A low-angle, upward-looking photograph of several modern skyscrapers with glass and steel facades, reaching towards a clear blue sky. The perspective creates a sense of height and architectural grandeur.

# **Board Effectiveness**

## **Portuguese Case Study**

**2025**

**ODGERS** 

# Board Effectiveness

## Portuguese Case Study

2025



# Board failures are costly



theranos



NOKIA



yahoo!



TOSHIBA



OLYMPUS



LEHMAN  
BROTHERS

TEPCO  
TEPCO Fuel & Power



# Institutional investors are becoming more vocal

**BlackRock**



Proxy Advisors



# Board responsibilities are expanding beyond their traditional scope

## From: Traditional oversight

- Comply with fiduciary responsibilities
- Ensure financial oversight
- Promote risk management
- Supervise CEO and Management Team

## To: Driving value-driven discussions

- Assess trends and uncertainties
- Anticipate business disruptions
- Offer strategic guidance
- Evaluate resource allocation
- Serve as a thought partner for the Management Team
- Actively drive planning for the Board and CEO



# The study aims to assess the Effectiveness of the Boards of Directors in Portugal by putting together the perspectives of Executive and Non-Executive directors

+150

BOARD MEMBERS

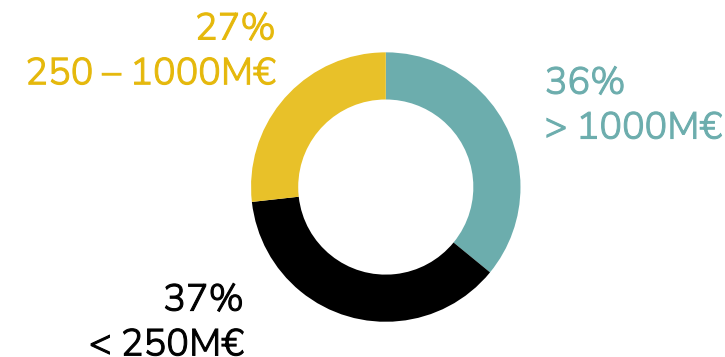


\* Others: 2%

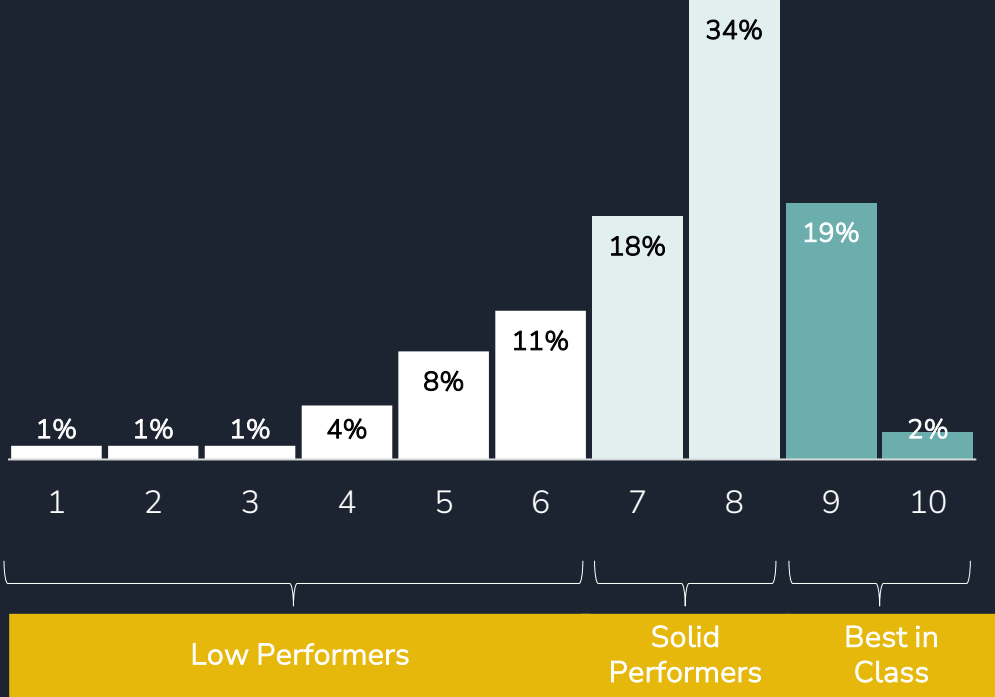
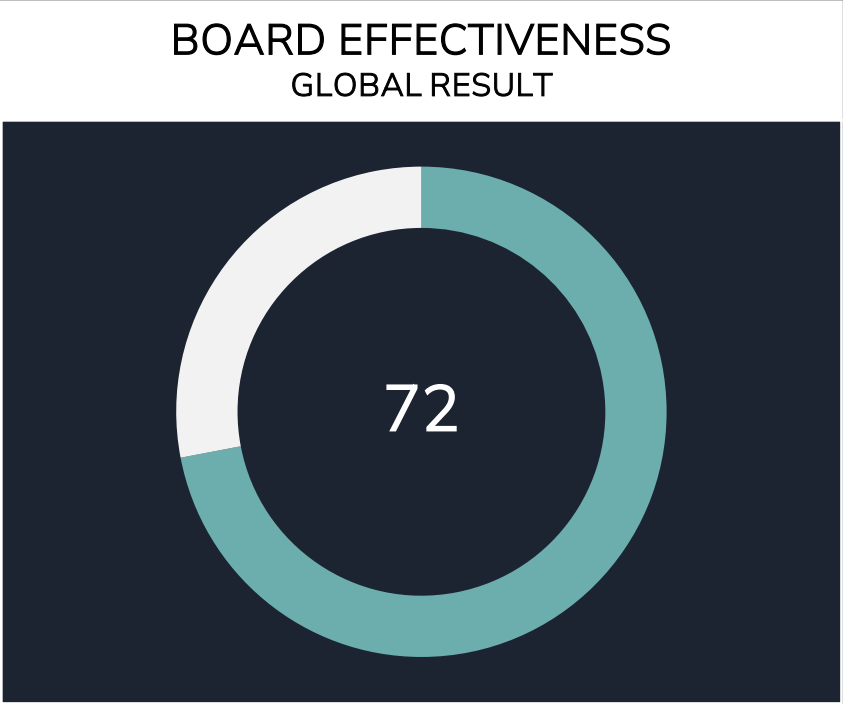
12+  
SECTORS

FROM private  
companies TO PSI  
COMPANIES

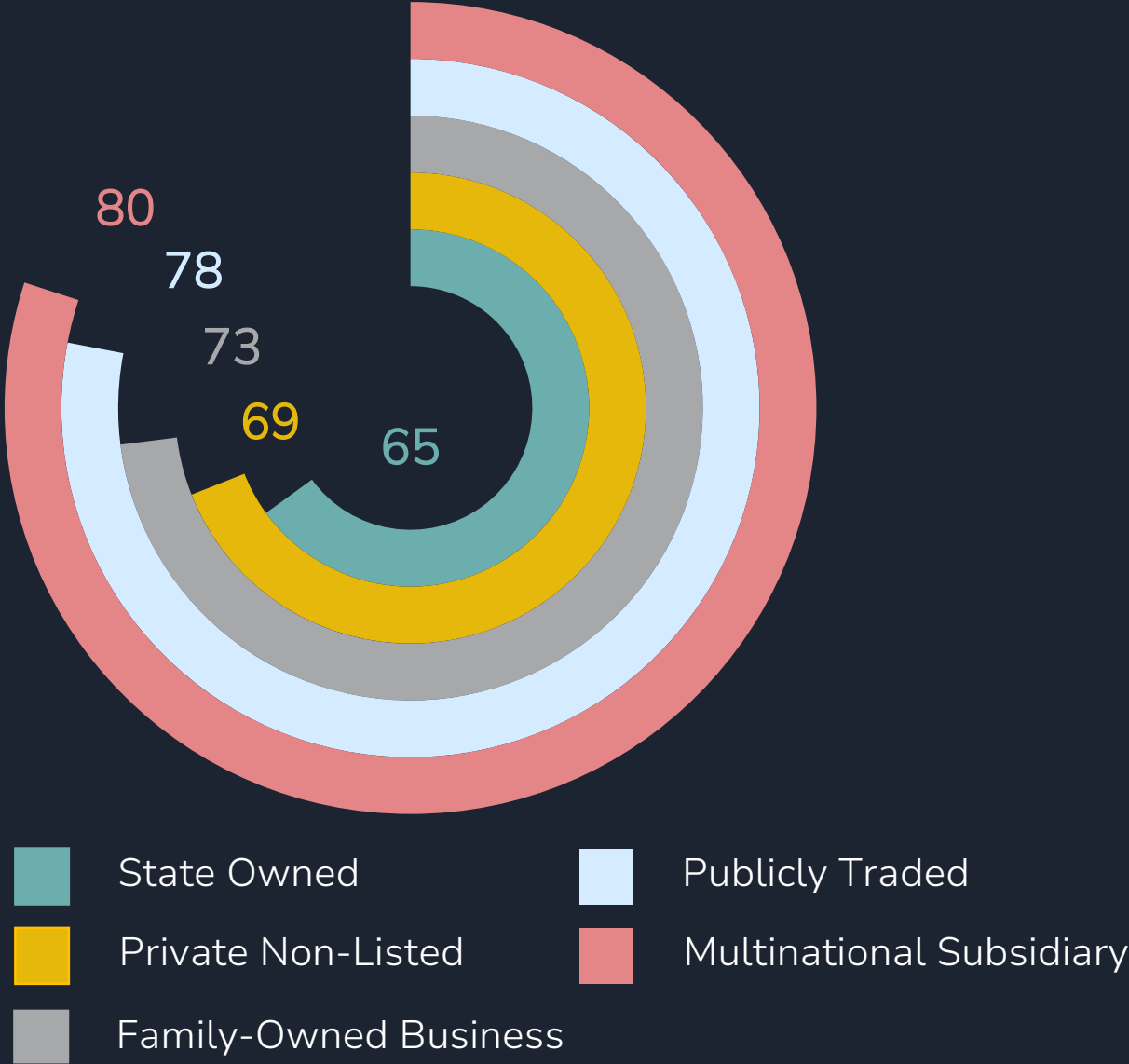
Companies' annual revenue:



