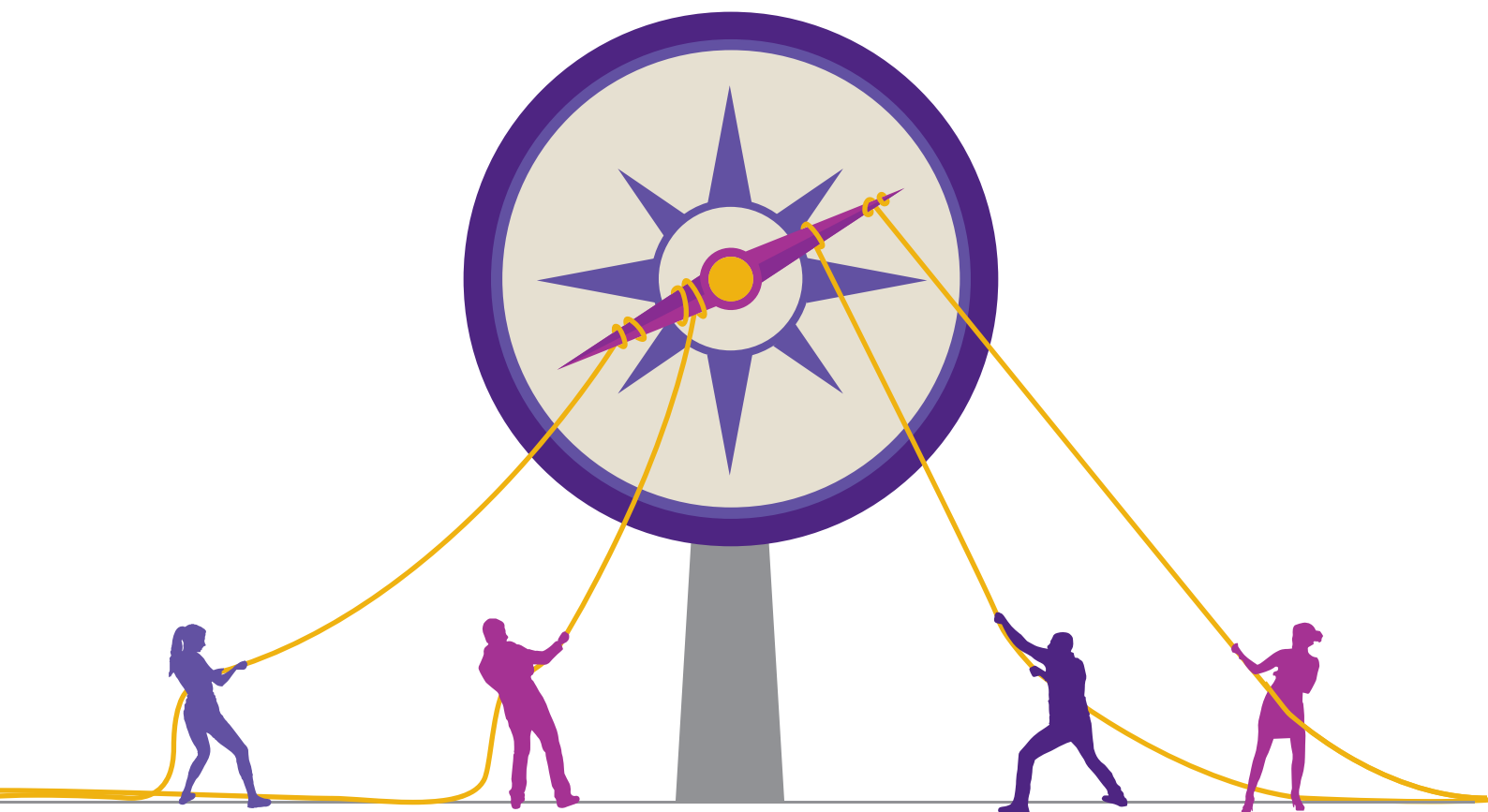![Grant Thornton — An instinct for growth™]

# Boards of the future
## *Steering organisations to thrive*

Grant Thornton corporate governance report 2016

# Foreword

The best drivers think ahead, anticipating potential hazards coming down the road and reacting accordingly. They also recognise when the landscape is opening up and they can safely put their foot down.

In a similar vein, those with responsibility for driving today's companies forward – boards and shareholders alike – need to be focused not just on this week or this month, but the future too. They can't afford to take their eyes off the challenges and opportunities coming into view. Or worse, not see them coming.

Companies face challenges, and can fall as quickly as they rise. It is part of life. Those who manage challenges do so by adapting to the changing world to remain relevant. After all, history tells us the successful companies of today aren't guaranteed to be the successful companies of tomorrow. Over half of the top hundred biggest companies in the world in 1912 had disappeared by the late 1990s[1]. And more recently, there were 23 new entrants replacing companies in the UK's FTSE 350 between June 2014 and June 2015.[2]

How do organisations ensure they survive, adapt and ultimately thrive? Fundamental to the answer is good corporate governance. This is particularly pertinent now. Grant Thornton's International Business Report (IBR) found that global business optimism fell to a three year low in Q1 2016.

