

NON-EXECUTIVE DIRECTOR RETREAT 2018

THE BOARDROOM INFLUENCERS

RESEARCH RESULTS



“This research, conducted at our Non-Executive Director Retreat 2018, provides a fascinating insight into the challenges Boards and leadership teams are facing. Up against an uncertain business environment, continuing tech disruption and shifting stakeholder demands, leaders can find their strategy quickly becoming obsolete.

Internal alignment between the Chair, CEO and CFO is crucial, and yet a staggering 49 percent of NEDs do not believe these key players are fully aligned on strategy. Perhaps as a result, only 12 percent are confident that the executive team can execute on the medium to long-term plan.

Chairs and NEDs say that retaining key talent and developing skills is their number one priority for the next 12 months, with 97 percent saying more should be spent on leadership development. Despite this, 76 percent say their organisations are spending more on headhunters than on developing talent internally.

But perhaps the most striking finding is the disagreement between NEDs and CEOs (who we surveyed just a few months earlier) on reasons for failure in the management team. Chairs and NEDs say being afraid to challenge and speak openly is the primary reason, whereas CEOs put this at the bottom of their list.

Change is constant, and for a business to succeed its leaders need to foster a collaborative culture enriched with access to external insight. Boardrooms need to foster constructive and challenging discussions and must not hide behind the governance and reporting structures that often weigh them down.”



Tom Beedham

Director – Board Mentors & NEDs
Criticaleye

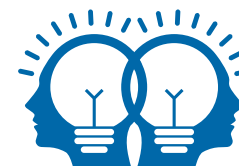
Findings from Criticaleye's NED Retreat 2018 Research



Fear to challenge
and speak openly
is the no.1 reason
for management
team failure



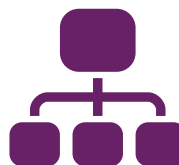
91%
of Chairs and NEDs
are facing business
model disruption



63%
agree business performance
is enhanced when executives
have reference points
outside the business



Almost a quarter
(23%)
say their exec team waits
12 months or more to
discuss strategy



49%
say their top team
isn't fully aligned
on strategy



Chairs and NEDs say
CEOs need to improve
their people skills
and communication
as a top priority

Strategy

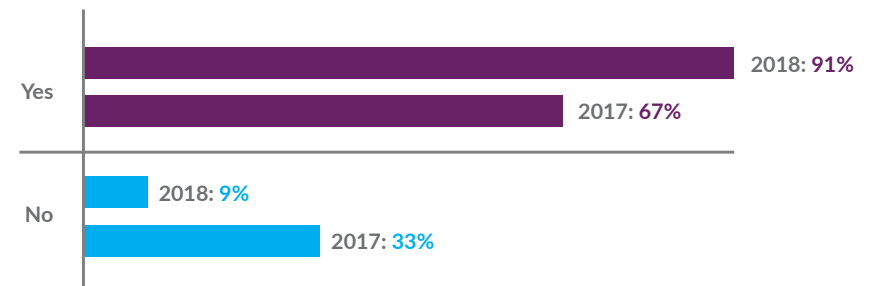
Criticleye offers senior executives a unique opportunity to discuss and reflect upon strategy with peers and experts

More Boards are experiencing business model disruption than in 2017.

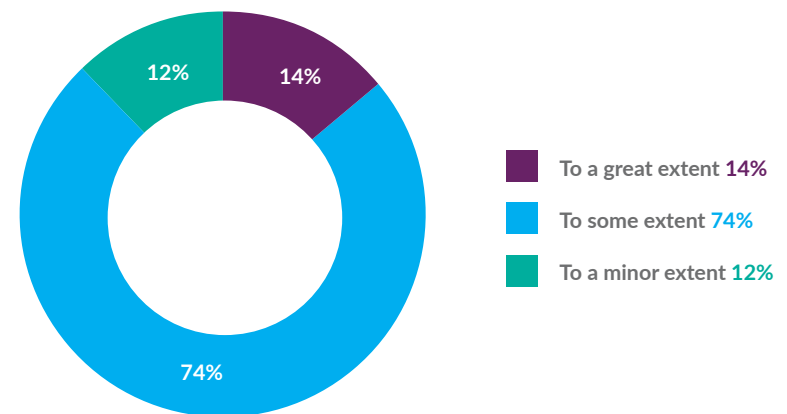
91% are now facing disruption, and yet only 14% are fully confident the top team can respond

Listen to Matthew Blagg, CEO of Criticaleye, and Neil Griffiths, NED on the Boards of City Pub Group and StarStock (& Board Mentor, Criticaleye), talk about disruption in our latest podcast by clicking [here](#)

Is your board currently grappling with business model disruption?