# There is wide dispersion of Board Effectiveness



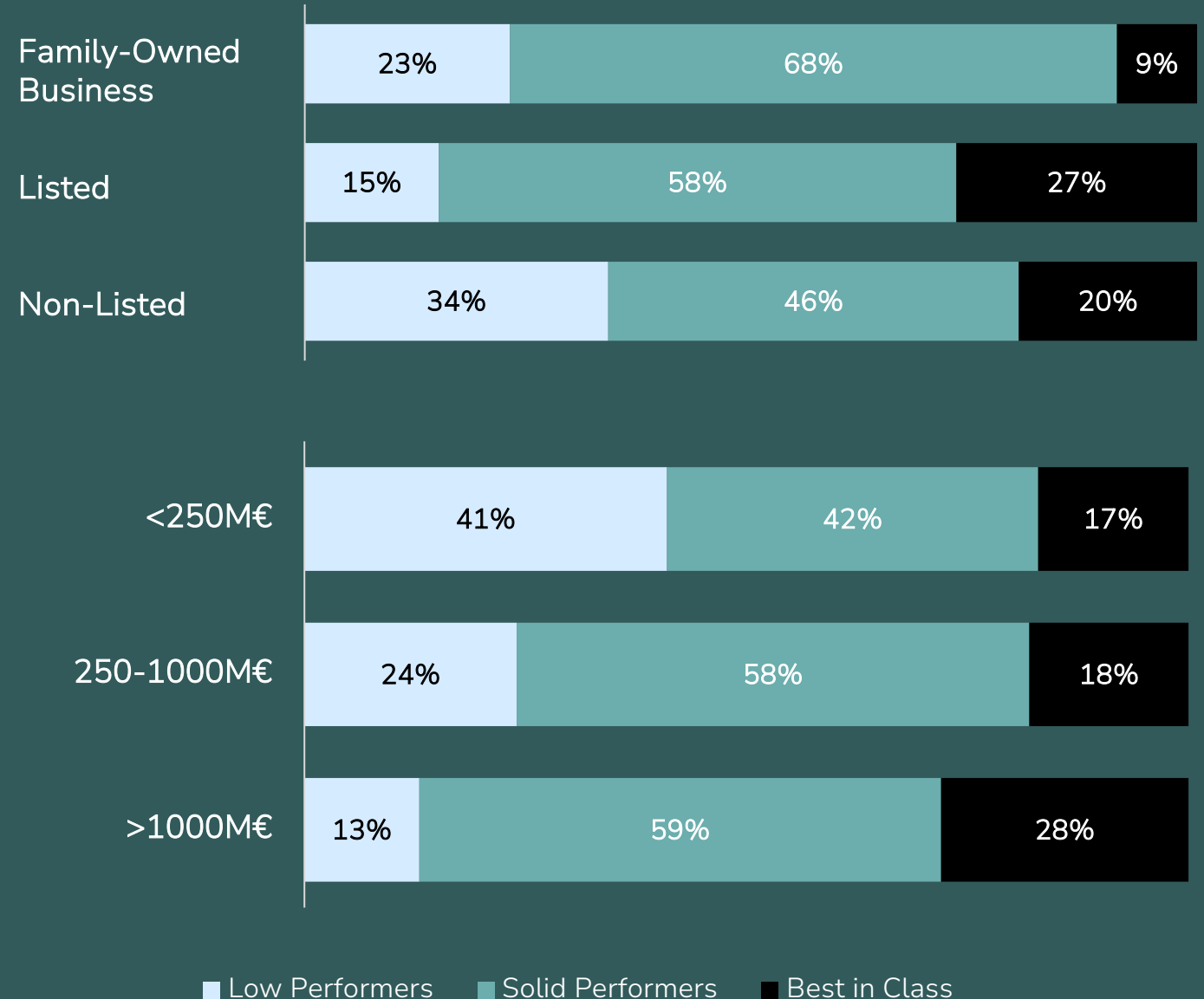
**Board Effectiveness  
increases with the need for  
transparency required by  
different Capital Status**





# Size is not an obstacle to Effectiveness.

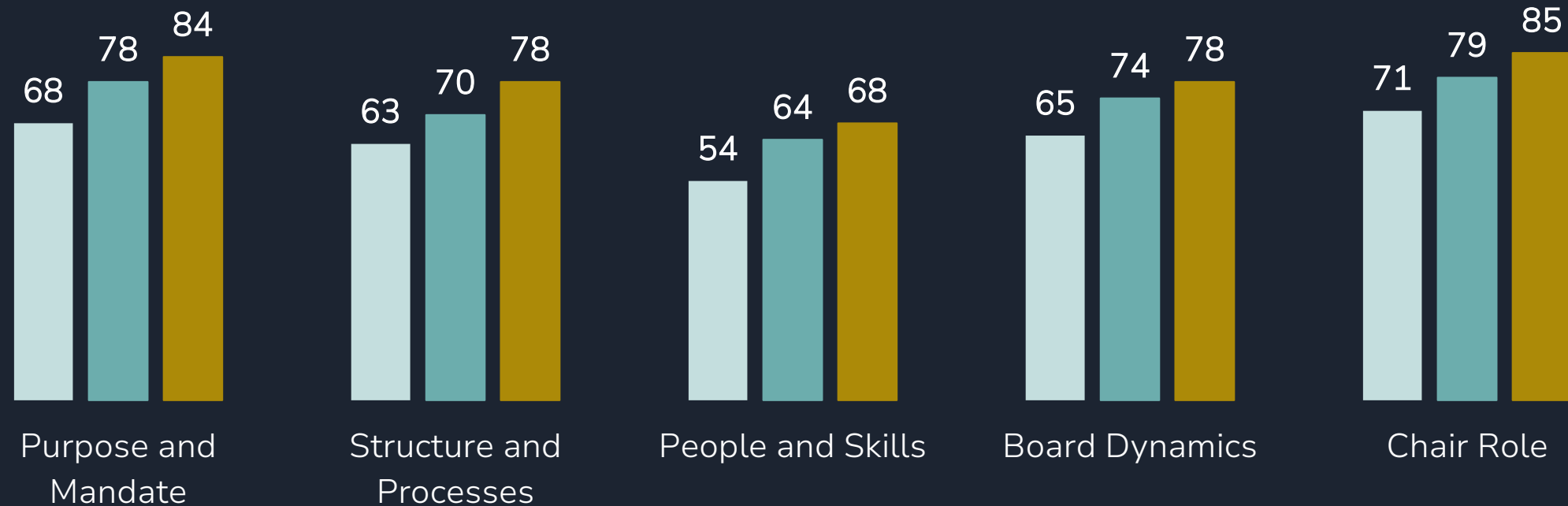
There are *Best in Class* Boards in all segments



# Organizations with better performance have more effective Boards and are more ready for future challenges



# The 5 Dimensions of Board Effectiveness have an impact on the organizational performance



Performance in the last 2 years of the participating companies\*

■ Needs Improvement ■ Meets Expectations ■ Exceeds Expectations

\* Based on the self-evaluation of the study participants



# THE IMPORTANCE OF THE BOARDS FOR THE FUTURE

*How do you rate Board's relevance to the organization's strategic challenges in the future?*

79%

More relevant than today

HOWEVER  
only

13%

Highlight the Board's readiness to meet future challenges

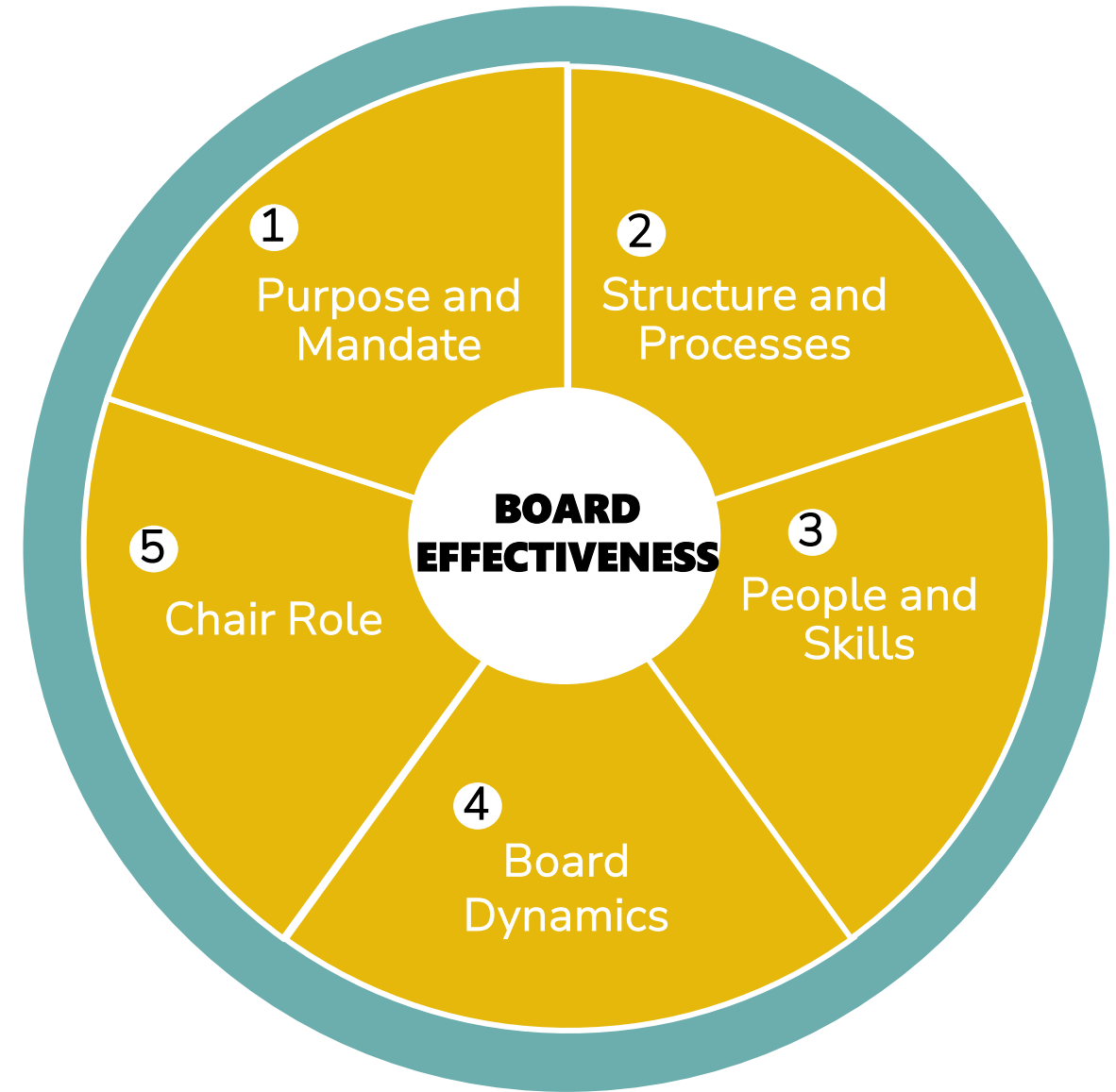


# STRATEGIC REFLECTIONS

- Many organizations do not have the formal processes to support board's role and purpose
- As size and complexity increases, so does the need for an effective board
- Many organizations have weaknesses in different Pillars of Board Effectiveness, in particular, People and Skills, and Processes and Structures
- There is not a one-size-fits-all solution to Board Effectiveness: examples of good practices exist across multiple sectors/ownership structures

