Governance For What's Next

PART 4 | Future-proof Evaluation

Amrop

Leaders For What's Next

No matter the size or legal status of your organization, the case for board evaluation has never been stronger.

In today's turbulent environment, stakeholders and (activist) shareholders are rightly demanding clarity on how boards are securing results.

Box-ticking is no longer enough. Moreover, there is a steady move from one-off exercises to an integrated, cyclical approach. What are the basics of board evaluation, and what does excellence look like?

Amrop

What's sparking board evaluation today?

Beyond regulatory compliance, Amrop identifies three main areas that are currently prompting boards to seek an objective and data-backed review of their performance and governance.

Growth & Change

Change in ownership structure.
Expansion into new markets or territories.
Pre- and post-M&A integration alignment.
Rapid growth due to market or revenue increase.
Introduction of new products or services.

Succession planning

Identifying skills and experience gaps.
Alignment of board needs with corporate strategy.
Scenario testing for unexpected vacancies.
Identifying leadership development and training needs.
Developing objective criteria for new board members.

Supporting stakeholders or investors

Increasing transparency and openness to enhance trust.
Benchmarking against industry standards & best practices.
Strengthening board independency and objectivity.
Improving risk management processes.

Amrop

In this final article of ‘Governance For What’s Next’, Amrop Partners and members of its Global Board Services Practice scan the current landscape of board evaluation. We present a pragmatic model.

8 Burning questions for boards

1. As a board, do we have sufficient oversight of corporate risks?

2. The fight for NEDs is stronger than ever. How are we preparing?

3. How prepared are we to anticipate and meet the demands of our customers?

4. How enriched is our board with diversity of all types?

5. How do we ensure excellent corporate governance (beyond basic compliance)?

6. As board members, are we sufficiently informed and engaged?

7. Do we have the right skillset to evaluate financial processes?

8. To what extent are we equipped to oversee cyber security risks?

> "The larger your company becomes, the more your board can start to resemble an ocean-going tanker. Once the momentum has set in, it becomes extremely difficult to alter — or stop — its course."

Image by Venti-Views@Unsplash

On 15 July 2022, the small crew on the OceanGate submersible Titan heard a disturbing noise during a test dive. It was also picked up by the vessel's monitoring system. A US Coast Guard investigation subsequently established the source: the hull's carbon fiber was degrading. In June 2023, the submersible imploded on descent to the wreck of the Titanic. All five passengers, including OceanGate's CEO Stockton Rush, lost their lives.

David Lochridge, OceanGate's Director of Marine Operations, had been amongst the industry professionals alerting the Board to development flaws.[1,2] Notably, the company had evaded US industry regulation by deploying in international waters.[3] In 2018, Lochridge compiled a report on the submersible's design vulnerabilities, particularly in its hull.

These were addressed in a tense two-hour meeting with OceanGate's executives. Lochridge also asked that any further tests be unmanned. Not only were his warnings unheeded, but he was also fired and issued with a lawsuit by OceanGate (settled out of court). Observers evoked the 1912 Titanic — the very wreck the Titan wanted to observe — as a similar case of overconfidence and disregarded warnings.[4]

Beyond its devastating human impact, this tragic episode has a rather less obvious message: the importance of ethics, clarity and transparency at the top. One analysis pinpointed leadership's failure to communicate risks to crew members, hiding information and undermining its ability to resolve emerging issues.[5]

It couldn't happen here. Or could it?

Is this a case of start-up symptoms: one-upmanship between 'tech bros', hubris, reckless innovation and financial pressure? Such underlying failings are not limited to small firms. Theranos was once valued at $9 billion. Its blood analyzer, it claimed, could perform a full range of clinical tests using small samples from a finger stick, delivering results faster, more accurately and reliably than conventional methods. Yet Theranos repeatedly ignored warnings from scientists and employees regarding product dysfunctionality, misleading potential investors about its financial condition and prospects. In 2022, founder was found guilty of investor fraud [6]. The company was also criticized for its unqualified board of directors.[7]

