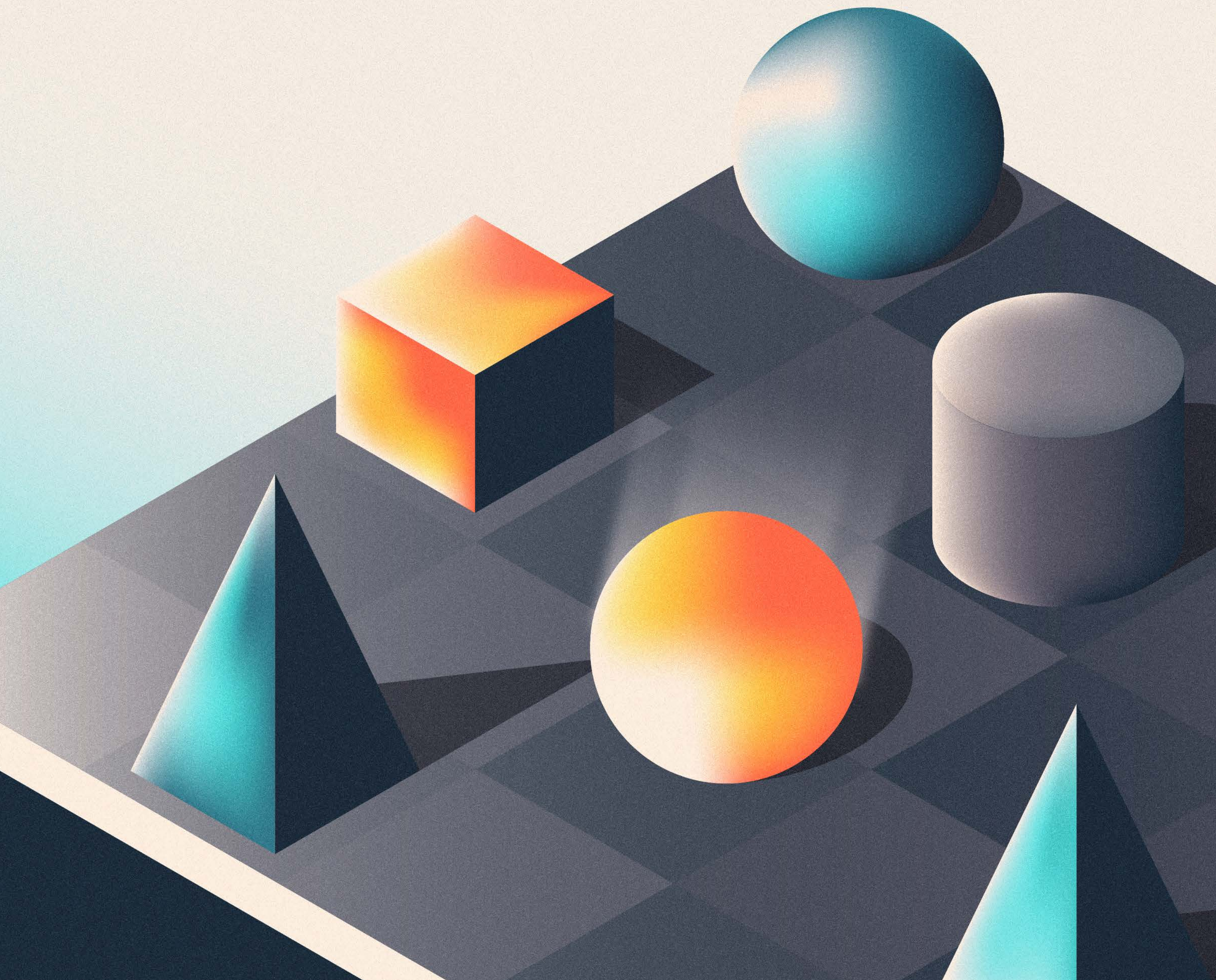
Heidrick & Struggles

CEO & BOARD OF DIRECTORS PRACTICE

Board Monitor 2025

The Quiet Power of Continuous Board Refreshment: Why High-Performing Companies Treat It as a Strategic Discipline



For decades, board refreshment has been treated as a behind-the-scenes process typically managed by a small circle of insiders, rarely scrutinized even by shareholders, and often overlooked by everyone else. Directors at public companies were usually elected as part of uncontested slates, often with 95% or greater shareholder approval. At privately held companies, processes were typically informal. Individual contributions were rarely examined. Refreshment was more ritual than strategy.

