



How Boards Will Look in Ten Years

More women and a wider array of professionals are likely to fill future boards, while technology will play a bigger role in their work.

In February 2017, the *Financial Times* informed its readers of an unusual **dual appointment** – Jim Hagemann Snabe had been named chairman of AP Moller-Maersk, the Danish shipping conglomerate, and also nominated chair of Siemens. At only 51, Snabe, a former co-CEO of SAP, is much younger than his predecessors and, unlike many chairs of public companies, has not been CEO of a large firm for decades. He is an active member of the World Economic Forum, a director at Allianz and Bang & Olufsen and also teaches at Copenhagen Business School. The *FT* indicated Snabe’s expertise in digitalisation as the key reason for his appointments. Does he represent a new, emerging type of board leader?

Future of the chair’s work

Snabe is especially remarkable because corporate governance is a domain in which tradition plays an important role and change is not always welcome.

To find out what makes a board chair successful, the INSEAD Corporate Governance Initiative conducted 74 face-to-face interviews with experienced board chairs in nine countries. The chairs we spoke with foresee a continuing evolution, rather than a revolution, in their work. Our report, **“Board Chairs’ Practices across Countries: Commonalities, Differences, and Future Trends”**

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, considers how this role will change over the next ten years.

Emerging trends

Certain aspects of how the role will change were repeated in our conversations with chairs in Belgium, Denmark, Italy, the Netherlands, Russia, Singapore, Switzerland, Turkey and the United Kingdom. Diversity in various forms, professionalism and the ubiquity of technology are expected to impact the role of the chair in the next decade.

Diversity

By 2027, we predict there will be more female chairs, who will bring in more female directors. Yet our report indicates they will remain in the minority.

For Swiss chairs, the challenges around gender diversity will hopefully lessen as more women take on senior corporate leadership roles. The number of women chairs is expected to increase over the next decade – Denmark projects up to 25 percent of female board leaders and the U.K., up to 20 percent. Yet one Singaporean chair said, “I think of diversity as what would help the company, for example, the type of skillsets required (private equity, lawyer, accountant). I do not necessarily think of diversity in

terms of gender.” In some countries, like Russia, women are expected to remain an absolute minority in the role of the chair.

More variance in the age of board chairs is expected in the near future. To give an idea of the age range in 2017, the Turkish chairs we interviewed were between 55 and 65. Facebook’s Mark Zuckerberg, 33, is exceptional as a young person in the chair. At 62, Google’s Eric Schmidt reflects the typical age of chairs and shows that tech is not the exclusive domain of the young. We predict there will be more chairs in their 40s, but professionals in their 70s and even 80s will continue to lead boards. The average age of the chair will fall over the next decade, but not significantly.

The coming decade will see more foreign chairs in Italy, Denmark and the U.K. Singaporean chairs, currently quite homogeneous in terms of being born and raised in Singapore, understand that as boards become more diverse, the way they work will change. The current offline paradigm of decision making – in which decisions are made outside of board meetings – will have to be sent back to the board room.

Career

We expect that external pressure on chairs will increase and that their work will intensify. Chairing boards will require more time, more concentration and more presence. As the pressure increases, tenure will shorten and fewer will chair more than one corporate board.

The career path for board chairs will be less linear in the future and yet move towards professionalisation.

Currently, most chairs have an executive background – as CEOs or vice presidents. In the U.K., this path seems to be almost universal but is expected to widen to include professionals from consulting, academia or tech in the next ten years.

In Russia, more acting government officials and ex-government officials will assume chair roles. For some it will be an informal retirement plan.

The chairs we spoke with in Denmark believed that in ten years, the number of chairs without prior CEO experience will increase. More academics, consultants and investors will assume board leadership. However, the CEO path to the chair will remain the most important one.

In the next decade, we will see more professional chairs – people who make chairing boards their principal activity – in every country included in our survey, except Turkey, where chairs affiliated with

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ownership will remain a majority.

Virtual board meetings

Digital competency or literacy is becoming a very important attribute of an effective chair. In the future, board meetings will increasingly be held online; one-on-one communication will become mostly virtual; and materials will be prepared, distributed and stored in digital form. New technology-driven methods of leading the board will emerge and become routine. Chairs in the U.K. envision virtual board meetings and predict that online communication will replace what a good dinner together is today. However, the pace of change will not be the same for all countries from the survey. For example, Turkish chairs have more conservative expectations regarding digital technology than their Dutch or Danish colleagues.

Unusual chair or trendsetter

For the foreseeable future, Snabe will remain an unusual chair of the board. The role of the chair will continue to evolve slowly, as change in governance does not happen quickly. We hope, however, that he will pave the way for a new generation of board leaders. According to our research, he has what it takes – humility, availability, passion and patience, as well as the relevant soft and hard skills. And, of course, the digital acumen.

*This article is part of a series about the ICGI report. See **The 3 Es of Effective Board Leadership** and **The Practices of Boards Across the World** for a deeper look into the role of board chair.*

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