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The Board of Directors' role is becoming increasingly demanding and diverse. In a changing and disruptive global market, the responsibilities of this governing body are gradually evolving to include monitoring strategic oversight, scanning emerging potential risks, a wider stakeholder and resource building, and steering the corporate vision through identifying new opportunities for business growth.

To gain a comprehensive understanding of the evolving role of the Board of Directors and its perception in the business community, a unique research collaboration was initiated between KPMG Greece and The Art of Learning International (Taolin), targeting both Greek multinationals and multinationals companies based in Greece of various sizes. Although the research is ongoing until September 2024, we were privileged to have Peggy Velliotou, Partner, Advisory in KPMG Greece (and esteemed member of our Club), and Dr George Dervakos, Founder & CEO of Taolin, share the interim results with the CEO



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Clubs Greece members during the Circle event that took place on the 14th of May 2024 in our ClubHouse.

In addition to presenting the so-far results, the two igniters invited the participants to answer the same questions via an interactive app, making the analysis much more revealing and thought-provoking.

The research focused on analyzing the following questions:

- Why serve on a board?
- What do board members do?
- What are the skills required?
- How to nail that board position?
- How do you measure board effectiveness?





## 1. Why serve on a board?

Based on broader research, an executive may be interested in serving on a board for one or more of the following reasons:

S – Skills: new skills acquisition.

E – Expertise: being the board champion in a person's area of expertise.

R – Remuneration: getting paid for dedicated time.

V – Value: having a strategic impact on the organization's objectives.

E – Experience: gaining experience in new sectors or different areas of business.

From the above, Expertise and Value are two areas where the Board Member is *offering*, while the other three reasons represent areas where the individual *receives*.

The interim research results indicate that Experience gaining, Value adding, and Expertise sharing are, in order of importance, the most significant reasons for a person to join a Board, while Skills and Remuneration rate relatively lower. These results agree with the sentiment among the event's participants as well.

However, the five reasons above are not exhaustive. Further research identified additional reasons that may include:

- Intellectual Challenge
- Prestige
- Career Development
- Giving Back
- Business Development



- Networking

Based on the event participants' responses, Prestige and Intellectual Challenge rank quite high in motivating an executive to join a Board. The interim research results revealed a similar opinion, with Prestige, Networking, and Intellectual Challenge rating as the top three reasons for someone to join a Board.

To summarize, most respondents believe that a person would join a Board to cultivate strong networks, enhance prestige, develop professional skills, broaden one's strategic vision, add tangible value, and ensure career continuity. The importance of making an impact remains underrated, while it was highlighted that the prevailing factor of one's prestige possibly diminishes or even undermines the significance of a BoD's role as a governing body.





## **2. What do Board members do?**

The survey respondents and the event's participants acknowledge that there is no clear job description for a Board Member. When people try to describe the role, they usually focus on skills rather than responsibilities.

Trying to come up with a meaningful list of responsibilities one could include the following:

S – Strategic oversight

P – People (appointing, removing executive directors, succession planning, etc.)

A – Ambassadorial (for example, dialogue with key stakeholders)

R – Risk (for example, financial control system, risk management, cybersecurity) – an area of increasing interest and importance in BoDs

S – Scrutiny (for example, financial oversight, ESG, company performance)

E – Evaluation (of themselves, the board and its committees)

The survey's respondents and the event's participants perceive the above contributions as equivalent, with none standing out significantly.

To summarize, most respondents believe that board members (should) ensure fairness in decisions, welcome diverse perspectives, uphold transparency, regularly review strategies, encourage questioning for improvement, and improve operations and risk management. Culture shaping, change management and talent retention also prevail. However, it was highlighted that, at least in Greece, the BoD members are often not asked to serve strategically. Instead, they are only given the "permission to approve" already-taken decisions of the executive team, especially in family-owned businesses.



### 3. What are the required skills?

The Nolan Principles represent a meaningful summary for such skills, and include:

- Openness: take decisions transparently
- Objectivity: decisions based on best evidence
- Honesty: must be truthful
- Leadership: the person should be a role model and challenge poor behaviors
- Integrity: no collaborations for personal interest
- Selflessness: act solely in the interest of the business.
- Accountability: accountable, must submit to scrutiny.



The event's participants and the survey respondents identified Integrity as the most critical skill (followed by Accountability and Objectivity), while selflessness rates the lowest.