But in today's environment, that approach is no longer sufficient. Only 47% of CEOs and directors we surveyed recently are confident their board refreshment practices are positioning them well for the future.[1] Boards are under pressure—not just to oversee the business of today, but to help shape the future of the enterprise, and all in a context of ongoing uncertainty and volatility. A majority of leaders noted in another recent survey that they expect their CEO succession practices to have increasing influence on valuation.[2] Stakeholders of all kinds are seeking assurance that companies' governance condition is strong, and yet, when asked what their company does in relation to corporate risk and operations, only 26% of respondents report doing six or more assurance activities related to leadership below the CEO and board level. In this context, adopting and disclosing effective leadership attraction, assessment, and succession practices is not simply a governance best practice—it's a performance imperative. And it starts with the board itself.

Board refreshment's connection to long-term advantage

A survey we conducted of CEOs and board members in markets around the world in late spring 2025 delivers a clear message: boards that approach refreshment as a strategic, ongoing discipline are significantly more likely to report that they are well-positioned for the future—and that their companies are positioned to outperform peers over time.

We asked these leaders whether board refreshment was a priority for their board and whether they treated it as one:

- Only 28% of directors—a group we call "strategic board refreshers"—see refreshment as a strategic priority and act accordingly.
- A majority—52%—recognize its importance but allow other priorities to overshadow it.
- 19% do not see it as a priority.

Of course, these figures vary by company ownership, size, market, and even sector. Family-owned companies, by a slim margin, are most often strategic refreshers, followed by PE-backed companies and large public companies.[3] But the group of strategic refreshers includes companies across all ownership types as well as across markets, sectors, and sizes.

For a detailed look at the demographics of companies in all three board refreshment groups, see **here**.

Following are other demographic breakdowns.

For detailed information about the backgrounds and career histories of new members of boards in 30 markets around the world, see

Board Monitor 2025: Interactive data dashboard

1 "CEO and board confidence monitor 2025: Persistent concerns, pockets of increased confidence," Heidrick & Struggles, February 5, 2025, heidrick.com.

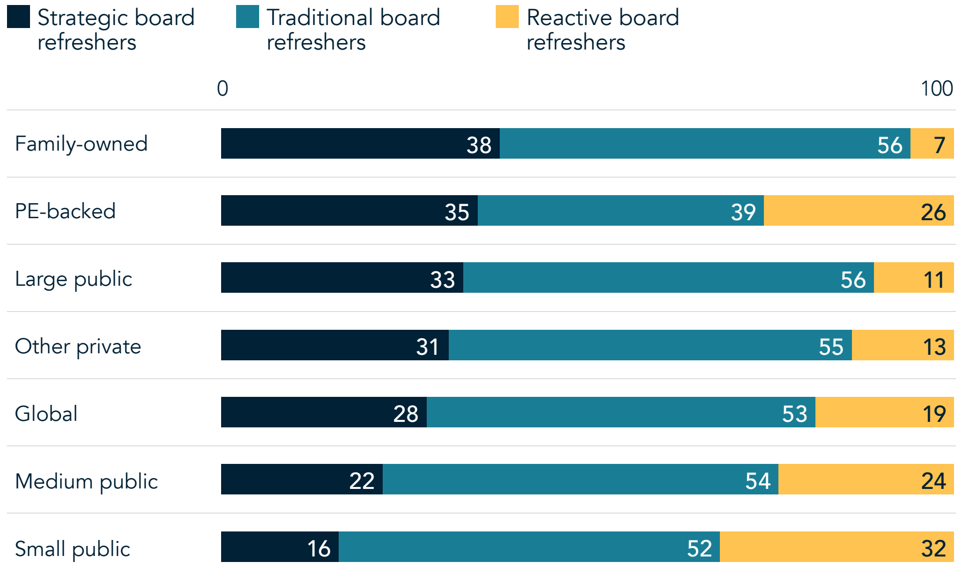
2 *Route to the Top 2025 | The Ascent Redefined: Charting More Effective Routes to the Summit*, Heidrick & Struggles, July 23, 2025, heidrick.com.

3 For more on how family-owned boards approach refreshment, see Jay Bevington and Suresh Raina, "Board effectiveness focus: Best practices for family business succession planning," Heidrick & Struggles, August 14, 2025, heidrick.com.