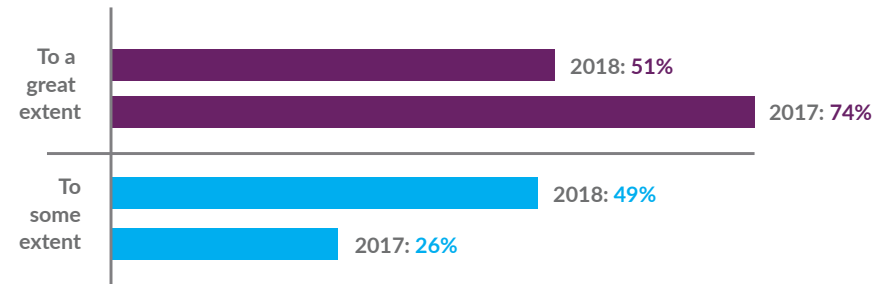


Do your senior executives have the ability to respond to business model disruption?

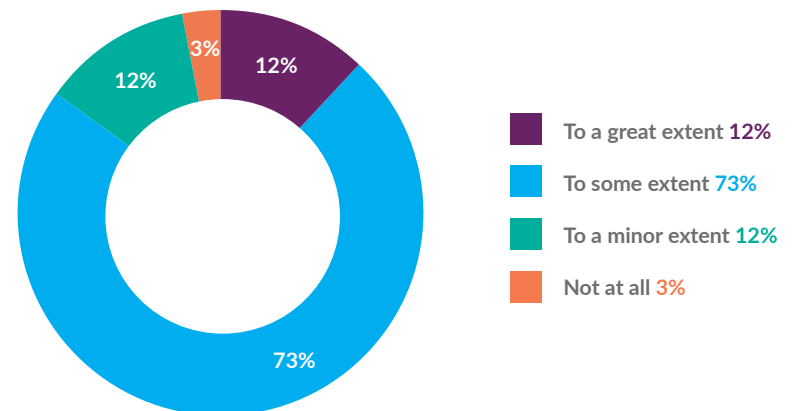


Boards are less aligned on strategy than 12 months ago. Around half of Chairs and NEDs aren't convinced the top team is aligned, and only 12% are fully confident in its ability to execute that strategy

Are the Chair, CEO and CFO aligned on strategy?



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

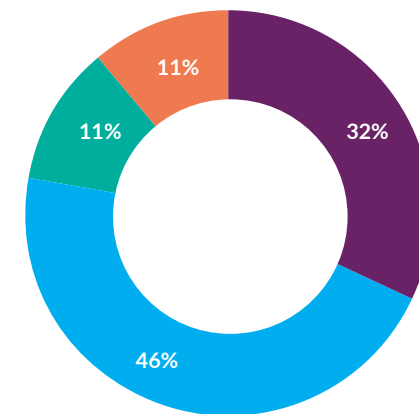


78% of Chairs and NEDs say their management team is too inward-looking

Leadership collaboration: bringing the outside in. Click [here](#) for leading executives' views on the value of collaborating outside of your organisation.