A complex blend of geopolitical factors such as the China slowdown, the UK referendum result and US elections, threaten to drag businesses and economies into survival mode.

Today, the demands on boards are rapidly changing. External and internal forces including technological advances, regulation, demographic changes and globalisation are forcing organisations to ensure they are fit for purpose and able to compete in their target markets.

But are boards moving quickly enough? *Boards of the future: steering organisations to thrive* uncovers burning priorities for boards and shareholders worldwide which need addressing as a matter of urgency: ensuring diversity of composition and boosting digital expertise. Both can be improved if firms can make it easier for more people to reach the top jobs.

76% of South African survey respondents indicated that sustainability is a key focus area for South African businesses as compared to only 35% of directors questioned globally. This can possibly be attributed to South African boards' increased commitment to integrated reporting and sustainable business practice that is reemphasised in the King IV report.

Whilst globally directors are also concerned about diversity on boards, this remains a burning issue for South African boards who believe the focus should be not only on demographics, but also diversity of experience and skills. King IV is also recommending that in order to ensure a focus on diversity, targets should be set for gender and race representation and progress against the targets should be disclosed.

This report explores what skills the boards of 2025 will need and what needs to happen between now and then to get there. Businesses should not view these changes we have identified as additional extras. They need to be absolute priorities. If history is anything to go by, organisations that fail to embrace these changes by 2025 may not exist by 2045. It's time to take the wheel on corporate governance.

*Carla Clamp*
*Director : Business Risk Services*
*Grant Thornton South Africa*

# Recommendations

How do boards ensure they are best equipped to anticipate the challenges and opportunities of the future, and react to them accordingly? Here is a summary of our key recommendations.

## Boosting diversity

**1**

- Map the challenges you think you will face over the next decade. Map the skills you think you will need to address them. Identify the gaps you need to fill. But make sure you have a diverse group to help do this effectively, to limit the existence of issues you don't know you don't know.
- Prioritise the forms of diversity which you need to build on your board, in order to reflect your organisational culture, your markets and your customers.

## Embracing digital

**2**

- If there is no cyber strategy currently in place, waste no time in developing one. Then, if it isn't already, make cyber strategy a standing agenda item for every single board meeting. Wave after wave of cyber-crime will become the norm, and staying one step ahead of the criminals will be a necessity.
- Collaborate. Establish cells in hotbeds of activity outside of your day to day activities. Don't be afraid to admit there are things you don't know, and that there are some challenges and opportunities you won't see coming. Make the most of your supply chains to garner ideas and nurture the potential stars of the future. Think outside traditional spheres when it comes to digital threats and opportunities.

## Signposting route to the top

**3**

- Make it easier for the best and brightest talent from across your organisation to make it to the top. Use a board skills matrix, succession plans, mentoring and shadowing opportunities, and supply chains to boost signposting.
- Policymakers: embrace innovative initiatives such as New Zealand's mentoring programme. Encourage the cross-fertilisation of ideas across industries and borders.

## Contents

# The demands on boards are changing

A combination of complex regulatory environments and dynamic, competitive markets means that the challenges firms face in order to compete and grow have arguably never been greater.

Findings from the Grant Thornton US Governance, Risk and Compliance Survey 2016 suggests businesses understand this. It found that on average, organisations spend 12% of their total revenue on governance, risk and compliance (GRC) activity. For the Fortune 500 that would equate to $1.5 trillion GRC spend alone, based on reported revenues of $12 trillion in 2015[3].

But regulation is far from the only issue causing the demands on boards to change. Digital technology is driving transformation at a rapid pace. As digital has become a core competency expected of every business, it presents a complex set of opportunities and challenges. The size and shape of the global population is also evolving apace; the UN estimates the global

population will reach 9.7 billion in 2050[4]. Average life expectancy will also rise from 70 in 2010-2015 to 77 in 2045-2050 . And migration continues to reshape communities.

*"Regulation will always impact the business landscape. But it is good governance, not compliance, which should drive innovation and growth. Governance must be proactive, spotting and responding to challenges and opportunities, rather than simply conforming with rules."*

*Nick Jeffrey, director - public policy, Grant Thornton*

[3] http://fortune.com/fortune500/
[4] http://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf

The world also continues to globalise and interconnect. Research by the World Trade Organisation reveals that economic growth is increasingly being driven by cross-border trade. The average share of exports and imports of goods and commercial services in world GDP increased significantly from 20% in value terms in 1995 to 30% in 2014[5].

Boards face these challenges and opportunities at a potentially significant moment for the global economy. The International Business Report, a quarterly global survey in 36 economies, shows that global business optimism fell to net 26% in Q1 2016, the lowest quarterly figure in more than three years. Expectations for revenue, exports and research & development investment have also fallen.

Elsewhere, a survey of nearly 400 US public company directors found that nearly half (48%) think economic uncertainty is one of the biggest challenges facing corporate boards in 2016[6]. It seems that the recovery in confidence since the global financial crisis has stalled in the face of social, economic and geopolitical headwinds, tempting businesses to retreat into their shell and put off major growth plans.

