



DECADES AGO, THE BOARDROOM felt like a cozy, wood-paneled club for the rich and powerful. Today, there is no safe haven, and boardrooms are under scrutiny from almost every one of their stakeholder groups.

In this issue of the *Brunswick Review*, we hope you will find some stimulating perspectives on how boards are dealing with this demanding new reality. The truth is, we could have created a whole publication on almost any of the topics covered. But by viewing them collectively, through the lens of our global contributors, these topics help outline an emerging international best practice.

Brunswick has built its reputation on dealing with the toughest challenges and most critical moments that corporate leadership teams face. It has often been during periods of intense pressure that we have had the privilege of being in the boardroom, witnessing at first hand the difference between high-performing, cohesive teams and ones fractured by dysfunctional relationships.

What has become clear is that routine competence in governance and fiduciary duty is necessary but no longer sufficient for a board's survival. Directors have to be able to grasp internal and external issues, agendas, and dynamics in order to navigate the complicated currents surrounding major organizations.

Poorly structured or ineffective boards are now much more likely to be ruthlessly exposed. Our clients in all sectors are facing increased and more vociferous shareholder activism, particularly in the US. But even in this environment, meeting the demands of equity investors and debtholders – who for a long time were the dominant interest group for boards – is now only one consideration of many. Multiple stakeholder groups expect to be heard and properly engaged with, and are increasingly effective at voicing their concerns. Regulators have activist agendas, as all our financial services clients will testify, as do politicians and the media. Digital and social media have helped other stakeholders such as NGOs and special interest groups to adopt an activist approach. And at the top of the activist

list must be employees, customers and suppliers, all of whom can express themselves increasingly effectively.

Any one of these stakeholders, or combination of them, are there to test a board, often to breaking point. The connected world has been central to creating this environment of perpetual exposure and challenge. The most effective leadership not only recognizes this, but embraces it. As William Blake said, "Opposition is true friendship."

The good news is that there is a trend toward a dynamic ecosystem for management and non-executive directors to work together to tackle a complex world. Alongside the traditional oversight of operational and financial performance, the boardroom is often the place where the bigger issues of purpose and broader social value are debated. And executives are looking to non-executives for insight and perspective, experience and judgment, and even – dare one say it – wisdom.

Boards must act as a mirror of the outside world, one that is only getting more complex. The evidence is increasingly clear that companies that fail to embrace diversity and inclusion, or to engage with the big issues in our society, will lose out.

In all of this, our deep-seated belief is that while there is not a single formula, the underlying values of honesty, transparency and openness to change are crucial. At times of stress these qualities will be tested more than ever. We believe that the most successful boards will walk toward risk and challenge with a boldness and honesty that defines them as part of the solution, not part of the problem.

In a way, the board itself needs to be seen as an activist seeking out the best possible solutions to the challenges its organization faces. Never before has so much been expected of board members, but equally the opportunity to contribute and provide leadership has never been greater.

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