Recently, UK challenger bank Starling was fined £29 million ($39 million) by the City regulator for lax controls during the growth spurt that propelled it from its first account in 2016 to a 3.6 million customer base by 2023. Concerns surrounding its anti-money laundering and financial sanctions systems were surfaced during a 2021 regulatory review. The bank agreed to exclude new accounts for high-risk customers until its systems were rectified. Yet it subsequently opened accounts for over 49,000 such customers, the FCA (Financial Conduct Authority) found.[8]

From Volkswagen to BP, WireCard to Enron, governance failures have been making the headlines for decades. "The larger your company becomes, the more your board can start to resemble an ocean-going tanker," says Amrop Board Member Andrew Woodburn. "The progress is lumbering and once the momentum has set in, it becomes extremely difficult to alter — or stop — its course."

But there are positive examples too

Kering is the luxury group behind Gucci, Saint Laurent and Balenciaga. François-Henri Pinault succeeded his father as Chair and CEO in 2005, leading several years of positive evolution. However, since the pandemic, the company's market value had dropped by two thirds. After several unsuccessful turnaround attempts, in 2023 Mr. Pinault began to explore governance changes. He decided to separate his Chair and Chief Executive roles, retaining the former and handing the CEO seat to Luca De Meo, the Italian executive who transformed the fortunes of Renault.[9]

A major listed retailer with two families as majority stakeholders sought an external board evaluation. Beyond compliance with governance standards, insights were needed into the board members' performance and engagement. Moreover, frustrated by a 'consensus-oriented' board culture, senior managers desired a more challenging, forward-leaning dialogue.

The Amrop board evaluation team performed a quantitative assessment of the 4 governance pillars (see our model on page 11). It next conducted structured interviews with the board and executive management team. The evaluation highlighted some competency gaps in the board and a lack of engagement from one particular member.

So, the Chair suggested transferring two NEDs to the Nomination Committee. Two hires ensued: a female digital board professional and the CEO of a large digital/consumer company. The board was now strengthened with strategically-aligned, value-adding competencies, and a vital cultural shift set in motion.

"If anything happens in a company, you're accountable. And the costs can be immense."

1 Basic coverage.

At the root, governance frameworks, including evaluations, ensure that companies operate within clear, regulated boundaries. Together with stock markets, they protect investors. "They know that the place that has their money has a set of railway tracks to stay inside of," says Andrew Woodburn.

"Recently, companies have suffered multiple scandals; the falsification of data, harassment or accounting problems. Activist investors are taking advantage of this to push for strengthened governance," adds Amrop Board Member Naohiro Furuta.

An external, independent evaluation is all the more vital as malfeasance and corruption remain an everyday reality — despite directors' best intentions. And directors are exposed. "You know your risks and liabilities. You have insurance. But insurance doesn't always cover everything if you have made a mistake," says Gabriela Nguyen-Groza, a member of the Amrop Board Services Practice.

The pendulum has now swung hard from *laissez-faire* to making directors responsible for everything, observes Andrew Woodburn. Board evaluations can help. "Like an annual independent financial audit, regular board appraisals give comfort and help ensure that you're doing the best possible job."

They may also demonstrate good faith in the case of a problem."A company can fairly state that, whilst their directors can't know what every individual in a 10,000-employee business is doing, they have carried out their duties to the best of their ability, and this has been independently validated."

"I'm not sure that an evaluation would take off your full responsibility," says Kenneth V Mortensen, a Founding Partner of Amrop in Denmark. "But it's a way to show stakeholders that a board takes this very seriously and self-evaluates individually and collectively in a structured way. "

Elin Wrammerfors is Co-Leader of Amrop's Global Board Services Practice. She recommends NED candidates check a board's evaluation process even before joining. "If anything happens in a company, you're accountable. And the costs can be immense. People are flattered when we reach out with a board role. But they should also do their own due diligence, making sure the board ensures proper functioning via thorough evaluations."

2 The route to best practice.

Long required of listed public companies, board evaluations are today considered universal best practice. Done well, an evaluation supports robust, responsible performance. As seen, it essentially identifies a board's risk awareness and compliance with governance practices, regulations and industry standards. But a truly effective evaluation is a deep dive into a board's strategic alignment, operations, composition and dynamics.