BoDs are perceived to be relatively homogeneous in skills, backgrounds, and perspectives, though the survey's respondents commented on a somehow higher level of diversity than the event's participants.

In summary, the most important skills for BoD members are considered to include strategic thinking, financial acumen, conflict resolution, strong leadership, analytical prowess, objectivity, clarity, technical/industry/ESG expertise, and digital trend awareness. Mind agility, listening ability, consistency, passion, dedication, ethics, trust, and accountability also prevail. BoD members are believed to become increasingly more sophisticated and professional as corporate culture and governance principles develop. However, members' dedication and commitment may be low since they most often join a Board for prestige.

To meet the complex requirements of the regional and global markets, it is believed that BoD members should further develop their skills/knowledge on governance, crisis management legal knowledge, adapting ability to new company culture, understanding of dynamics, clarification of roles and responsibilities, improvement of time management, cybersecurity and AI. Learning to keep distances, meaning, effectively understanding and maintaining balances and dynamics in a corporation was also highlighted as necessary.

From the above, it is clear that there is a prevailing focus on technical rather than soft skills.



#### **4. How to nail that position?**

Both the event participants and the survey respondents believe that new BoD members may be from the company's sector or from other sectors. However, this may be decided on a per-case basis since it is difficult to generalize. Some participants raised concerns about having new members from the same industry (there may be potential conflicts of interest), while others favored people from other industries to take advantage of new perspectives.

The event's participants were indifferent about hiring high-profile BoD members, though the survey respondents were rather negative, believing it does not pay off.

Board appointment opportunities can be identified through the Big 4, recruiters, one's network, professional communities, referrals, events, and word of mouth. The choice of a new BoD member depends on Board Nomination Committees, headhunters, referrals,



previous cooperation, and recommendations from current Board Members. However, cases of preference due to the individual's acquaintance with the company's owner/CEO are also possible in the Greek market.

To enhance one's brand and increase one's chances of joining a board, one should boost the visibility of one's profile, attend top-notch courses, volunteer for board services, optimize one's LinkedIn profile, and establish a robust professional track record.



## 5. How do we measure board effectiveness?

Board effectiveness is not rated high (a bit above average) among the event's participants or the survey respondents. Decisions are not considered to be based mainly on data or evidence, the BoDs' decision-making processes are not very inclusive, and the BoD members' engagement level is rather average. Finally, most of the event's participants feel that BoD members are hesitant to voice a different opinion during board



discussions (this percentage was higher than the one indicated by the survey respondents). This point raised many concerns among the CEOs since it clearly decreases the effectiveness of a BoD and questions the leadership's ability to inspire trust, honesty, and openness. Psychological safety seems to be a significant problem since BoD members do not feel safe enough to voice their opinions, while the company's leader may not be ready to hear either.

So, in summary, it seems that board meetings hit goals but lack depth, have the potential to add more value provided there is ample preparation in advance (which appears to be currently missing), and need improved management time and greater attention to agenda preparation. Many highlighted that most Greek BoDs are merely "ticking off the boxes" and are not adequately functioning, thus lacking efficiency and effectiveness.

The journey to boardroom excellence seems to be hindered by the leadership's temptation to micromanage, ineffective nomination process, lack of a rotation plan, failure to remove unproductive members (a point that was perceived as most vital), a non-functioning committee structure, lack of strategic planning or plan for onboarding new members. The need to be "too politically correct", lack of commitment, poor alignment with the company's strategy, insufficient board diversity, an ineffective chairperson, and lack of structure and governance (especially in family businesses) also decrease a board's effectiveness.

Opinions about the frequency of the BoD meetings vary, as some believe they should take place monthly and others quarterly. Ultimately, it depends on the company and the specific issues that should be addressed. However, frequent meetings (even if informal, among the BoD members) are favored to cultivate trust and frequent exchange of information.



## Conclusion

The increasingly complex market requirements push towards more effective and efficient BoDs. So far, in Greece, BoDs lack the desired effectiveness; however, there have been significant improvements over the past years, and the demand for professional BoD members has significantly increased. With additional bottom-up pressure (that is, from the existing and potential new BoD members) as well as the support from experienced consultants, it is believed that BoDs in Greece will improve even more in the near future. The executives should learn how to position themselves better and, above all, enhance their knowledge through targeted training, improving their skills and, thus, becoming more relevant and valuable in a Board of Directors position.



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