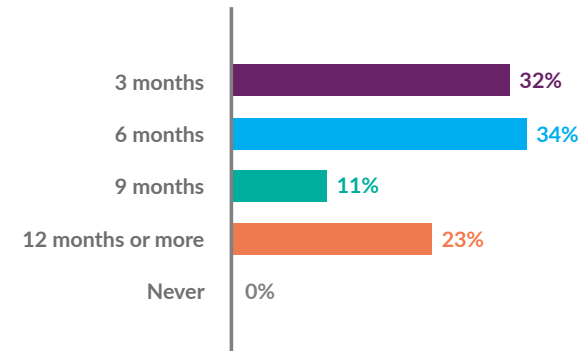
Featuring Jill Easterbrook, CEO, Boden; Jaidev Janardana, CEO, Zopa; Paul Cardoen, CEO, First Bank of Nigeria, UK; and Paula Dowdy, SVP & GM EMEA, Illumina

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

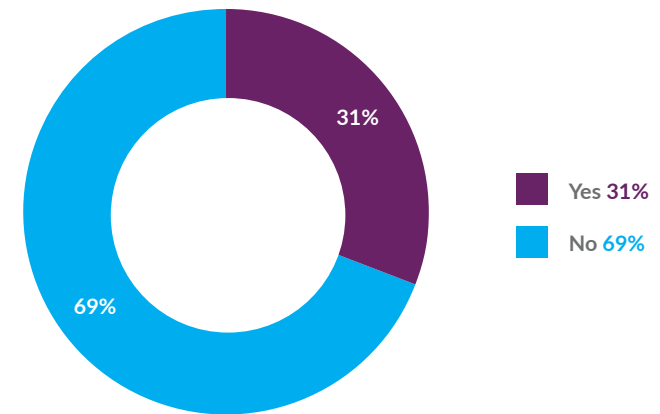


**Most leadership
teams aren't taking
the opportunity to
benchmark strategy
outside the business**

How often does your executive team
meet to discuss strategy?



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



Top 5 areas you intend to prioritise in your organisation over the next 12 months?

☒ Retaining key talent and developing skills

☒ Improved performance management

☒ Digitisation

☒ Organisational design

☒ Innovation

Leadership

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

What do leaders say are the primary reasons for failure in the management team?

Chairs / NEDs

Results taken in October 2018

- 1 Afraid to challenge and speak openly
- 2 Lack of trust
- 3 Not enough time spent discussing strategy
- 4 No alignment on key objectives
- 5 Poor communication and people skills
- 6 Substandard internal controls and reporting

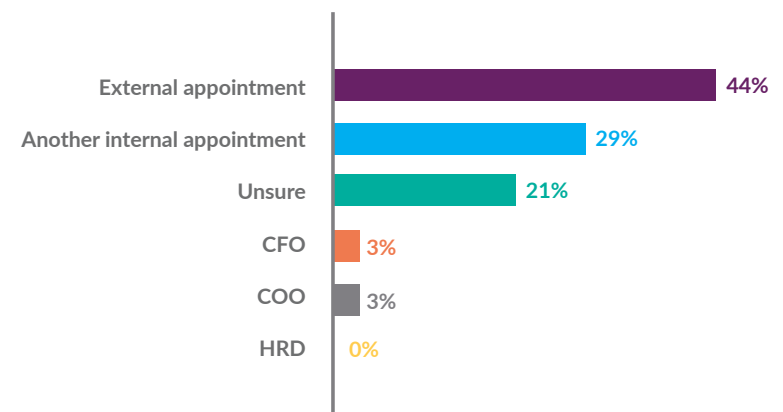
CEOs

Results taken in May 2018

- 1 Not enough time spent discussing strategy
- 2 No alignment on key commercial objectives
- 3 Lack of trust
- 4 Substandard internal controls and reporting
- 5 Poor communication and people skills
- 6 Afraid to challenge and speak openly

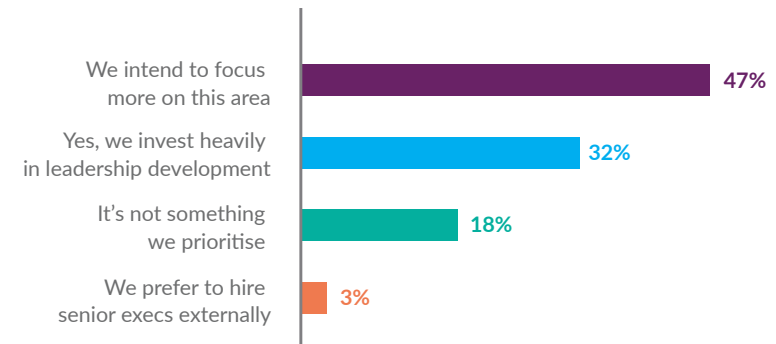
A significant proportion of Chairs and NEDs expect to appoint the next CEO from outside the business, and only 3% expect the CFO to be the successor

Who do you expect to replace the CEO?