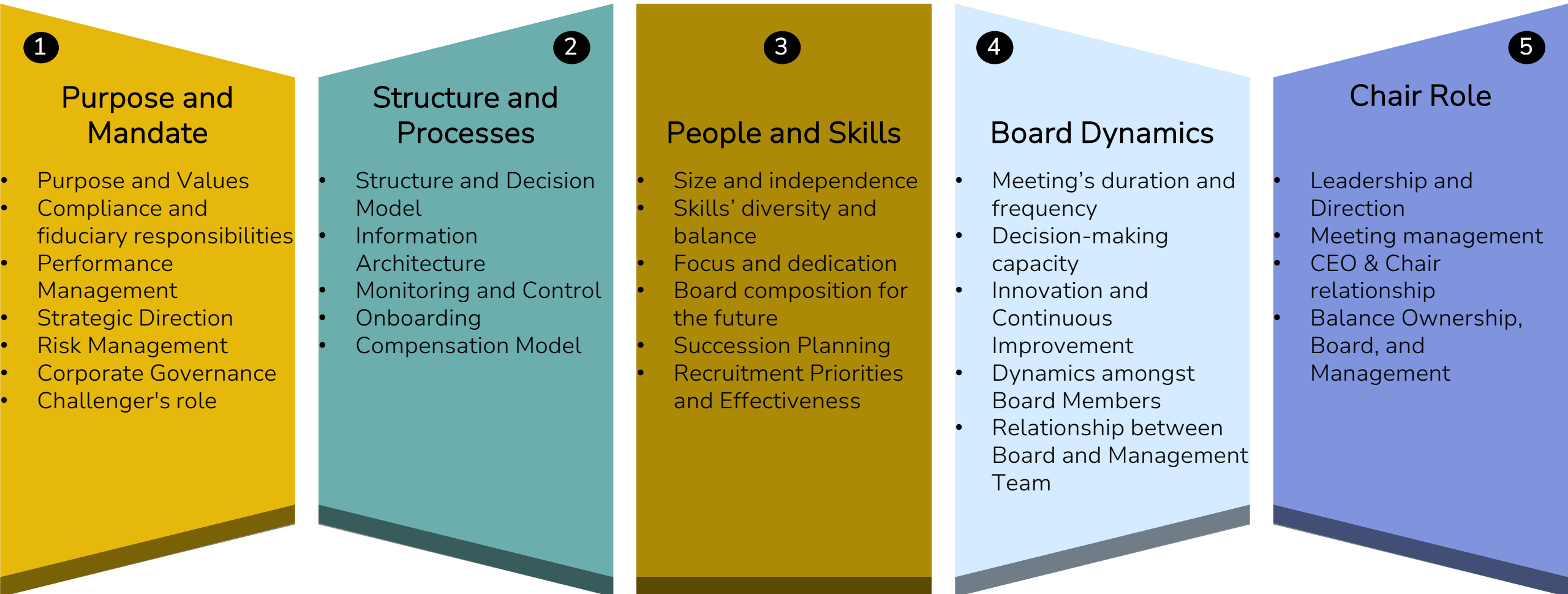


**Our Board  
Effectiveness Model  
identifies 5 Pillars of a  
high-performance  
Board**

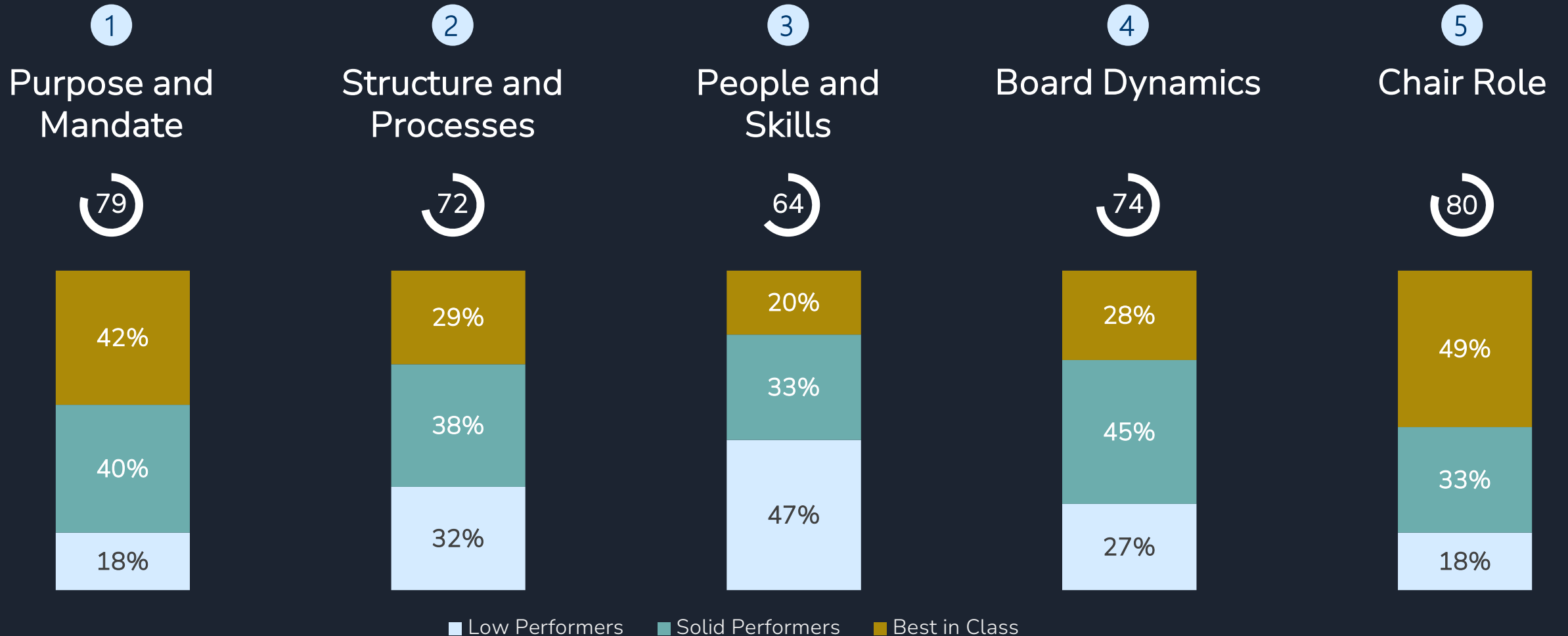




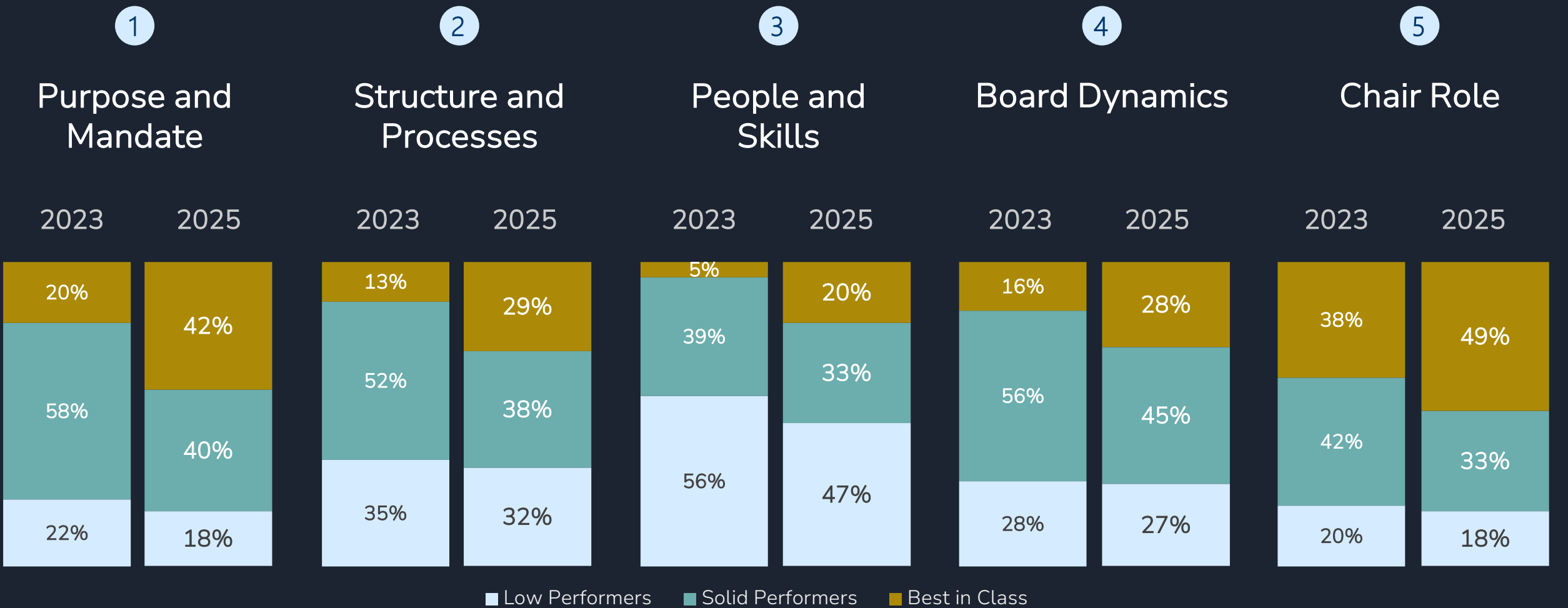
# Our Board Effectiveness Model identifies 5 Pillars of a high-performance Board



# The People and Skills Pillar emerges as the lowest of the five Board Pillars



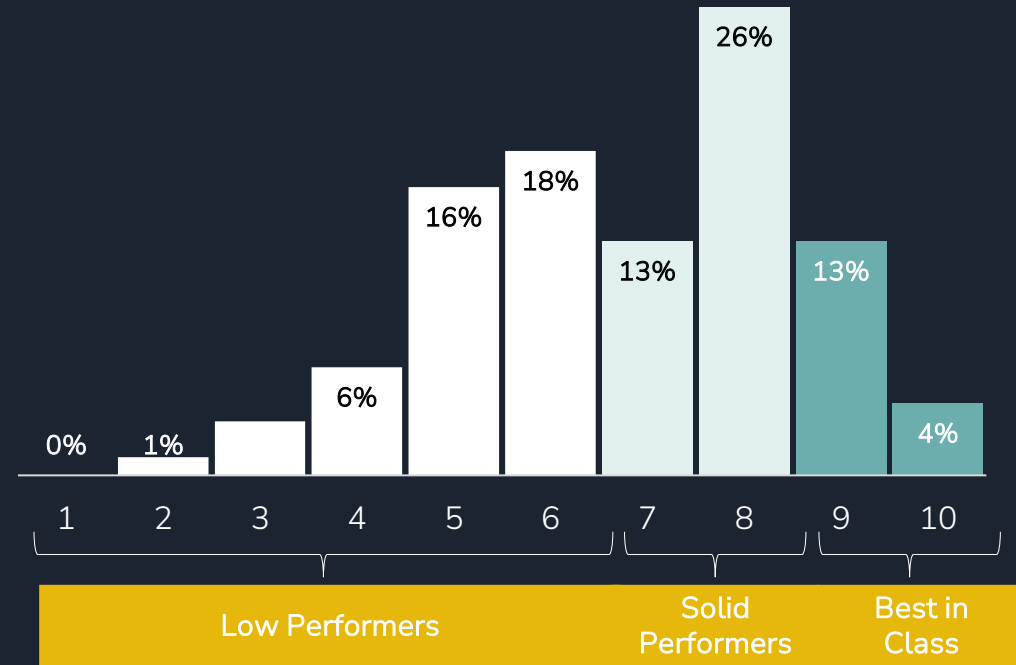
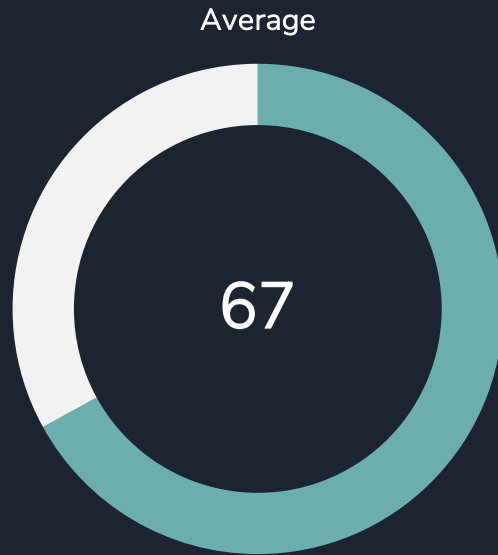
# Board Effectiveness has increased across all 5 Pillars, with significant room for improvement