But many boards are still snorkeling. In 2018, EY reviewed the latest proxy statements filed by Fortune 100 companies.[10] Their findings suggest missed opportunities in the board evaluation. According to what was disclosed:

- 22% used or considered an independent 3rd party to facilitate the evaluation, at least periodically.
- 24% included individual director self-evaluation along with board and committee evaluation. 10% conducted peer evaluations.
- 40% used questionnaires, (15% used only questionnaires, 25%, questionnaires plus interviews).

Amrop

In 2024, PwC's Governance Insights Center surveyed over 500 public company directors in the US. [11] It found that 49% of directors wanted the replacement of someone on the board. And yet 88% trusted their board to address its own performance, even if 46% considered assessments too focused on box-checking.

Elin Wrammerfors: "A basic evaluation prescription demonstrates compliance with codes. It meets expectations around accountability and board effectiveness. But the real benefit goes far beyond that. A good evaluation creates space for reflection. Board members get time to ask themselves: are we focused on the right things? Dialogues with the board members and chair add considerable value. We spend a lot of time on questions such as: are we doing what we should? Are we working well as a team? Is enough time spent on strategy?"

Furthermore, a board evaluation should not be a one-off initiative, but a sustained approach that is integrated into a long-term cycle of continuous improvement. "Even in unregulated or smaller firms, a light but meaningful evaluation process is good governance," says Kenneth V Mortensen. "At minimum, it should include a structured annual self-assessment (ideally including feedback on the Chair), with a periodic external facilitation every 2–3 years (see page 12).

"It should result in clear action points, follow-up discussions, and transparency with key stakeholders. It should include an assessment of board composition and future skills needs. It should embrace a reflection on board dynamics, engagement levels, and strategic value-add. If resources are limited, focus on quality conversations, not checklists.

"I want to be brought in for the right reasons," he reflects. "A board evaluation shouldn't be a tick-box exercise but because you'd really like to develop and will react to any findings. Otherwise, it's just going to be a document lying in your drawer and nothing is going to be done about it. So, don't see your board evaluation as an insurance policy. That's the wrong attitude."

"There's a clear distinction between evaluators who just take the word of the FRC code, versus those who get under the skin of the human interactions — the real value-add."

3 A strategic tool for renewal.

Still, he observes a shift in thinking. "Board reviews are becoming more frequent and nuanced, especially in medium and large sized companies. Boards want actionable insights — how they function as a team, challenge management, and where they can improve. In many cases, this leads to development plans or individual director coaching.

"There is a move from static governance to dynamic board effectiveness. Many boards are no longer satisfied with an annual evaluation or a standard skills matrix. They want to evolve continuously. I'm being brought in more often to support dynamic board reviews, real-time feedback loops, and development plans that help the board function better as a team with collective intelligence."

Boards need to build 'social muscle', says Gabriela Nguyen-Groza. But this is made difficult by the lack of regular contact: "The board is a collection of individuals meeting four or six times a year. And it should actually be a community."

"There are two camps in board evaluation," says Amrop Board Member Adam Saunders, recalling that FTSE 350 companies must conduct an external exercise every three years. "These exist on a spectrum between policing, governance and compliance on one end, and performance improvement on the other." The first pole adds little meaningful value. "They just throw the report in the desk or stick it in the annual report.

"The other end is really interesting. The chair, for example, recognizes an opportunity to improve the current board and its future iteration — as ten years roll on, people roll off. But there's a clear distinction between evaluators who just take the word of the FRC code, versus those who get under the skin of the human interactions — the real value-add."

Andrew Woodburn: "Some companies want to minimize cost and get the evaluation done as fast as possible. The brilliant ones are trying to be better than last year. The good ones, who are not where they should be, are not hiding things." Others are less forthcoming, and this is a red flag: "Boards that don't do appraisals are hiding their deficiencies."

"Skills and expertise are critical components of board composition," adds Naohiro Furuta. "But companies must differentiate on integrity — a characteristic that is even more important."