This is where good governance must come to the fore. Boards can take a lead in being proactive and nimble in navigating firms through uncertain waters, by setting the tone for the culture and practices which permeate through organisations. Nearly half (47%) of business leaders surveyed worldwide in our IBR agreed that

developing and reinforcing corporate culture should be a focus for boards over the next ten years.

Of course, there will be demands on boards of the future which are currently unknown. But according to Nick Jeffrey, director – public policy at Grant Thornton, "if boards are not looking ahead, through the right lenses, the risk is they will only spot these issues when they are right in front of them – which may be too late."

*"Spanish organisations are increasingly aware, in spite of being listed or not, of the importance of corporate governance."*

*Gonzalo Navarro, partner, Grant Thornton Spain*

## 48%

of 400 US public directors surveyed think economic uncertainty is one of the biggest challenges facing corporate boards in 2016

[5] https://www.wto.org/english/res_e/statis_e/its2015_e/its2015_e.pdf p.17
[6] https://www.nyse.com/publicdocs/WDT_Report_2016.pdf

# Snapshot of regulatory focus around the world

Companies need to grasp the wheel on governance and set the direction of travel – but there is also a swathe of regulation which is seeking to help shape this.

## Canada: Investor engagement and influence

New requirements have led to closer examination of organisational practices. In particular, the need to disclose information regarding the representation of women on public company boards and in senior management, and respecting board renewal. The level of scrutiny on Canadian companies by shareholders, regulators, other stakeholders and the media has meant that the complexity of board oversight has increased.

## US: Proxy advisers and audit committees

The role of proxy advisers in corporate governance monitoring and reporting has grown in recent years. However, there have been concerns about their increased influence combined with a lack of accountability. Recent steps by the Securities and Exchange Commission (SEC) have sought to change this, with proxy advisers facing more accountability now than before. This looks set to be an area of continued focus for the SEC.

## Spain: Adapting international corporate governance legislation

The Spanish government has principally adapted international corporate governance legislation through: the Royal Legislative Decree 1/2010 which approves the consolidated text of the Corporate Enterprises Act; Law 31/2014 which modifies the Corporate Enterprises Act to improve corporate governance; and the Unified Good Governance Code of Listed Companies published on 24 February 2015. Compliance with the Corporate Enterprises Act 2010 and its subsequent modification in 2014 is compulsory, whereas the Good Governance Code is a set of recommendations.

## UK: Driving boards to build culture

After some significant changes to the UK corporate governance code in recent years, the Financial Reporting Council (FRC) is encouraging companies to focus on broader aspects of governance, such as culture and strategy. This is in part represented by the new requirements for the company's annual report to include a strategic report, which should provide a holistic and meaningful picture of a company's business model, strategy, development, performance, position and future prospects. The FRC is also turning their attention to culture, and boards are now expected to outline how they are developing and reinforcing corporate culture, and setting the 'tone from the top'.

### India: Increased responsibility cast on Directors

The Indian regulatory environment is going through several changes, including changes to the Companies Act, financial reporting standards, and the implementation of a Goods and Services Tax (GST). Changes to India's Companies Act were significantly influenced by high profile examples of large corporate frauds resulting in ever more responsibility on Board members, Independent Directors and Auditors. Higher weighting (37%) by the IBR respondents from India to 'identification or prevention of fraud' indicates that Indian firms are still dealing with the after effects of those corporate fraud cases. Boards must balance guiding companies in embracing these regulatory changes while retaining a focus on growth by infusing the right culture.

### South Africa: Focus on integrated reporting

The Institute of Directors in South Africa released King IV in November 2016, an initiative to boost corporate governance which draws on best practice from governance codes from around the world. It is the latest attempt to boost corporate governance in the country and at the core of these new standards is integrated thinking, taking a stakeholder inclusive approach to effective management.

### Australia: Developing a risk culture

There has been an increased focus by Australian corporate regulators in recent years. The financial services industry regulator, the Australian Prudential Regulatory Authority (APRA), has mandated board responsibility for risk culture. The prudential risk management standard now requires boards to understand and measure the current state of risk culture within their organisation and to develop and implement initiatives to build or improve that risk culture. The corporate regulator ASIC (Australian Securities and Investments Commission) has also called for greater civil penalties for executives responsible for poor culture.

### New Zealand: Driven by diversity

The New Zealand Institute of Directors (NZ IOD) has always been mindful of the need for board diversity. Not only for dealing with today's issues, but also those that they may have to face in 10 years' time. Its "Mentoring for Diversity" scheme pairs the country's most experienced independent directors with talented individuals who want to be actively involved in governance roles. When selecting candidates, ethnicity, age, skills and experience, in addition to gender, all come into the selection mix. Elsewhere, the Financial Markets Authority (FMA) is continually reinforcing their beliefs that setting an appropriate "tone from the top" is mission critical to the success of any organisation, and that "less is more" – whatever gets released to the market from the Board needs to meet strict word limits.