## Does the Board prioritizes anticipating future change over responding to immediate challenges?



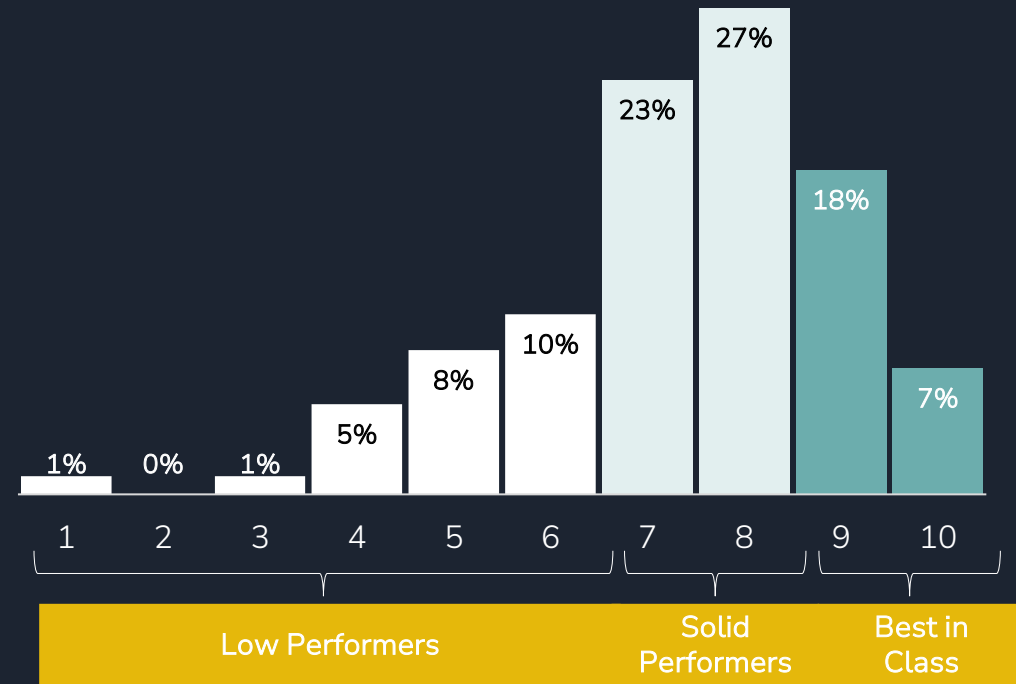
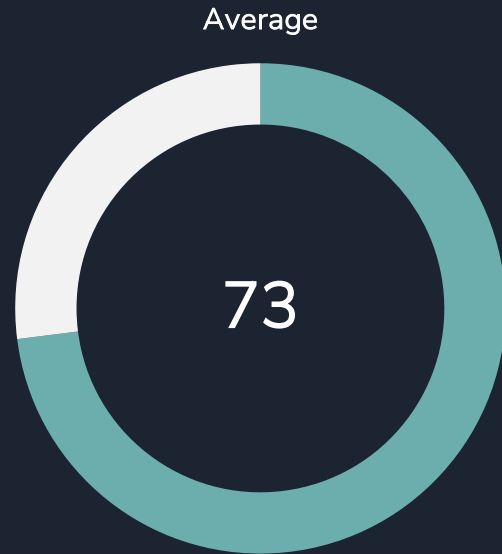
17% of Boards take a more proactive position, focusing on anticipating future changes rather than just reacting to immediate challenges



## The quality of discussions and decision-making capacity of the Board is high?

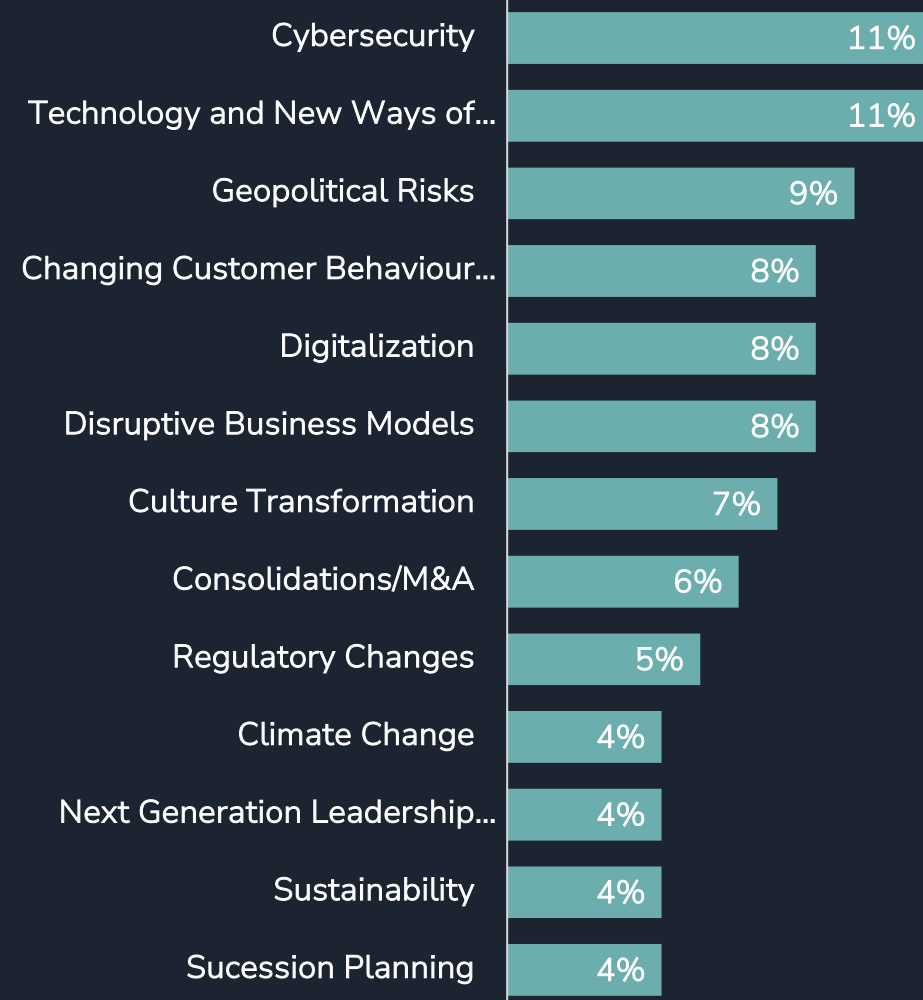


Only 25% of leaders believe that the capacity of discussion and decision making of the Board is high



**Although Boards believe they have a clear vision and that risks are being anticipated and effectively managed, multiple issues are arising for the future**

Top 10 most relevant issues in the Board's agenda for the future:





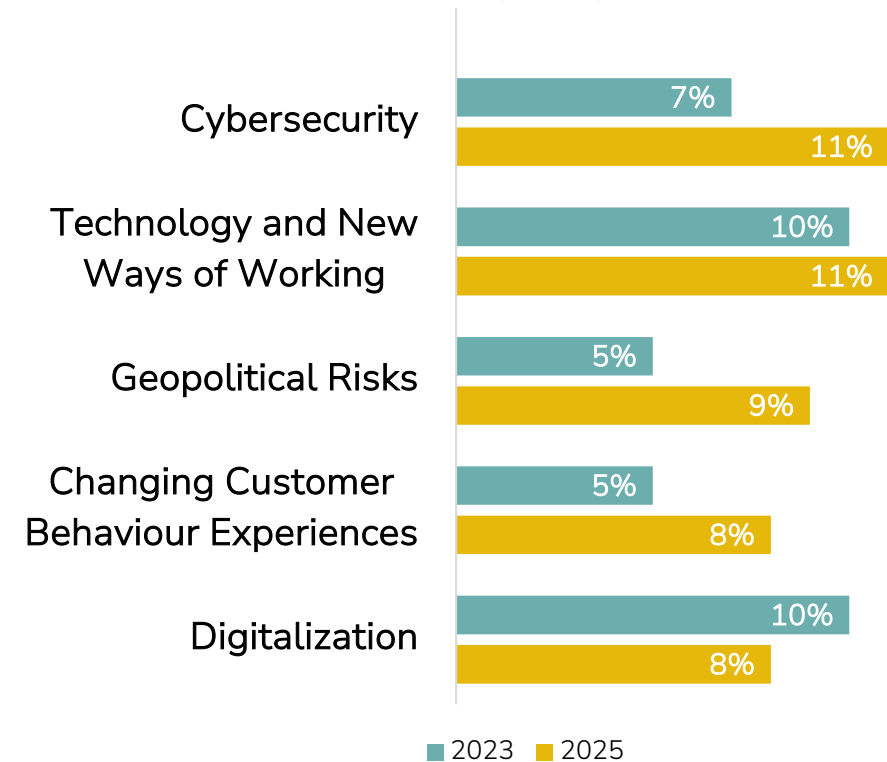
# There are emerging issues for the Board to address, when compared to 2023

Of the **Top 5 topics from 2023**, Sustainability, Culture Transformation and Disruptive Business Models are no longer seen as key priorities for 2025

**Cybersecurity** has risen to become the foremost concern for the future, despite not being among the top 3 priorities in 2023

**Geopolitical** risks have climbed to the 3<sup>rd</sup> most relevant issue for the future in 2025, a notable rise from 2023, when they didn't even feature in the top 5

Top 5 most relevant issues in the Board's agenda for the future (2025):



# Chair Role has the highest number of behaviors in the top 5, while People and Skills occupy most of the bottom 5

Top 5 - Top Rated Behaviors			Average	Bottom 5 - Worst Rated Behaviors			Average
Chair Role	The relationship between the CEO and Chairperson is characterized by trust, respect and cooperation.	85		People and Skills	The Board has a clear plan for Board/CEO Succession to ensure alignment of its competencies with the organization's strategy.	56	
Purpose and Mandate	The Board has a clear vision of its purpose and values.	83		People and Skills	The Board reviews its composition on a regular basis to ensure that it reflects the current and future requirements of the organization.	62	
Board Dynamics date	All Board members are available on an as-needed basis.	81		People and Skills	How do you assess the Board's effectiveness in recruiting the best Non-Executive Directors in the market?	62	
Purpose and Mandate	The Board provides leadership and strategic direction to the organization.	80		Structure and Processes	The Non-Executive Board has a compensation model aligned with the market and with the performance demonstrated by the organization.	64	
Chair Role	The Chairperson provides leadership and direction to the team.	78		People and Skills	The Board has the ideal diversity in the demographic profile of its members.	66	