Boards undertaking an evaluation need grit and gravitas. "The biggest issue in a publicly listed business is the shareholders," says Adam Saunders. "They just want the firm to keep growing and making money. Any disruption to that, including a change of CEO or founder, is like a football team swapping out their star defender and putting them on the sidelines as a manager. What impact does that have on the team's scoring results and their position in the league at the end of the year?"

This is why long-termism is so important. He recently conducted a two-year longitudinal evaluation. "It starts with counseling. 'This is happening. It's a difficult discussion, but necessary. And what are our milestones over a 24-month period to arrive at a point where we can reduce the gap?' "

> Board members don't get a lot of feedback on how to improve."

> This is happening. It's a difficult discussion, but necessary. And what are our milestones over a 24-month period to arrive at a point where we can reduce the gap?" .

4 Why the numbers aren't enough.

To unleash its full potential, a board evaluation should be quantitative and qualitative. "Using both a questionnaire and interviews, you reach somewhere completely different," says Elin Wrammerfors. "This helps the board to identify blind spots. It can strengthen relationships, clarify roles and align the board on its strategic priorities,"

And board members rise to the challenge, Adam Saunders reports. The best now see deep interrogations as the norm. "We're in a market where leadership and assessment and coaching are everyday parts of discussions, so it's become a habit. They do it really well. A psychologist joins our one-on-ones. When I'm conducting the evaluation, that person will intervene, suggesting: 'Probe more. That wasn't good. This could be better. Why did they say that?' And the clients love it. They see a huge value add."

This is all the more important, as constructive criticism between board members doesn't arise naturally, says Andrew Woodburn. "They don't get a lot of feedback on how to improve." An individual might be considered to be too quiet by colleagues. "She doesn't speak up. How do I tell that to her face in the boardroom?" An anonymous consolidation of opinions makes it easier to communicate calmly and convincingly: "You can prove that three people say the same thing. If they are all asking for something, you should probably consider it. And then you and the chair decide if you're going take the feedback forward." This is why independent observations, including positive reinforcement, are so vital. "Which directors would you like to recognize for excellence and in what area?"

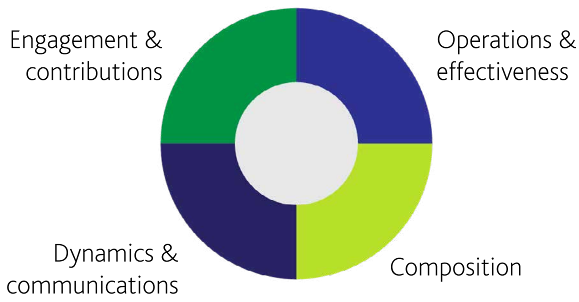
Future-proof evaluation | the Amrop model

This tailored process provides a clear, data-driven review of board performance, governance and alignment. In-depth interviews, shadowing, and Amrop's Board Evaluation Tool (BET©), deliver actionable insights to enhance board effectiveness, strategic alignment, and governance practices. The evidence- and research-based framework objectively uncovers the dynamics in critical areas.

1 Collective evaluation

Method: anonymized questionnaire.
Groups: board members, + executive management team & other stakeholders (optional).

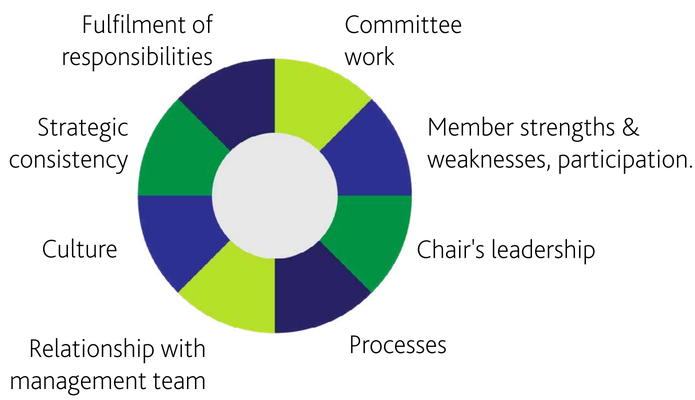
The BET© covers up to 14 key performance areas in 4 domains (below) and can be completed in 30 minutes. Open fields allow additional participant input. Data is delivered in graphic form, with area rankings and cross-comparison of the perceptions of different stakeholder groups.