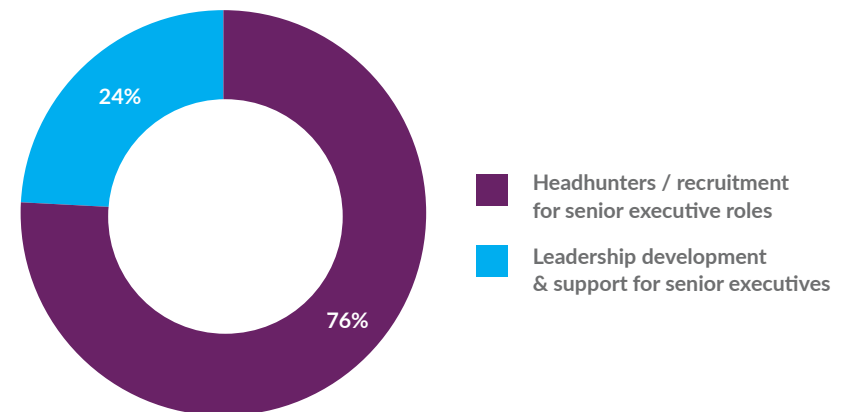


While most agree on the importance of leadership development, 76% say organisations spend more on head hunters and recruitment when it comes to senior appointments

Is leadership development for senior executives a priority within your organisation?



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



**97% think more should
be spent on leadership
development and support
for senior executives – so
why isn't this happening?**

Leadership Development: How is Your Budget Allocated?



In this video, business leaders share their views on how their organisational budget is allocated; getting the right balance between internal leadership development and bringing in new talent; and why ongoing, internal leadership development programmes are a vital ingredient of organisational success. Featuring: Matthew Blagg, CEO of Criticaleye; Claudio Righetti, CEO of Analyx and Chair at Twentyfifty; and John Duncan, Managing Director at Heathview Consulting and former Group HRD of Royal Mail.

Is leadership development enough of a priority for senior teams?

97% agree that external mentoring improves the performance of senior executives

All Chairs and NEDs believe that business performance is improved when executives have reference points outside their business or sector

97% think more should be spent on leadership development

76% report that organisations still spend more on headhunters than developing leaders from within



Stakeholders

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

What is the most common reason for management teams becoming too focused on short-term goals?



NEDs revealed where CEOs, CFOs and HRDs need to improve

CEOs

1. People skills and communication

2. Strategic thinking

3. Building alignment in the senior leadership team

CFOs

1. Building alignment in the senior leadership team

2. People skills and communication

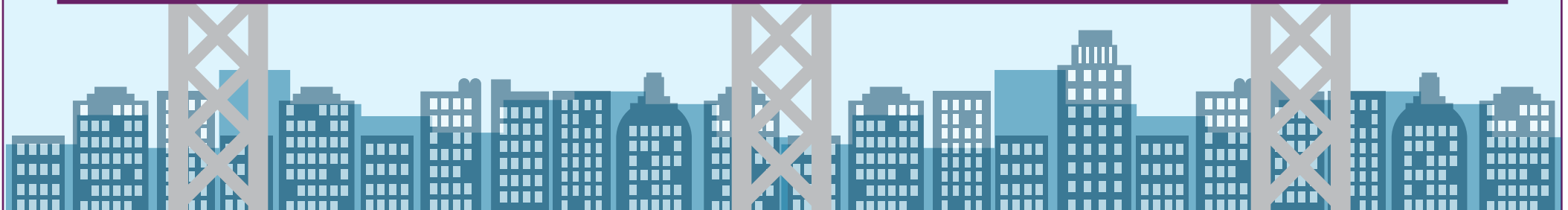
3. Strategic thinking

HRDs

1. Strategic thinking

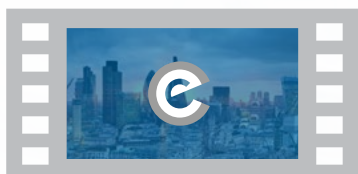
2. Building alignment in the senior leadership team

3. Recognising the need for external reference points



What our leaders say

Getting the balance right between tactical and strategic thinking

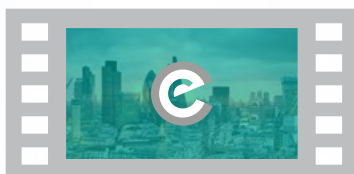


68% of executive teams go six months or more without discussing strategy (NED Research 2018). In this film, we ask leaders about striking the right balance between tactics and strategy.