## The top rated behaviors are mostly common across listed and Family-Owned companies

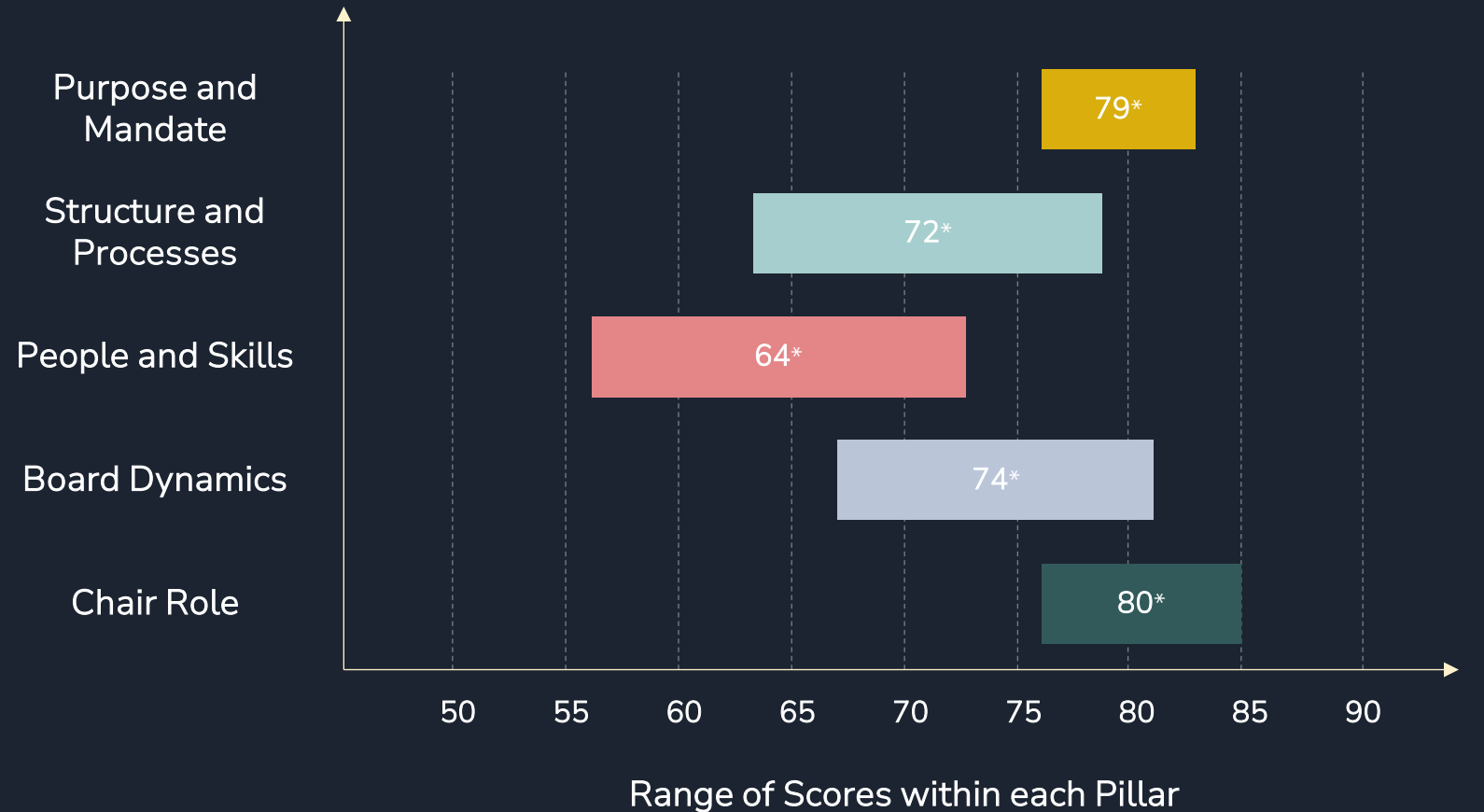
Listed companies - Top Rated Behaviors		
Chair Role	The relationship between the CEO and Chairperson is characterized by trust, respect and cooperation.	88
Chair Role	The Chairperson provides leadership and direction to the team.	85
Board Dynamics	All Board members are available on an as-needed basis.	85
Purpose and Mandate	The Board evaluates and adopts the best corporate governance practices.	84
Purpose and Mandate	The Board has a clear vision of its purpose and values.	84

Family-Owned Business - Top Rated Behaviors		
Chair Role	The relationship between the CEO and Chairperson is characterized by trust, respect and cooperation.	87
Purpose and Mandate	The Board has a clear vision of its purpose and values.	84
Board Dynamics	All Board members are available on an as-needed basis.	83
Chair Role	The Chairperson provides leadership and direction to the team.	82
Purpose and Mandate	The Board provides leadership and strategic direction to the organization.	81



# People and Skills and Structure and Processes emerge as the lowest rated behaviors

The highest rated behavior in the **People and Skills** pillar (72) remains below the lowest rated behaviors in both the **Purpose and Mandate** (77) and **Chair Role** (76) pillars

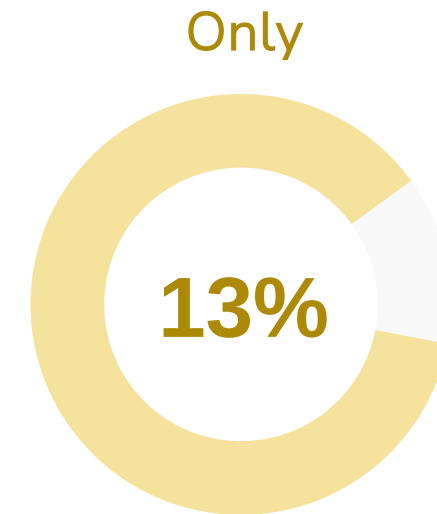


\* Average score



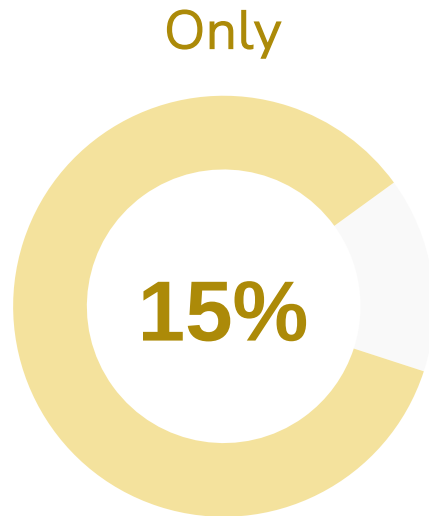
# Succession planning, Board Assessment, Composition Review

Only **19%** of the Boards consider themselves best in class in reviewing its composition on a regular basis

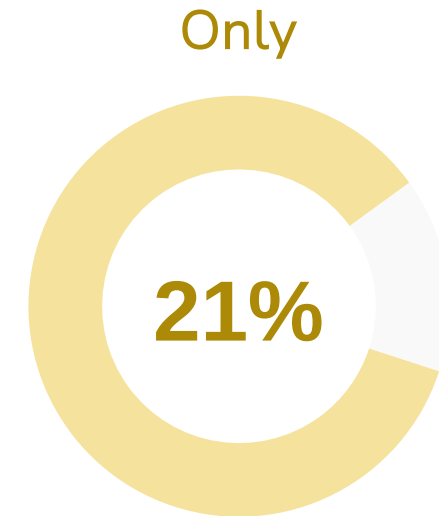


of Boards have a clear plan for **Board/CEO Succession** to ensure alignment of its competencies with the organization's strategy

# Boards are proving ineffective in the attraction and management of NEDs, both critical to ensuring continuity beyond individual shareholders



AND



Show best in class Board Effectiveness  
in recruiting top Non-Executive  
Directors

Have market aligned, best in class  
compensation models for Non-  
Executive Directors



# Key Development Priorities

## BOARD'S REVIEW

Do we know what are our Board's strengths and development needs?

1

## RIGHT PEOPLE & SUCCESSION

How can we have the right people with the right skills and diversity of profiles?

2

## NEW STRATEGIC AGENDA

How can we keep up with the new challenges arising in the future?