Distraction is normal

Given all the expectations for boards today and the persistent challenges they face, including geopolitical and economic uncertainty, it's no surprise boards get distracted by more urgent considerations. It's notable that the middle group ("traditional board refreshers")—boards that allow other priorities to get in the way of board refreshment—is markedly larger than it is for those who say the same about CEO succession planning, 52% compared with 33%.[4] In other words, boards are neglecting their own resilience in favor of supporting the rest of the organization, creating a long-term liability hiding in plain sight.

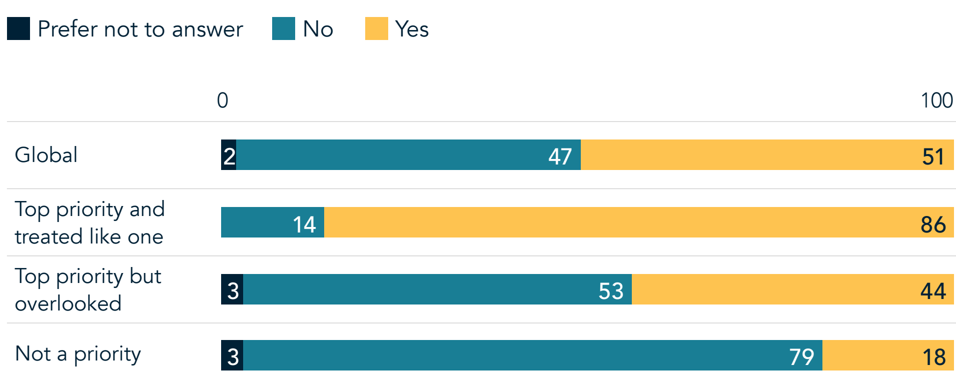
Board refreshment type, by company ownership and size (%)



Note: Numbers may not total 100% due to rounding.
Source: Heidrick & Struggles' survey of CEOs and board members, May 2025, n=522

Strategic refreshers treat board composition as dynamic: continuously evaluating skills, perspectives, and contributions relative to the business they're building, not just the one they've led. They don't wait for retirements, external pressure, or internal dysfunction to refresh the board. They evolve proactively—because they know stagnation is the enemy of sustained performance.

Does your board's approach to board refreshment planning position your organization well for the future? (%)



Note: Numbers may not total 100% due to rounding.
Source: Heidrick & Struggles' survey of CEOs and board members, May 2025, n=522

By contrast, boards that defer refreshment—whether due to tradition, interpersonal loyalty, or operational distraction—risk falling out of sync with strategic shifts, particularly as volatility persists. These boards are more likely to retain underperforming directors, miss opportunities for renewal, and fall behind competitors over time.

4 For more on our findings about CEO succession planning and how companies can improve their confidence in it, see *Route to the Top 2025 | The Ascent Redefined: Charting More Effective Routes to the Summit*, Heidrick & Struggles, July 23, 2025, heidrick.com.

Refreshment as daily hygiene, not emergency surgery

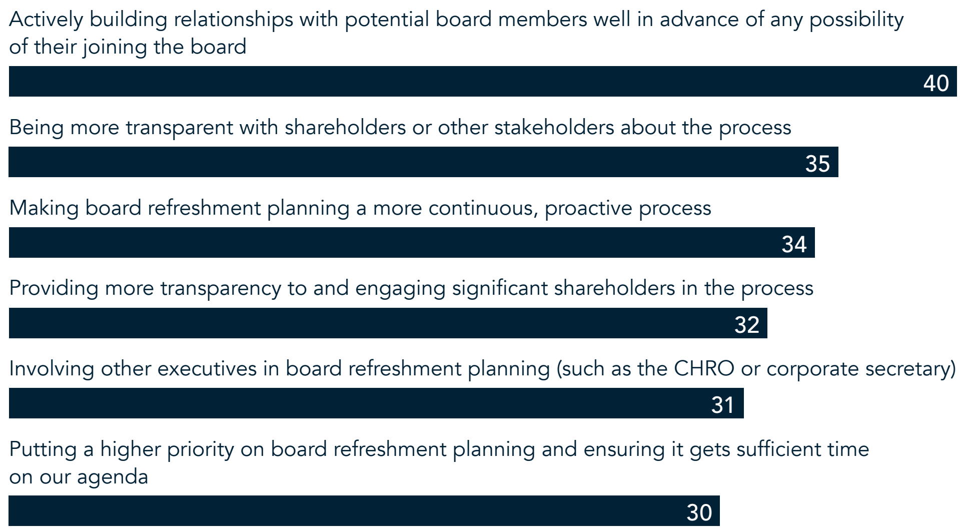
The different types of companies in the group of strategic refreshers each approach governance differently. But in every context, the question is the same: Is your board fit for the future?