2 Individual exploration

Method: anonymized 1-on-1 interviews and/or shadowing board meetings.
Groups: board members.

Rigorous interviews reveal the board's performance: as a body, its committees, and individual members. Focus areas are decided with the client. We recommend including the ones below.



3 Presentation & feedback

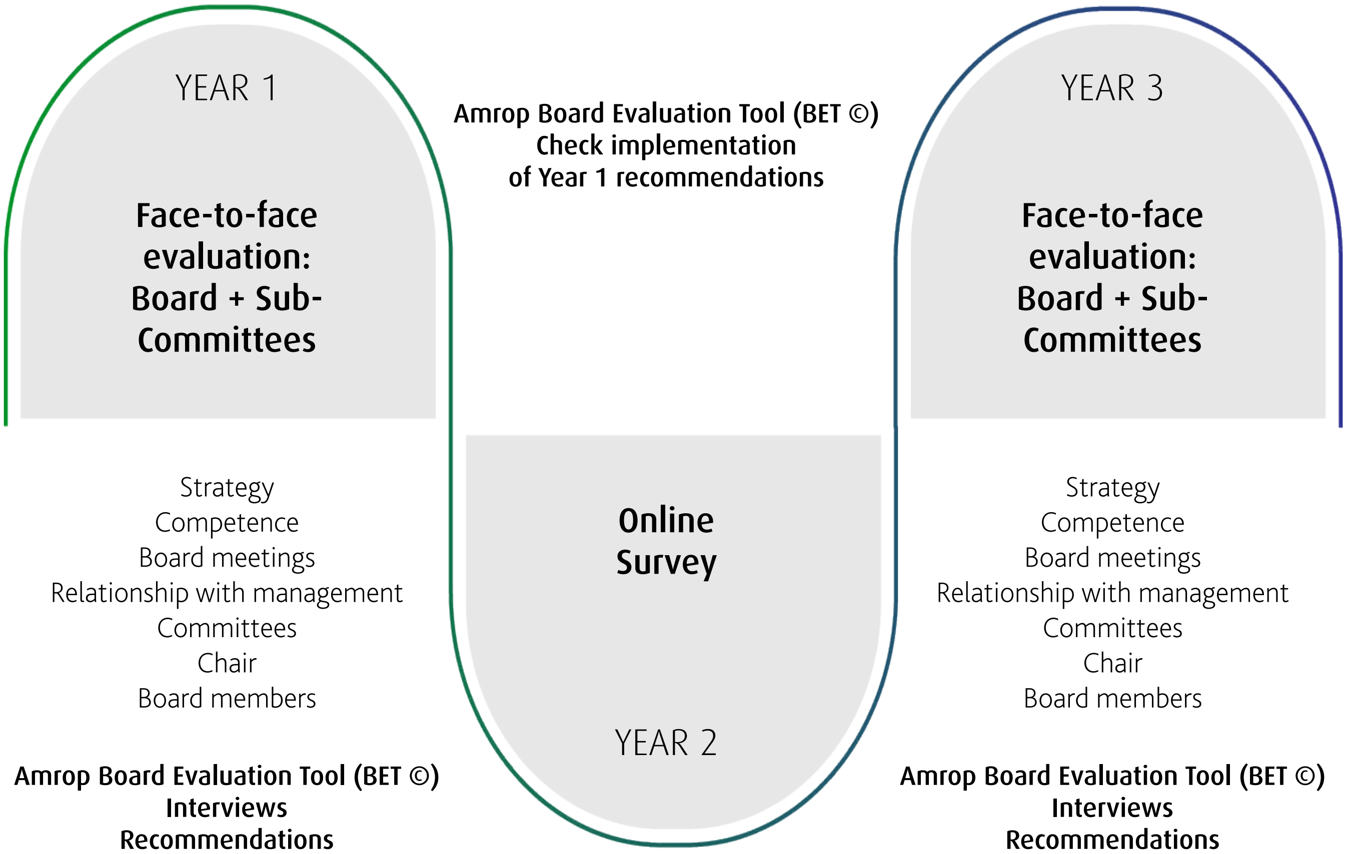
Method: written report + oral debriefing.
Groups: Relevant governance committee/s, chair, whole board.