# What will the successful board of 2025 look like?

It is an intriguing question and the answer to which will differ across industries and geographic markets. In regions with a more developed assurance and governance approach, the focus is more likely to be on boosting competitiveness and managing risks in dynamic markets.

In regions with a less developed assurance and governance approach, boards will have a key role in infusing the right culture and boosting confidence in their markets – not least by reducing fraud and misuse of funds – in order to encourage more investment.

Grant Thornton's International Business Report asked thousands of business leaders worldwide for their views on what boards in their country need to focus on over the next decade. In India, the number one priority was developing better strategic planning horizons. This was the same in the UK, New Zealand and Australia. In other words, businesses in these regions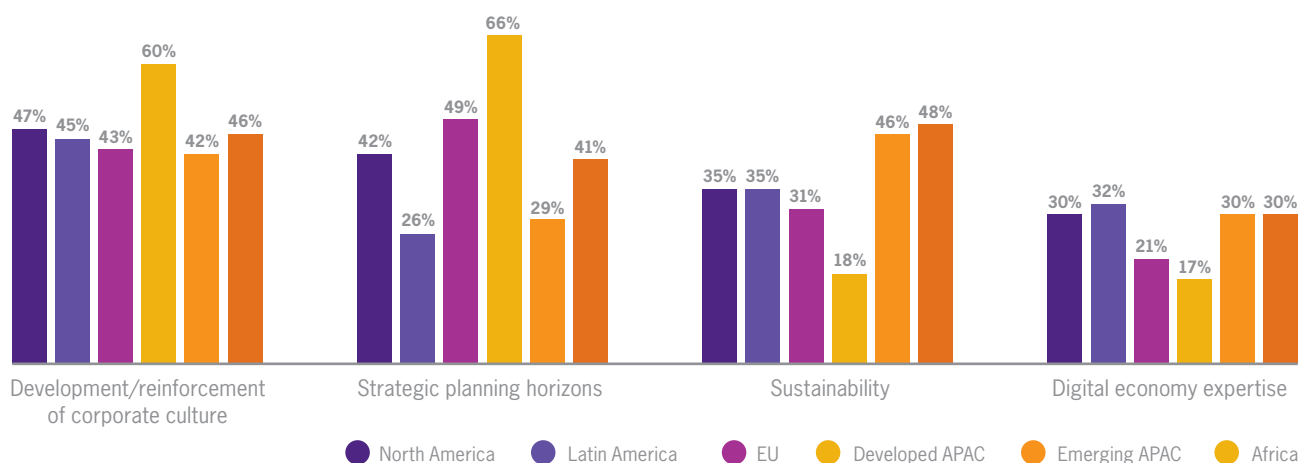 recognise that having visibility of the challenges and opportunities of the future could be a major competitive advantage for their boards.

In South Africa, the area of focus most cited was sustainability, highlighted by 76% of respondents. In the US meanwhile it was the development and reinforcement of corporate culture.

*"Until companies improve risk management mechanisms, boards will continue to focus on the identification and prevention of fraud."*

*Indian board member*

**Where should the focus of your board increase over the next 10 years to support your business growth prospects? (top four issues by region)**



Source: IBR data Q3 2015

Legend: North America · Latin America · EU · Developed APAC · Emerging APAC · Africa

Categories: Development/reinforcement of corporate culture · Strategic planning horizons · Sustainability · Digital economy expertise

*"Institutional investors should evaluate the effectiveness, quality, governance and diversity of boards, rather than just evaluating business growth and profitability."*

*Indian board member*

What's striking is the common issue that all these areas of focus speak to. Namely, the ability of boards to be able to monitor, measure, and mitigate risks to their business effectively. And, just as critically, to be able to report on it effectively. In attempting to answer the question of what the board of the future will look like, these common issues will go a long way to deciding the ultimate success (or otherwise) of organisations.

Our research has uncovered two key strands where boards must focus:

**1. Diversity** – having a blend of people with different backgrounds and experiences to ensure a broad range of views and ideas to meet the challenges of tomorrow;

**2. Digital** – ensuring a level of competency to meet the challenges and opportunities posed by digital and technological innovations.

*"Sheer diversity of skills will not ensure value addition to organisations. A board member should have broader thinking and be able to apply his/her knowledge and experience in different scenarios."*

*Indian board member*

Boards of the future will recognise that when it comes to reporting their progress, less is more. The way audiences consume information is changing and to remain relevant, board communications should reflect this. In New Zealand, regulators already expect concise statements and encourage the use of infographics.

*Mark Hucklesby, partner, Grant Thornton New Zealand*
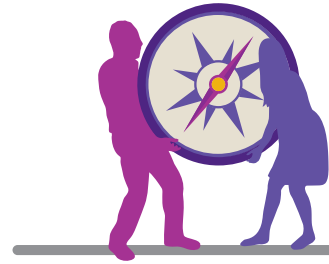
# Boards must boost diversity

Greater diversity on a board widens its peripheral vision. Research by the Kellogg Institute has found that diverse groups outperform more homogeneous groups not necessarily because of an influx of new ideas, but because diversity 'triggered more careful information processing that is absent in homogeneous groups'[7].