The expectations are clear: stakeholders and shareholders alike want to see strategically aligned, transparent, and resilient governance—not just in policy, but in practice.

Effective refreshment doesn't require a disruptive overhaul to any board's current practices. Like toothbrushing and flossing, these routines are simple and inexpensive—but ignoring them leads to decay, pain, and costly and time-consuming interventions.

Strategic refreshers treat director evaluation and renewal as a continuous process. They highlight more planful, continuous, and transparent approaches to both evaluating existing directors and engaging with prospective directors. These steps aren't just about governance—they're about strategic agility, resilience, and performance.

Strategic board refreshers: Aspects of board refreshment that contribute most to the effectiveness of their board's approach (%)



Note: Respondents could select up to three answers.

Source: Heidrick & Struggles' survey of CEOs and board members, May 2025, n=127

The privately owned perspective

The priority that privately owned companies are putting on board succession planning is, we believe, linked to two trends. The first is increasing pressure from investors for higher returns in unpredictable markets, and, for PE-backed companies, over longer hold times than have been traditional. This is leading companies to use board positions to expand their networks, backstop risk, and deepen their leadership bench; many PE firms are seeking board members who could potentially step into the CEO role if needed.

The second trend is an increasing focus on board effectiveness at both family-owned and PE-backed companies. Family businesses that want to attract outside forms of investment, in any form, often need to professionalize their boards. PE firms, meanwhile, find that the more they focus on board composition and effectiveness the better positioned they are to attract board members who would otherwise pursue public-company boards, which, in turn, positions these companies better for the long run, including in terms of exits.

The secondary benefit: Avoiding activist disruption

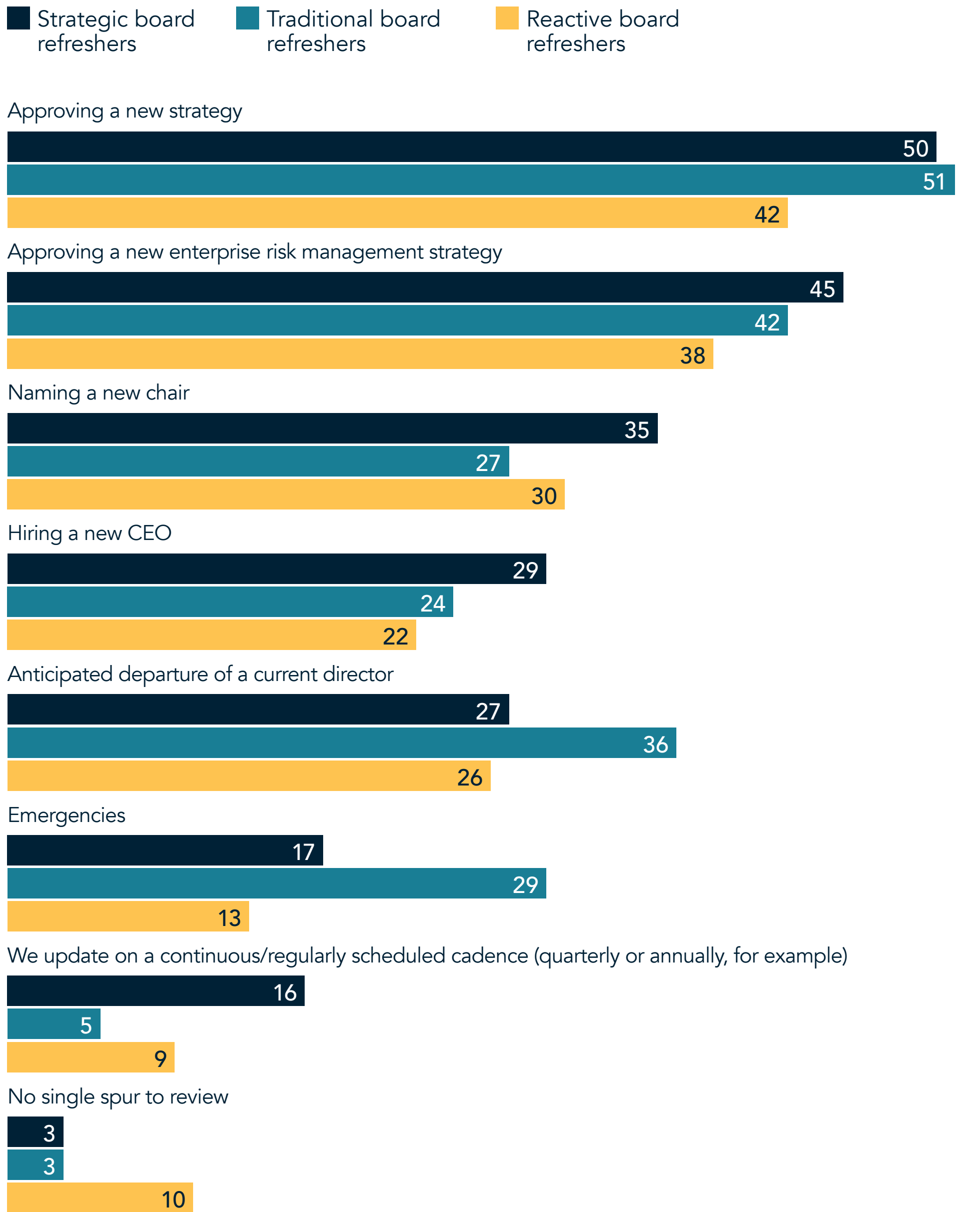
While being assured of the quality of your leaders for today and tomorrow is the primary reason to prioritize board refreshment, doing so also helps reduce exposure to costly and time-consuming activist campaigns.