The results are presented to the relevant governance committee/s. Alignment is secured on how to share with the chair and the board as a whole.

- Conclusions on the board as a collective, individual board members and chair
- Debriefing and discussion with the whole board (not concerning individuals)
- Optional individual feedback to each board member and workshops with the whole board.

Installing a 3-year board evaluation cycle

"Even in unregulated or smaller firms, a light but meaningful evaluation process is good governance. At minimum, it should include a structured annual self-assessment (ideally including feedback on the Chair), with a periodic external facilitation every 2–3 years."



Future-proof board evaluation
3 axes to go deeper

1 — Set a broader scope — beyond financials.

Include criteria related to ethics and integrity. ESG and sustainability governance. Stakeholder engagement. Cybersecurity and technology oversight. The Board's role in transformation and innovation.

2 — Shift from annual snapshots to long-term development cycles.

Rather than a one-off event, the best boards adopt a 3–5-year evaluation arc, including periodic external facilitation, interim check-ins or pulse surveys. They install clear action plans and progress tracking.

3 — Include individual feedback.

The most insightful processes also explore how individual members contribute to board culture, mindsets geared toward long-term value creation (e.g. sustainability, digital), the willingness to challenge, listen, and adapt.

Amrop

About the contributors

This series has been based on in-person interviews with the following Amrop Partners.

Naohiro Furuta

Managing Partner, Japan and Amrop Board Member

Kenneth V. Mortensen

Partner and Co-Founder Amrop Denmark

Gabriela Nguyen-Groza

Managing Partner, Luxembourg and Amrop Board Services Practice Member

Adam Saunders

Managing Partner, UK and Co-Leader, Amrop Board Services Practice

Andrew Woodburn

Managing Director, South Africa and Amrop Board Member

Elin Wrammerfors

Partner, Sweden and Co-Leader, Amrop Board Services Practice

Meet Amrop's full Board Services team here:

https://www.amrop.com/what-we-do/board-services/

References

[1] 'Documents detail OceanGate's battle with whistleblower years before fatal Titan submersible implosion'. (February 8, 2024). ABC News.

[2] 'OceanGate's Directors Will Consider Firm's 'Survival' As Titanic Sub Expedition Proves Deadly, Cofounder Says, (Jun 23, 2023). Forbes.

[3] 'OceanGate CEO once complained of industry's 'obscenely safe' regulations.' (June 21, 2023). New York Post.

[4] 'James Cameron compares submersible tragedy to Titanic sinking.' (June 23, 2023). ABC News.

[5] Bannister, S., (2023). Analyzing the Ethics and Leadership Failures: OceanGate's Submersible Misadventure. PennState.

[6] Theranos Founder Elizabeth Holmes Found Guilty Of Investor Fraud, (January 4, 2022). United States Attorney's Office.

[7] Relihan, T., (2018) '4 red flags that signaled Theranos' downfall'. MIT Management, Sloan School.

[8] 'Starling Bank fined £29m over 'shockingly lax' controls.' (October 3, 2024). The Times.

[9] 'Can Gucci's new boss turn the brand around?' (June 20, 2025). The Times.

[10] Klemash, S., Doyle, R., Smith, J.C. (2018). 'Effective Board Evaluation'. EY Center for Board Matters, Harvard Law School for Corporate Governance.

[11] Uncertainty and transformation in the modern boardroom. PwC's 2024 Annual Corporate Directors Survey. (2024). PwC Governance Insights Center.

About Amrop

The Amrop Partnership is a premium leadership and executive search consultancy with 70 offices in 57 countries and a global team of more than 550 professionals.

We help our clients find and develop Leaders For What's Next.

Shaping sustainable success is our mission, craft and passion.

www.amrop.com

Amrop
Leaders For What's Next