This is vital when boards are trying to keep an eye not just on the road ahead, but preparing for what is coming round the bend. Evidence suggests the vast majority of business leaders understand that more needs to be done to spot threats and opportunities earlier. 88% of IBR respondents recognise that their board needs to do more to encourage more diversity. A common thread running through interviews with board members around the world was the need for diversity of experience – arguably harder to measure than gender or ethnic diversity, but critical to ensure a spread of thoughts and ideas.

Many of the business leaders we spoke to around the world felt that while all these forms of diversity were important, they will be relevant in different degrees depending on the nature of the company, its stage of development, its strategy and the industry it is in. There was also a feeling that board diversity should be aligned with customers, markets, sectors and target audiences. And in some countries, their own past can spur a drive for more diversity. In South Africa, its recent history has pushed the promotion of disadvantaged people including black people, women and those with disabilities to the top of the agenda.

But feedback from the UK and elsewhere highlighted that diversity needs to be effective – and not just diversity for diversity's sake. This view was also expressed in Australia.

To further encourage continued transformation in South Africa, King IV and the JSE Listing requirements are being amended. Companies will be required to disclose their race and gender diversity policy at board level as well as an annual account on how the policy has been applied.

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*"The key priority is to get a high functioning board. If you can't find the right experience that also delivers diversity we should not bow to external pressures just to deliver on diversity."*

*Australian board member*

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[7] *http://insight.kellogg.northwestern.edu/article/better_decisions_through_diversity*

*"Diversity should also include 'persona balancing', ensuring that the debate and decisions are not one-sided based on those that dominate discussions or shout the loudest."*

*South African board member*

## What can boards do to ensure appropriate diversity?

- Broaden out from gender to include other forms of inequality which will increasingly receive societal attention. Prioritise groups where representation does not yet reflect your organisational culture.
- Identify the skill gaps you need to fill. Then widen the board's pool of talent and experiences to meet these emerging skillsets, such as transformational economic development (not just building a school but knowing how to use local labour and materials).
- But recognise that some of the challenges and opportunities of the future will be less visible - especially to homogenous boards than to those which comprise a range of experiences and backgrounds.
- Invest in mentoring schemes. 30% of IBR respondents believe boards should be active in this area. New Zealand's "Mentoring for Diversity" scheme is one example.

## 88%

of IBR respondents recognise that their boards need to do more to encourage more diversity

# The benefits of greater diversity among leadership teams

Of all strands of diversity, gender diversity is the one which has been the biggest topic of conversation to date. It is generally accepted that a better gender balance among leadership teams is a good thing. But does it make a material difference to company performance?

Research Grant Thornton conducted in 2015[8] found that companies with diverse executive boards offer higher returns on investment compared with peers run by all-male boards. The study covered listed companies in India, UK and US and estimates the opportunity cost for companies with male-only executive boards (in terms of lower returns on assets) at a staggering US$655 billion in 2014.

Furthermore, the University of Singapore has compared the performance of companies with and without ethnic diversity on its boards. It found that boards that comprised at least two ethnic

groups scored much better than those that did not, with an average return on assets of 2.9% versus 0.8% respectively.[9]

Imagine if these figures were extrapolated for all companies globally – or applied to diversity in all its other forms too – they would undoubtedly grow even further.

The data shows the differences in return on assets for companies with and without women directors. It covers the FTSE 350, S&P 500 and CNX 200. Analysis was conducted between April and June 2015.

*"Narrow minded or out-dated boards who do not have the right skill sets and experience and not aligned to building a 'modern' governance friendly company will simply fade and eventually close."*

*South African board member*
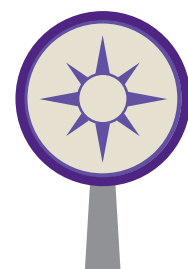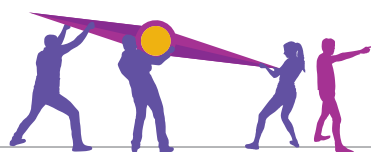
[8] http://www.grantthornton.global/globalassets/wib_value_of_diversity.pdf
[9] http://bschool.nus.edu/Portals/0/images/CGIO/Report/diversity-report-2014.pdf
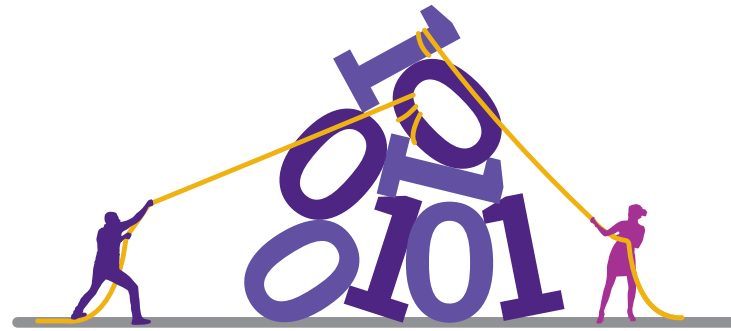
# Boards must embrace digital

Big data, advanced analytics and automation can support dynamic organisations of the future to understand their customers better, boost productivity and carve out a competitive advantage. And in a world where data has exploded alongside greater connectedness between organisations, firms can protect themselves from those looking to take advantage – legally or otherwise.