Thanks to Anthony Fletcher, CEO of graze; Lynn Drummond, Non-executive Chair at Venture Life Group (& Board Mentor, Criticaleye); Jill Easterbrook, CEO of Boden; Paul McNamara, CEO of EValue; and David Johnson, CEO of Security Services at International SOS, for sharing their expertise.

[CLICK HERE TO WATCH THE VIDEO](#)

How roles on the Board are evolving

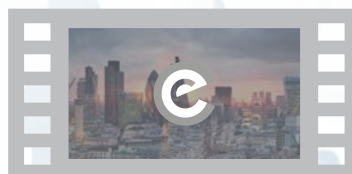


We asked Chairs and Non-executives about the changing role of NEDs.

Many thanks to Tony Hayward, Chair at Glencore; Sarah Bates, Chair at Polar Capital Technology Trust; Dame Alison Carnwath, NED at BP and Independent Director at Zurich Insurance Group; Neil Griffiths, NED at City Pub Group and StarStock (& Board Mentor, Criticaleye); and Phil Smith, Chair at Innovate UK (& Board Mentor, Criticaleye), for sharing their views.

[CLICK HERE TO WATCH THE VIDEO](#)

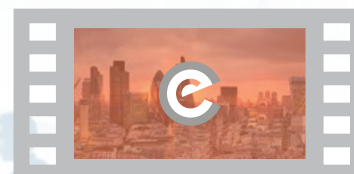
Delivering long-term shareholder value as a Non-executive Director



Filmed at the Criticaleye Non-executive Director Retreat, Matthew Lester, Non-executive Director for Capita and Barclays (& Board Mentor, Criticaleye), talks about being a NED and the role of non-executives in challenging and being strategic within the businesses they oversee.

[CLICK HERE TO WATCH THE VIDEO](#)

Understanding the value of an external mentor

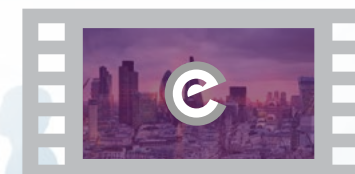


Criticaleye Board Mentors offer exceptional advice and experience to Executive Members in our Community. In this film, taken at our Non-executive Director Retreat, we spoke to them about the value of mentoring, both during their careers and now as mentors.

Thanks to Mark Whitby, Chair at Codeplay; Keith Edelman, Chair at Revolution Bars Group and PennPetro Energy; Phil Smith, Chair at Innovate UK; and Neil Griffiths, NED at City Pub Group and StarStock.

[CLICK HERE TO WATCH THE VIDEO](#)

Will the new Corporate Governance Code improve business performance?



We asked leading Chairs and Non-executives for their views on the Corporate Governance Code.

Thanks to Dame Alison Carnwath, NED, BP/Independent Director, Zurich Insurance Group; Hywel Ball, Managing Partner, EY; Vindi Banga, Senior Independent Director, GSK and Samantha Barber, Non-executive Director, Iberdrola (& Board Mentor, Criticaleye) for their views.

[CLICK HERE TO WATCH THE VIDEO](#)

WANT TO JOIN OUR GROWING COMMUNITY OF CEOS, CFOS, NEDS, HRDS AND OTHER LEADERS? CONTACT: 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



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

Criticaleye (Europe) Ltd

WeWork, Aldwych House
71-91 Aldwych, London, WC2B 4HN

T: +44 (0) 20 7350 5100

Criticaleye (Asia) Ltd

23rd Floor, LKF Tower
33 Wyndham Street, Central, Hong Kong

T: +852 6114 3865

www.criticaleye.com