So far in 2025, 43% of activist campaigns have targeted board seats, according to one recent report.[5] Though activists have been relatively quiet amid economic uncertainty, many are preparing for a surge in the months ahead. Companies, in turn, are quietly hiring advisers to prepare defenses.

It is important to note that even though public proxy fights are becoming less common, negotiations are still disruptive and expensive. Boards that have failed to demonstrate board refreshment discipline are more vulnerable to activist critique and less able to credibly defend their position.

And the broader investment community is watching closely. In fact, other research has found that 77% of institutional investors now see activists as catalysts for change, and 71% as catalysts for accountability.[6] Boards that haven't taken the initiative may find their refreshment agenda shaped for them—by others.

Events that spur a review of the board's capability matrix, by refreshment type (%)



Source: Heidrick & Struggles' survey of CEOs and board members, May 2025, n=522

5 Svea Herbst-Bayliss and Emma-Victoria Farr, "Activist investors set to push for changes as dealmaking picks up," Reuters, July 8, 2025, reuters.com.

6 *The Long and the Short of It: Institutional Investors' Views on Activism*, SquareWell Partners, June 27, 2025, squarewell-partners.com.

Encouraging signs, but work remains

Most directors in our survey, 84%, report increased investment in board refreshment, spurred most often by increased expectations and uncertainty. The 52% of respondents who see board refreshment as a priority but don't act on it are increasing investment almost as often as the strategic refreshment group. It is likely that they see the benefits of more action as being within reach; beyond ensuring refreshment gets sufficient time on their agenda, the areas these leaders most often seek to improve are transparency, building relationships with potential board members well in advance, and making refreshment continuous.

As you consider your approach to board refreshment, we suggest starting with these questions:

- How would you characterize your organization's approach? Strategic? Traditional? Reactive?
- How well does your approach position your organization for the future?

Then, considering these recommendations can help you make progress where you most want to:

1. Treat board refreshment as an ongoing discipline, not a discrete project. Scheduled maintenance drives better outcomes and is the best defense against costly and time-consuming emergencies or attacks.

2. Establish well-defined practices for removing poor-performing contributors to your board within and outside of election cycles and term or age limits.

3. Link board refreshment (and CEO succession planning) to your strategy and risk-planning cycles. At a minimum, review the board matrix at each turn in the planning process.

4. Leverage others. Strategic board refreshers engage the chief people officer and corporate secretary—and get the most out of outside providers. This leverage, alongside steady maintenance, will remove distractions and keep you focused on your strategic agenda.

5. Improve transparency. Adequately disclose your practices in your financial filings or on your website, in private contexts, and to your limited partners or owners. Disclosure of effective practices, done well, improves investor/owner confidence and peace of mind.

Board refreshment is too often treated as a procedural task, but it is in fact a key lever of performance. Done well, boards are better prepared to avoid costly distractions, whether from activists, proxy advisers, or emergencies. And they are laying the value for longer-term value creation. Boards that embed ongoing renewal into their culture and their agenda are better equipped to challenge management, guide long-term strategy, and outperform peers.

CEO & Board of Directors Practice

Heidrick & Struggles' CEO & Board of Directors Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board of Directors Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise, combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital, enables us to provide sound global coverage for our clients.

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