Our research found that business leaders recognise the importance of digital. But only one in four (25%) businesses surveyed for the IBR said that digital expertise is an area where their board should increase focus over the next 10 years. The Grant Thornton Governance, Risk, and Compliance Survey 2016 also highlights a 'cyber gap'. 60% of firms surveyed say that cyber security is a significant risk to their business, yet just 46% say they are effectively mitigating that risk. Feedback from interviews in the UK describes an "interim period" where digital expertise is required for boards but those with relevant board credentials in other areas have not grown up with the technology.

Appointing digital natives to a board was suggested in interviews with business leaders in some countries. In the UK, media reports citing the National Crime Agency claim the average age of British cyber criminals is just 17[10]. To combat this, do boards need younger members who are more likely to understand the criminals' ways of working? If not on the board, at least boards should call on their expertise. Australian respondents pointed out that digital natives would also need relevant corporate experience in other areas to justify a place on the board.

But our research found evidence that digital experience is not just needed to fight the fires of today.

It is about being able to spot the challenges and opportunities of the future – many of which will not yet appear on any board agendas.

Board members we interviewed see an opportunity over the next decade to tackle this, by baking digital skills into business strategy and operations. That means all board members embracing digital and embracing their digital know-how. In India for example, there is recognition that digital skills is a gap in boardroom knowledge. The Indian government has recently launched the Digital India initiative, to enhance the quality of service to citizens through the adoption of technology.

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[10] http://www.theverge.com/2015/12/8/9870534/cyber-crime-average-age-uk-17

## Steps every board can take to enhance digital capability

- Follow the example of the Ford Motor Company (see page 15) and collaborate. Head towards new digital innovations rather than running away from them, in order to understand them and how they can be harnessed.
- As well as looking at ways to boost digital expertise around the table, make the most of external advice and counsel too. For example, game changing innovations from the last few decades like the advent of smartphones will become more frequent and make investment decisions tougher.
- If there is no cyber strategy currently in place, waste no time in developing one. Then, if it isn't already, make cyber strategy a standing agenda item for every single board meeting. Staying one step ahead of the criminals will be a necessity.
- Assess the ways in which your business is using data to drive research and development, investment and business development strategies. Could it be doing more?

*"I think the average age of directors is getting younger. Changes in the labour market will continue to drive this trend."*

*Australian board member*

**60%**
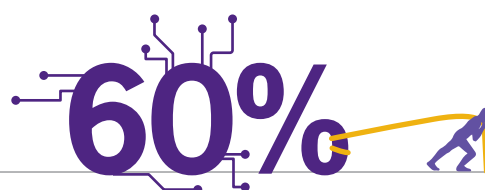
Of firms surveyed say that cyber security is a significant risk to their business.

*"If we look at the recent growth of the Financial Services industry, it is the tech element of it which has innovated, collaborating and sharing ideas. In contrast major financial institutions, distracted by regulatory issues, are playing catch up. This is an example of a priority focus on compliance preventing boards from investing or exploiting emerging opportunities."*

*Nick Jeffrey, director – public policy, Grant Thornton*

## Risk concerns, measurements and mitigation

| General risks | Significant risk level* | Effective measurement and monitoring** | Effective mitigation*** |
|---|---|---|---|
| Strategic | 64% | 43% | 50% |
| Compliance | 59% | 56% | 65% |
| Operational | 59% | 50% | 53% |
| Financial | 55% | 71% | 71% |

| Business-specific risks | Risk | Measure and monitor | Mitigate |
|---|---|---|---|
| Regulatory | 63% | 60% | 64% |
| Cybersecurity | 60% | 43% | 46% |
| Market | 52% | 46% | 42% |
| Competitive | 50% | 44% | 41% |
| IT | 50% | 44% | 47% |
| Liquidity/credit | 30% | 58% | 60% |
| Third-party | 28% | 35% | 38% |
| Fraud/anti-corruption | 27% | 45% | 53% |
| Litigation | 19% | 43% | 49% |
| Supply chain | 18% | 38% | 40% |
| Global expansion | 17% | 27% | 31% |
| Environmental | 15% | 36% | 40% |
| Tax | 13% | 44% | 52% |

* Rate 4 or 5 on a scale of 1-5 where 5 = significant risk
** Rate 4 or 5 on a scale of 1-5 where 5 = highly effective at measuring and monitoring key risk indicators
*** Rate 4 or 5 on a scale of 1-5 where 5 = highly effective at mitigating risk

Source: Grant Thornton US LLP 'Balancing risk with opportunity in challenging times - governance, risk and compliance survey 2016'

Proactive and nimble governance when it comes to embracing digital is just as possible for the biggest and most well established firms as it is for start-ups. Ford Motor Company has spotted the challenge of new entrants to the transport space like Apple and is seizing the initiative with a research and innovation cell in the tech heartland of Palo Alto[11].