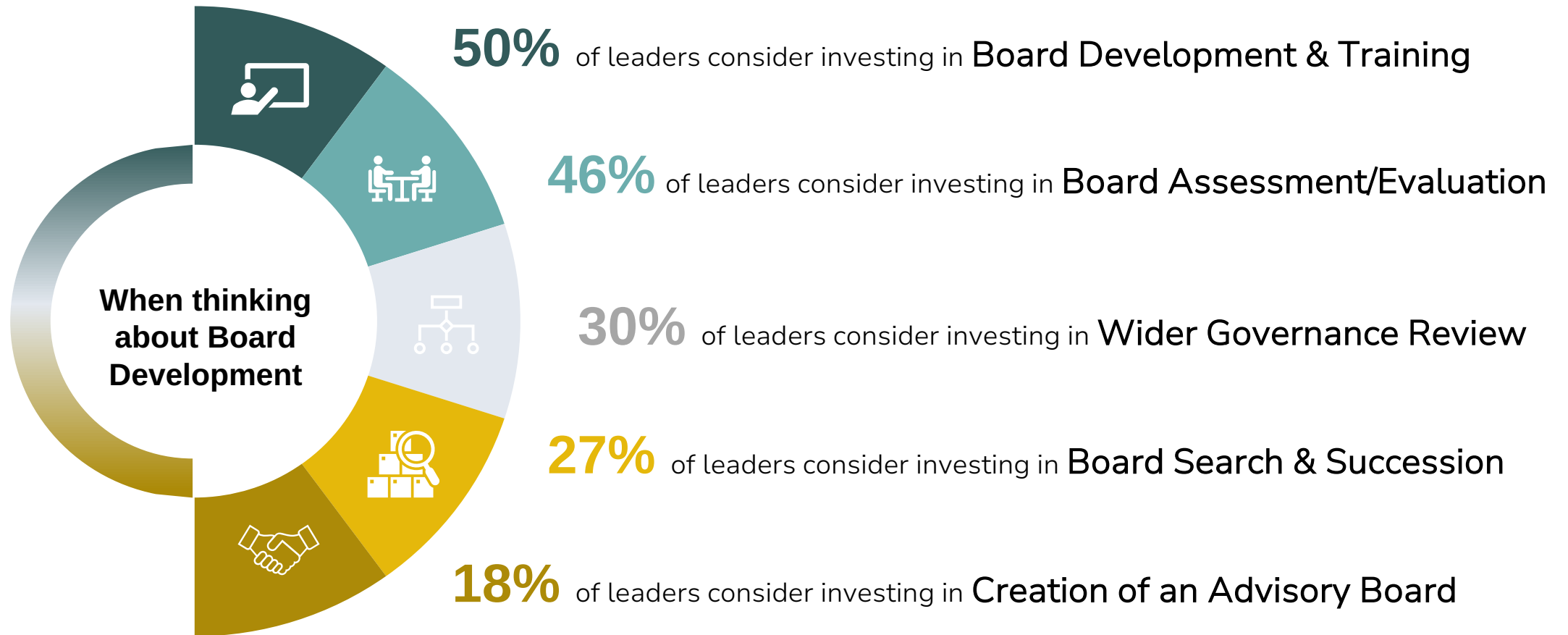
3

## PROCESSES

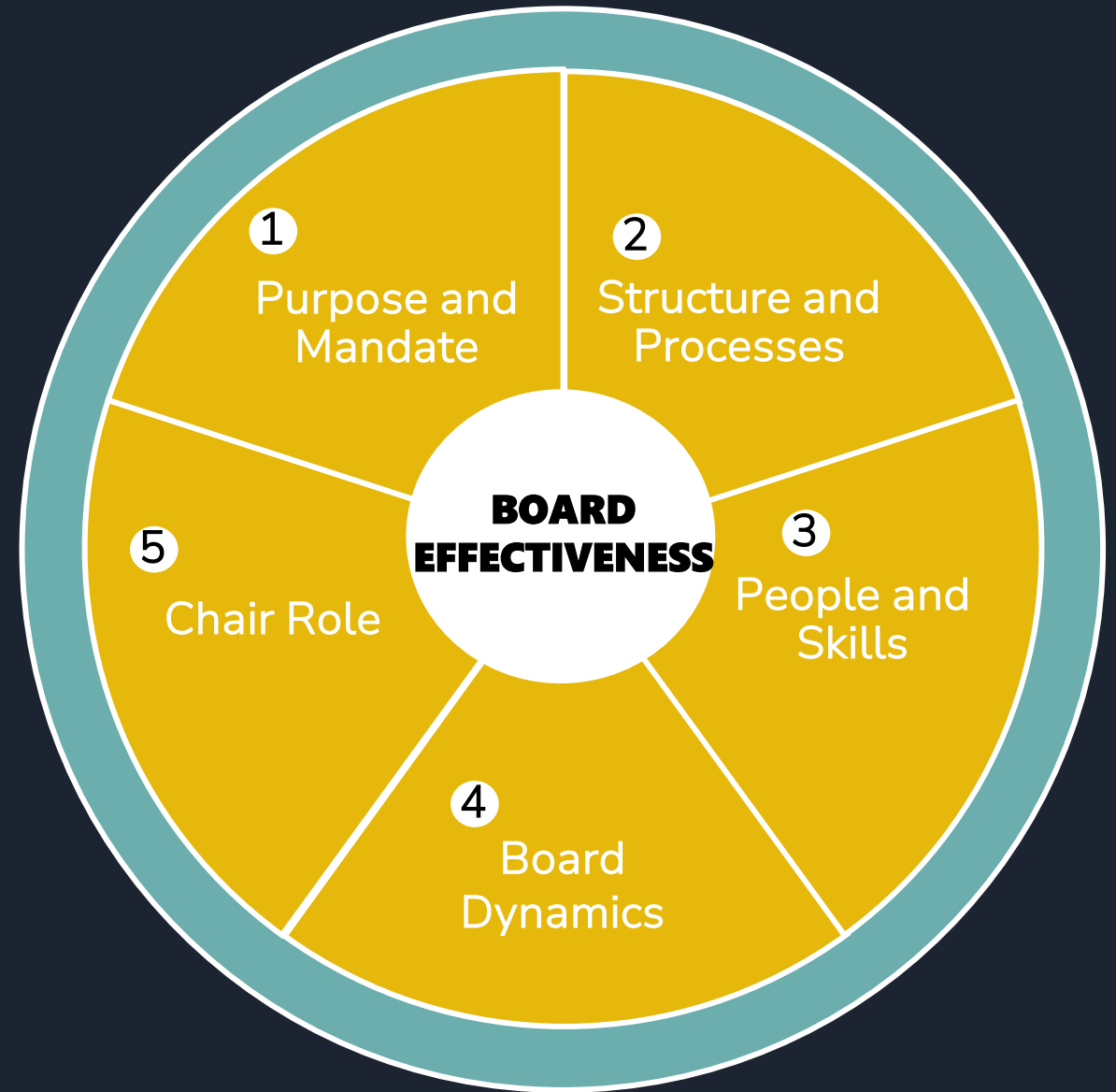
Do we have the right processes to deliver on our mandate?

4

# The Development Priorities are aligned with the areas leaders identify as potential investment opportunities

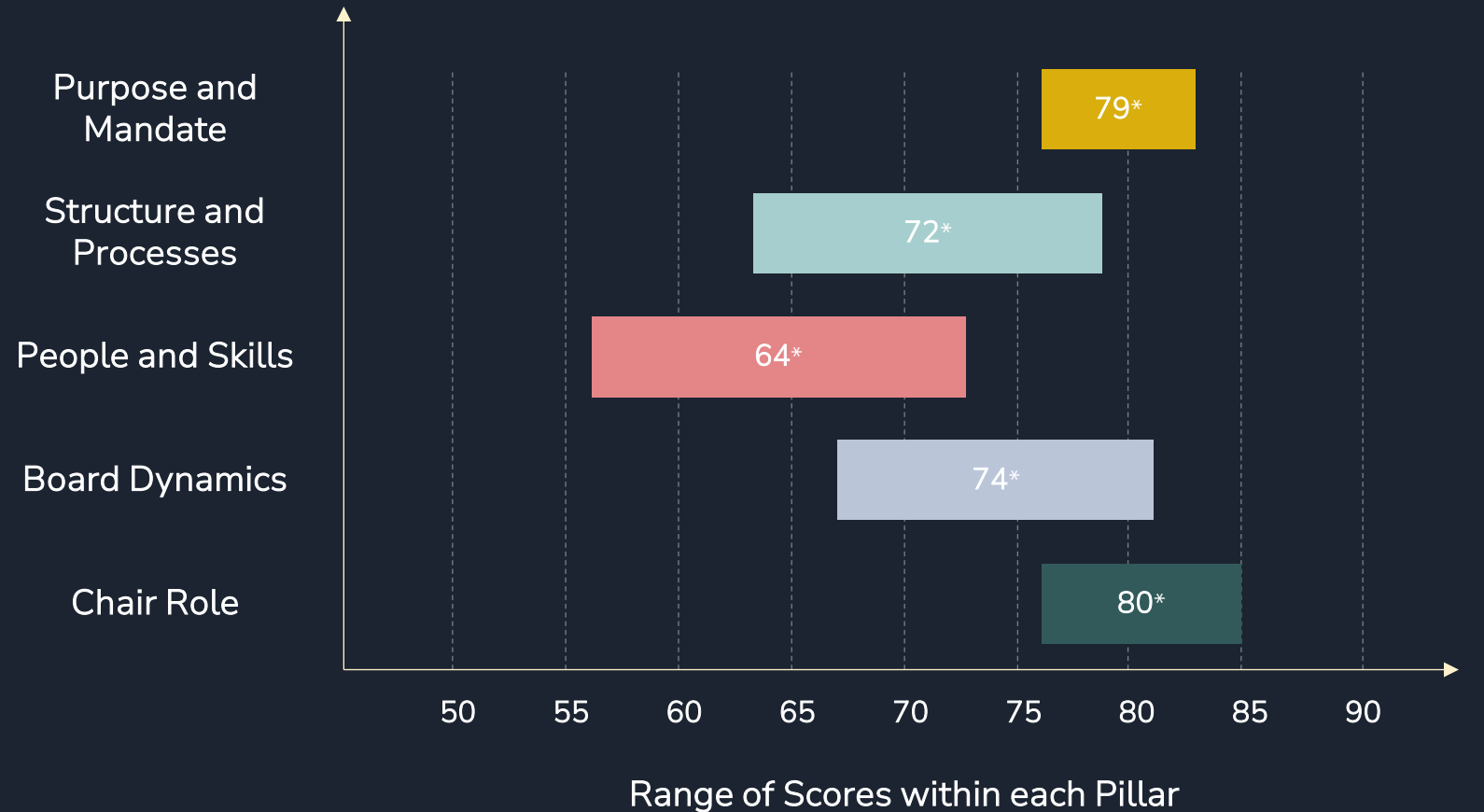


Our **Board Effectiveness Model** identifies five **Pillars** of a high-performance Board, with our study revealing **different average effectiveness levels** across each pillar



# People and Skills and Structure and Processes emerge as the lowest rated behaviors

The highest rated behavior in the **People and Skills** pillar (72) remains below the lowest rated behaviors in both the **Purpose and Mandate** (77) and **Chair Role** (76) pillars



\* Average score



# Listed vs Family-Owned Business

**In both Listed and Family-Owned companies, the bottom scores are related to People and Skills**

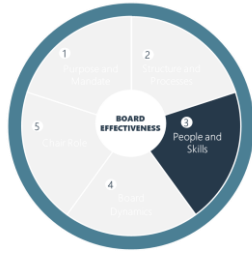
## Listed companies – Worst Rated Scores

People and Skills	The Board has a clear plan for Board/CEO Succession to ensure alignment of its competencies with the organization's strategy.	60
People and Skills	How do you assess the Board's effectiveness in recruiting the best Non-Executive Directors in the market?	69
Structure and Processes	The Non-Executive Board has a compensation model aligned with the market and with the performance demonstrated by the organization.	69
People and Skills	The Board reviews its composition on a regular basis to ensure that it reflects the current and future requirements of the organization.	71
Board Dynamics	The Board foster innovation and continuous improvement, constantly challenging the traditional way of doing things.	72

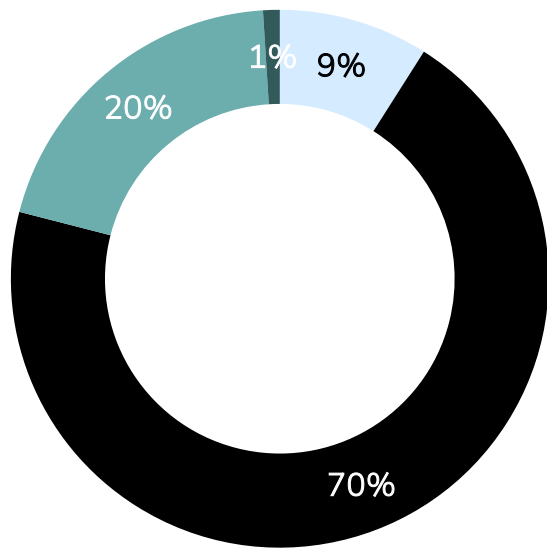
## Family-Owned Business - Worst Rated Behaviors

People and Skills	The Board has a clear plan for Board/CEO Succession to ensure alignment of its competencies with the organization's strategy.	49
People and Skills	The Board has the ideal diversity in the demographic profile of its members.	49
People and Skills	The Board reviews its composition on a regular basis to ensure that it reflects the current and future requirements of the organization.	51
People and Skills	The Board has the appropriate level of independence.	58
Structure and Processes	The Non-Executive Board has a compensation model aligned with the market and with the performance demonstrated by the organization.	60



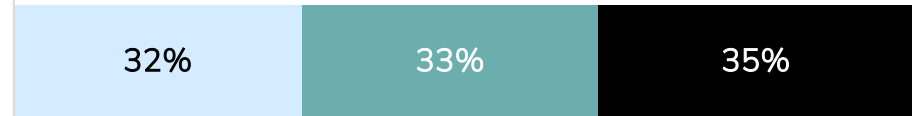


## Size is not the issue. Composition yes. Only 19% of Boards review their composition on a regular basis

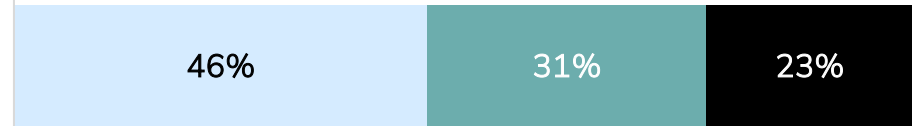


- \* Smaller than desired
- Right Size
- Larger than desired
- Significant smaller than desired

The Board has the appropriate level of independence



The Board has the ideal diversity in the demographic profile of its members



The Board reviews its composition on a regular basis to ensure that it reflects the current and future requirements of the organization



\*How do you rate the suitability of the Board's size for successfully fulfilling its mission and meeting the challenges of the future?

