DEVELOP SENIOR EXECUTIVES AND THEIR TEAMS ACROSS A WIDE RANGE OF SECTORS AND ORGANISATIONS.**

“At Criticaleye we believe that great leadership creates positive outcomes and enables powerful legacies. Whatever the strategic direction of your business, it’s essential to have an effective, cohesive leadership team in which there is complete trust and alignment.”



**Charlie Wagstaff**  
Managing Director, Criticaleye

# We Inspire Leaders to Succeed



Our bespoke solution supports leaders with personal, strategic and team development.

Our unique strength lies in our ability to bring together a wide range of leadership and industry experience.

We invite leaders into a trusted environment, where executives and their teams get access to the insight they need to enhance their performance.

We enable senior executives to address key questions around leadership, strategy and stakeholder management.



Achieve  
**Better**  
Performance

STRATEGY

STAKEHOLDER

LEADERSHIP





## Inspiring Leaders to Succeed

### Our Values

**Respect:** an appreciation for diverse and varied views and experiences is crucial to high-performance leadership

**Collaboration:** working together to share knowledge and expertise is a defining characteristic of effective executive teams

**Challenge:** strategies and ideas need to be constructively challenged to reach the best outcome

**Trust:** leaders need to trust their colleagues and peers in order to work effectively and drive results

**Integrity:** we inspire leaders to succeed by providing a closed and confidential environment where Members can share openly

For more information, please email: [info@criticaleye.com](mailto:info@criticaleye.com)

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