[11] *http://www.bbc.co.uk/news/business-36126591*

# How boards get there:
## *better signposting of the route to the top*

In the same way that good signposting helps vehicle drivers reach their destination successfully, the term is also used to describe the route to the top jobs in business. Why does this matter from a governance perspective? Because better signposting means there are opportunities for all employees to become board members, rather than just a few.

Better signposting can ensure boards are made up of the best people for the job. To be sure the best talent is identified and nurtured, the net needs to be cast as widely as possible. Evidence from our research suggests that business recognise this. IBR data reveals that the top three suggestions by business leaders for boards to encourage more diversity are identifying future executives earlier (34%), building a pipeline of talent from diverse backgrounds (33%), and diversifying recruitment channels (30%).

But better signposting is also about making sure that the boards running businesses are equipped to see changes coming down the road, rather than being confronted with them at the last minute. The challenge here is the same: having the best people for the job making the decisions that matter.

Our interviews uncovered another benefit to clearer signposting. Through making colleagues aware of the opportunities open to them, it can also help businesses articulate and spread awareness of their corporate culture. As one interviewee in the UK put it, boards should "be more deliberate about instilling the value of diversity in culture, by taking every opportunity to highlight where diversity of experience or perspective contributed to a desirable business outcome, using all communications channels to make this part of the employee brand".

A key focus for mentorship and development is giving people breadth of knowledge beyond their functional area of expertise. An example of a successful mentoring scheme is New Zealand IOD's Mentoring for Diversity scheme[12]. Less experienced directors in the scheme shadow the decisions and actions of a more experienced director. It provides opportunities to people who otherwise may have found their routes to the board more difficult.

[12] *https://www.iod.org.nz/Membership/Mentoring-for-Diversity*

# How can boards improve signposting?
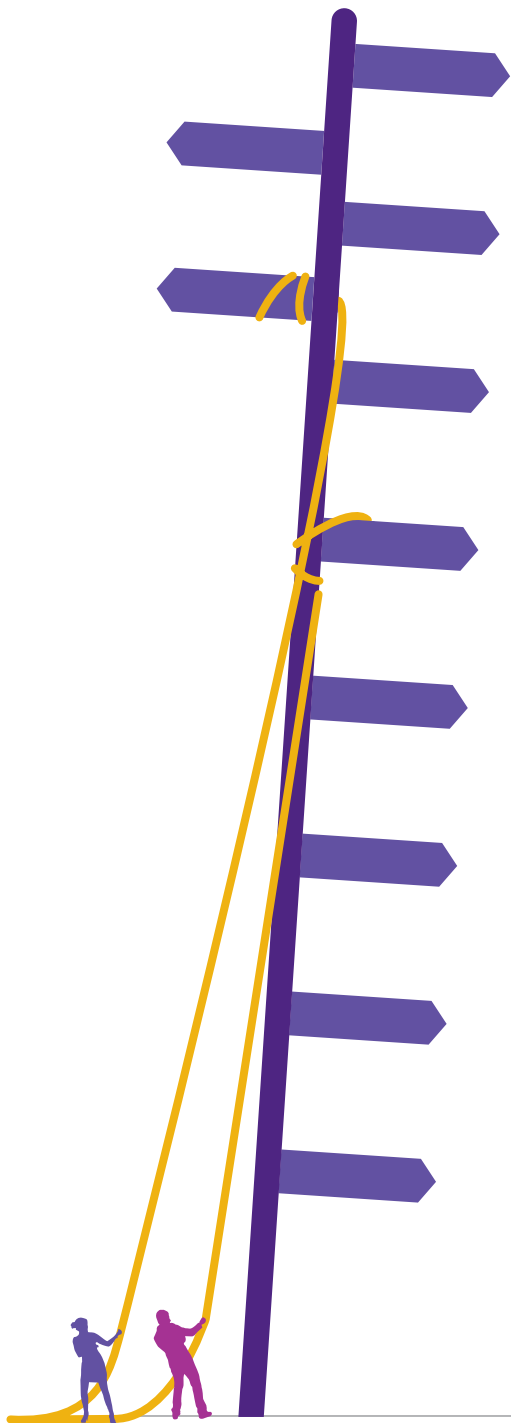
**Develop a board skills matrix** and monitor its changing needs, in order to act fast to adjust composition where required.

**Ensure succession planning** and proactively seek out skills/experience the board may require in the future. As one board member in New Zealand put it, the ideal candidate for a board director is someone who can "bring new ideas to challenge management and the rest of the board".

**Create succession plans for potential board members** from diverse backgrounds and mentor them; give them exposure to improve their skills and experience.

**Give opportunities for potential board members** to shadow at board meetings, and chair committees first, before attempting to chair the board.

**Greater sourcing from within organisations** – mentor talented individuals, with clear career paths and focused recruitment; offer scholarships and bursaries to attract talent into the organisation.