Low Performers Solid Performers Best in Class Average





# Listed company Boards are typically more structured, yet show wide dispersion



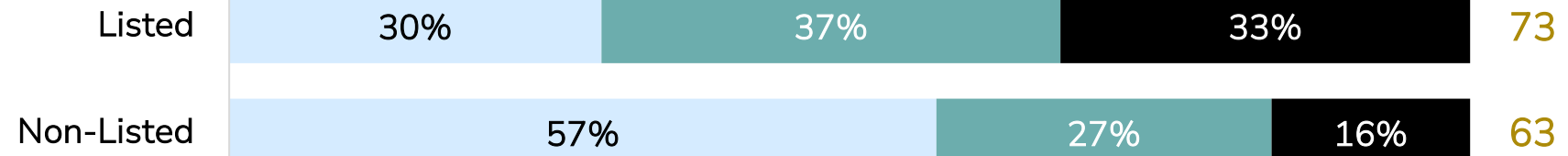
The Board has the appropriate **level of independence**



The Board has the ideal **diversity in the demographic profile** of its members



The Board **reviews its composition on a regular basis** to ensure that it reflects the current and future requirements of the organization



Low Performers Solid Performers Best in Class Average



## There are opportunities for improvement in the Boards' own Assessment, as well as in People attraction and management processes

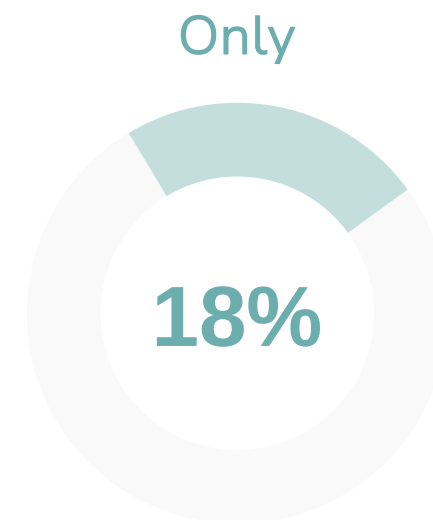


How do you assess the Board's effectiveness **in recruiting the best Non-Executive Directors** in the market?

62

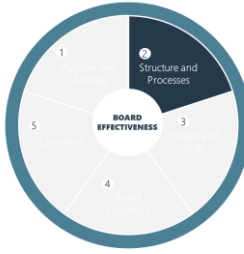
The Board has a clear plan for **Board/ CEO Succession** to ensure alignment of its competencies with the organization's strategy.

57

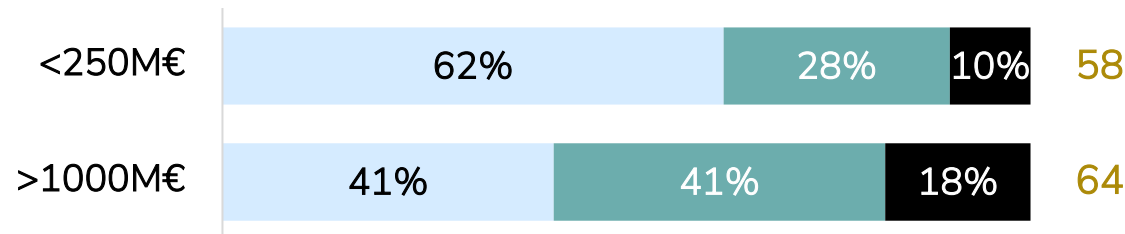


of the organizations has **a formal budget for the Non-Executive Directors'** search, assessment and training

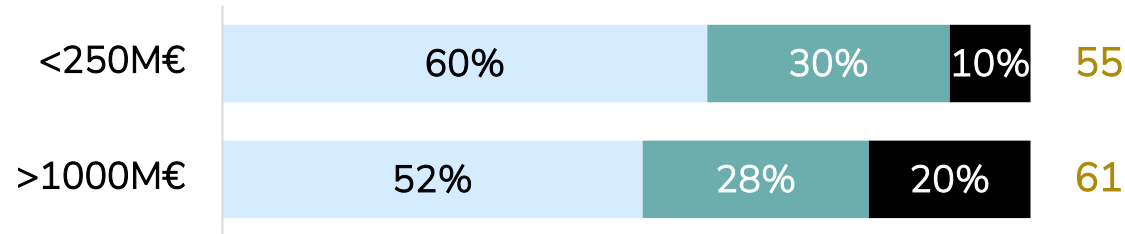
## While larger organizations perform slightly better, overall scores remain low



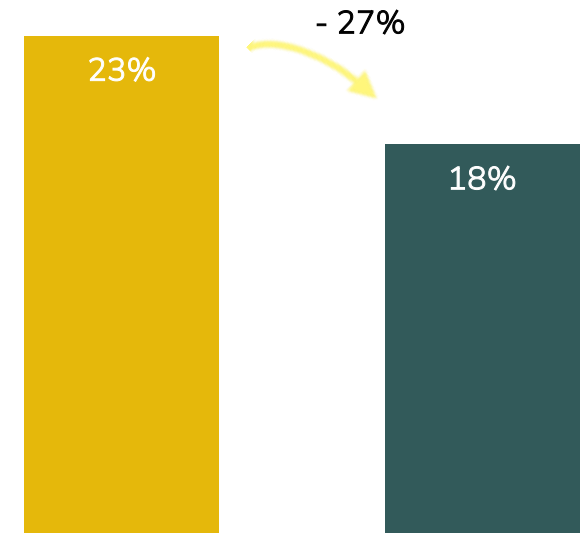
Effectiveness in recruiting the best Non-Executive Directors



Plan for Board/CEO Succession



Formal budget for NED's search, assessment and training



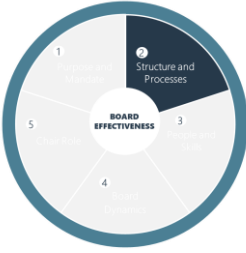
Low Performers Solid Performers Best in Class

< 250M€ > 1000M€

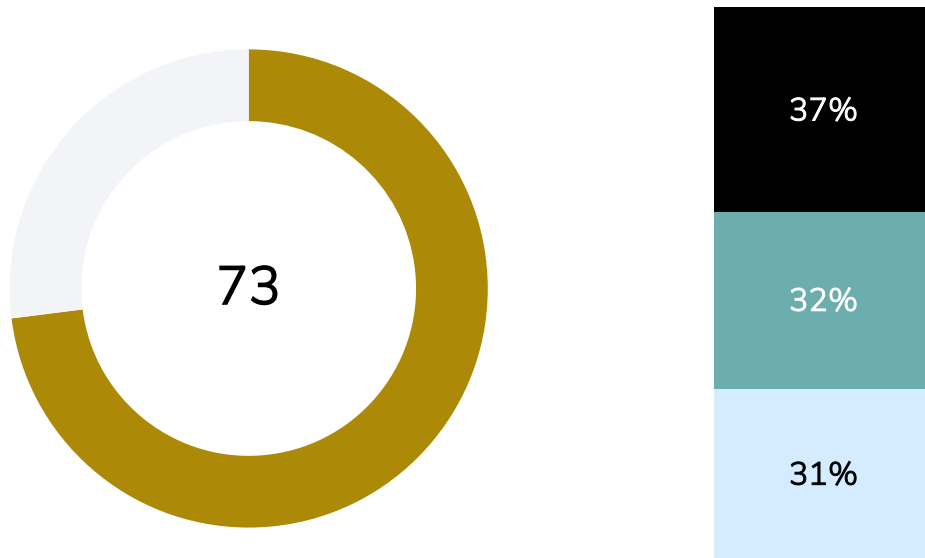


# Most Board's compensation models still need improvement

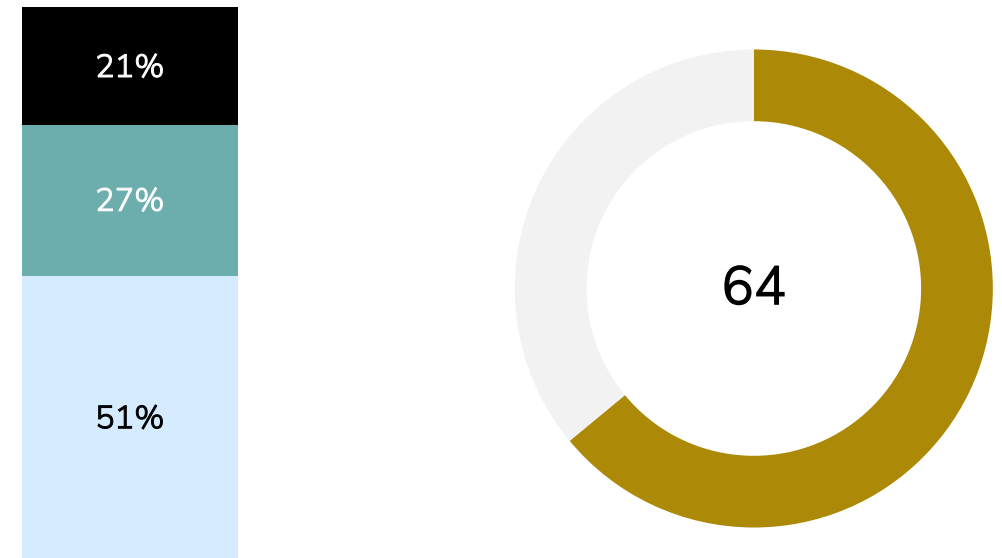
## In particular, Non-Executive Directors model



The **Executive Board** has a compensation model aligned with the market and with the performance demonstrated by the organization.



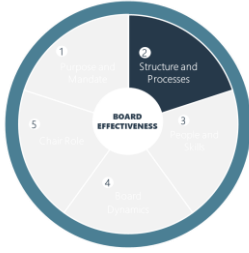
The **Non-Executive Board** has a compensation model aligned with the market and with the performance demonstrated by the organization.



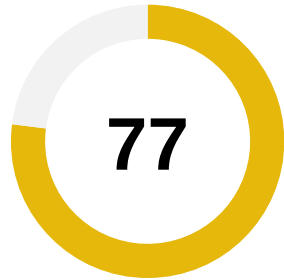
Low Performers Solid Performers Best in Class



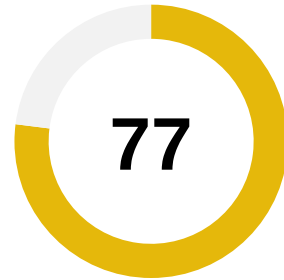
## Despite high aspirations, most organizations lack budget to evaluate or develop their boards



Despite the Boards' stated ability to adopt the best corporate governance practices...



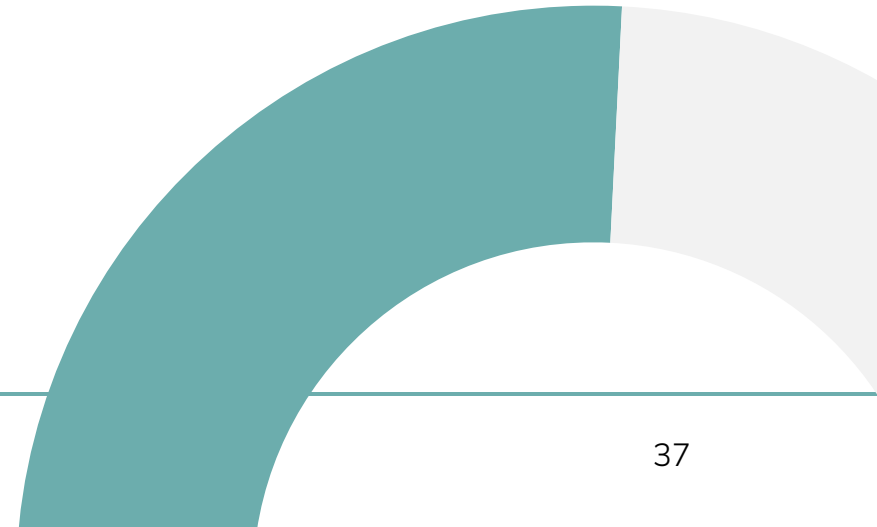
... and to ensure that risks are managed effectively and anticipated...



... Only

49%

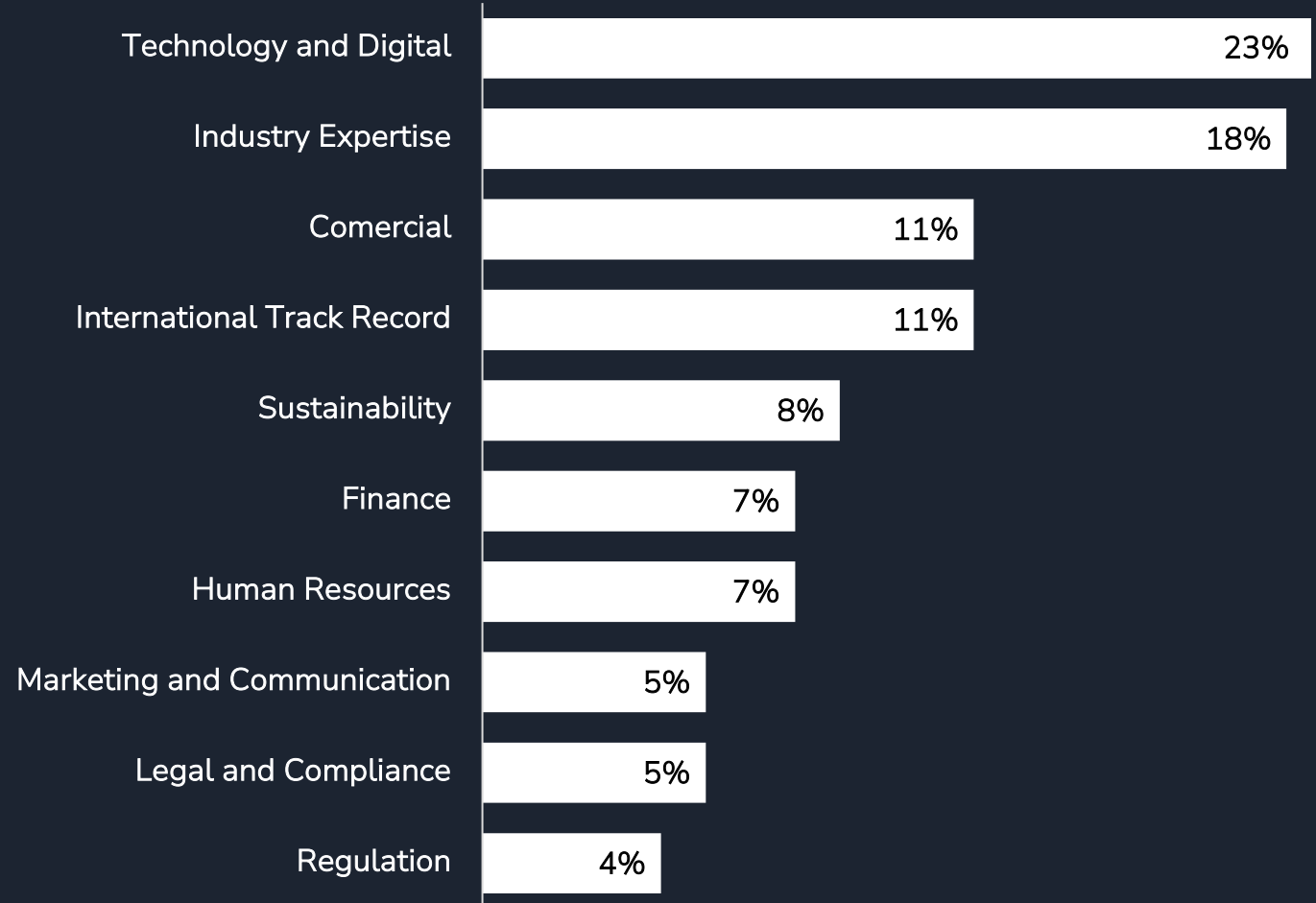
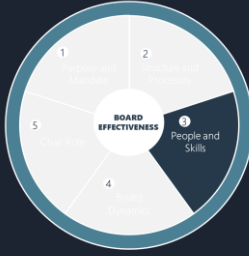
of organizations has a formal evaluation process that allows them to identify its strengths and development needs



## New skills arise as key priorities for the challenges of the future

Only **19%** of the Boards consider themselves excellent in reviewing its composition on a regular basis to ensure that it reflects the current and future requirements of the organization

## Skills at the Top of the Board's Recruitment Agenda



# Eficácia dos Boards

## Caso Português 2025

*Conclusões*



# THE IMPORTANCE OF THE BOARDS FOR THE FUTURE

*How do you rate Board's  
relevance to the organization's  
strategic challenges in the  
future?*

79%

More relevant than  
today

HOWEVER  
only

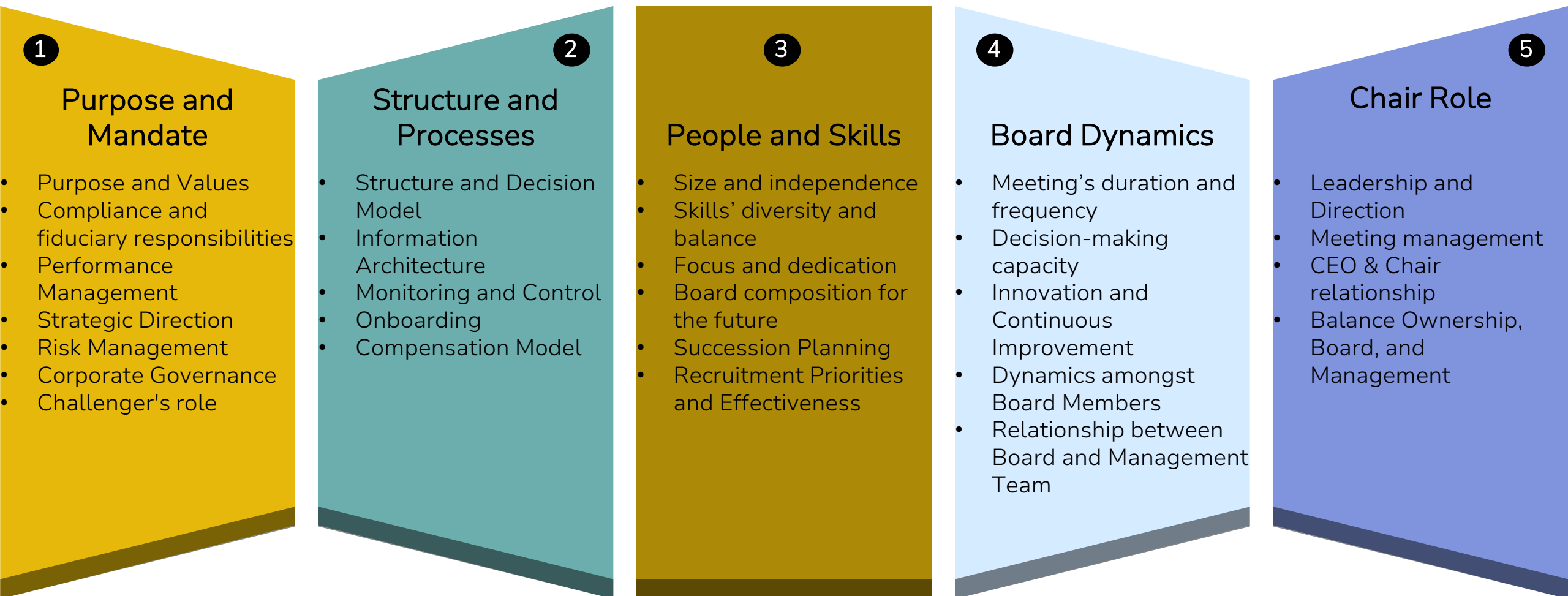
13%

Highlight the  
Board's readiness  
to meet future  
challenges





# Our Board Effectiveness Model identifies 5 Pillars of a high-performance Board



# CALL TO ACTION

## 6 KEY MESSAGES

01

81% of participants believe Boards will be more relevant than today for organizational success. Investors are increasingly vigilant too

02

Board Effectiveness is key, given the future challenges arising. Board effectiveness is linked with organizational performance and future readiness. However, only 21% of Boards are working at their best

03

Aspirations are high. However, many organizations do not have the formal processes and composition to support board's role and purpose. There is not a one-size-fits-all solution to Board Effectiveness



# CALL TO ACTION

## 6 KEY MESSAGES

04

As size and complexity increases, so does the **need for an effective board**. Only **13%** of participants feel **highly prepared to face future challenges**.

05

Board effectiveness is a key pillar of robust governance. However, many Boards lack the formal processes to do that. Only **19%** of Boards are **review its composition** on a regular basis.

06

**People and Skill** emerges as the **weakest pillar** in the study. Low results in **Board/CEO succession**, **skills on the Board**, alignment between **leadership competencies** and strategy, raise concerns about long-term **resilience and the ability to sustain strategic direction**



# We help our clients to improve board effectiveness and performance, through our integrated solutions

For more than 50 years, we have been trusted advisers to organizations looking to build and enhance their boards



**Board  
Assessment**



**Board  
Search**



**Board  
Consulting**



**Advisory  
Boards**

# ODGERS

Since **1993**  
in Portugal

**Nº2**  
in Europe

**Nº6**  
worldwide

Partnership with over **75%**  
PSI-companies

Over **90%**  
success rate



## EXECUTIVE SEARCH

- *CEO Search*
- *Executive Search*
- *Talent Mapping*

## LEADERSHIP DEVELOPMENT

- *Leadership Assessment*
- *Leadership Programs*
- *Team Effectiveness*
- *Executive Coaching*

## ORGANIZATIONAL & TALENT CONSULTING

- *Organizational Excellence*
- *Talent Strategy*
- *Culture Transformation*
- *Diversity & Inclusion*

## BOARD SOLUTIONS

- *Board Search*
- *Board Assessment*
- *Governance Review*
- *Board Advisory*
- *Advisory Boards*

## TALENT ACQUISITION (RAY.BBDM)

- *Talent Acquisition*
- *Talent Assessment*
- *Young Talent*
- *HR Tech*



# Our Global Reach

59 offices in 33 countries



# Thank you

**Board  
Assessment**



**ODGERS BOARD SOLUTIONS**

**Board  
Search**

**Board  
Consulting**

**Nuno Fernandes**

Odgers Board Solutions  
Managing Partner

✉ [nuno.fernandes@odgers.com](mailto:nuno.fernandes@odgers.com)



**Advisory  
Boards**