**Develop plans for executives** that encourage mentors and coaches, and incentivise them to do so.

**Encourage Universities** to provide education which gives students exposure to boards, leadership and other governance elements. Academic institutions can also support middle management teams on board roles and responsibilities.

**Use supply chains like sports teams** who use their reserve, feeder and youth teams, to monitor a pool of talent and develop them based on agreed values, skill sets and KPIs.

# Steering your organisation to thrive

As a combination of complex regulatory environments, geopolitical factors and competitive markets create challenges for dynamic organisations, the demands on boards have never been greater.

At Grant Thornton, we believe that while compliance with laws and regulation must form part of the governance framework, there is an opportunity for progressive boards to frame governance more broadly and steer their organisation to thrive.

Diversity of thinking and digital competency will be key for boards to meet the challenges of the next 10 years. Blending people with diverse backgrounds and experience brings a broad range of views and ideas to table to pre-empt and respond to issues. Boosting levels of digital competency will also enable organisations to meet the challenges and opportunities posed by a raft of innovation.

But ultimately better signposting of the route to the top is critical if the right people with the right skills are to become the board members of the future.

*"The opportunities for businesses whose boards get the steering right are significant. The risks for those who don't are just as sizable."*

*Nick Jeffrey,*
*Director – public policy*
*Grant Thornton*
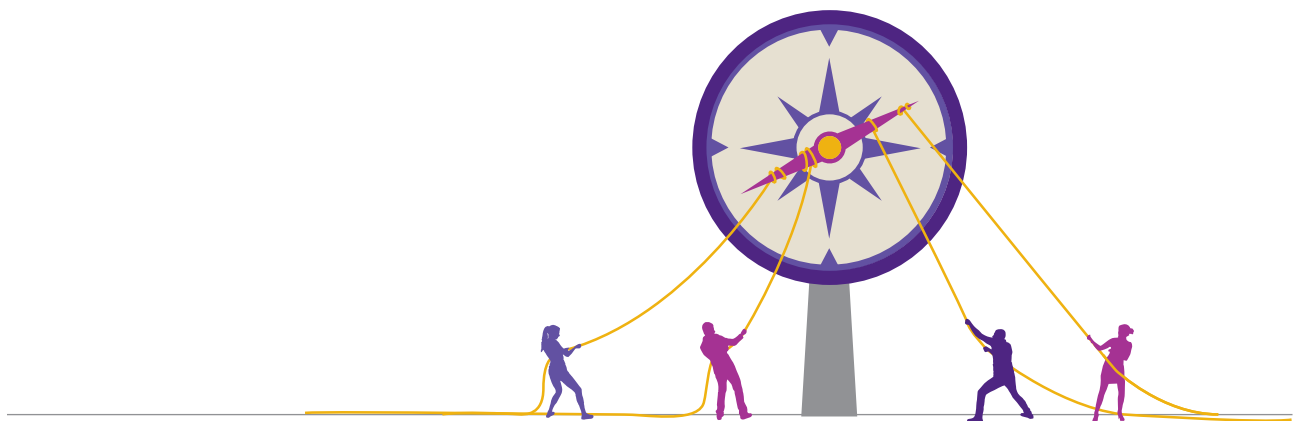
# How we work with you

Few businesses stand still, so neither should your corporate governance structures. Grant Thornton member firms work with boards and executive teams to ensure your business is fit for purpose to meet your future ambitions including:
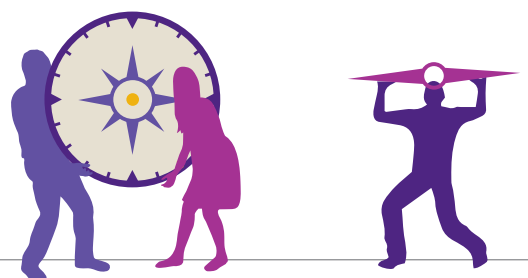
**Facilitating board discussions**

**Benchmarking governance procedures**

**Internal control and management reporting design, implementation, monitoring**

**Cybersecurity: managing the risk and reducing threats to your business**

**Facilitating horizon scanning and strategy development through our CEO room**

**Building a risk management culture**

# About Grant Thornton

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice.

Proactive teams, led by approachable partners, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 40,000 Grant Thornton people across over 130 countries, are focused on making a difference to the clients, colleagues and the communities in which we live and work.

## Methodology

### IBR Research

The Grant Thornton International Business Report (IBR) provides insight into the views and expectations of more than 10,000 businesses per year across 36 economies. Questionnaires are translated into local languages with each participating country having the option to ask a small number of country specific questions in addition to the core questionnaire. Fieldwork is undertaken on a quarterly basis, primarily by telephone. IBR is a survey of both listed and privately held businesses.

The data for this report was drawn from interviews with more than 2,500 chief executive officers, managing directors, chairmen or other senior executives conducted in between August and September 2015.

### One on one interviews

In addition to the qualitative research above, in depth interviews took place with governance specialists across the Grant Thornton network, as well as external business leaders and board members in six economies during February-April 2016.

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