

Rethinking the Boardroom: Designing the Ideal Corporate Board

A Think Bigger Innovations Workshop

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Introduction

Today's business environment is characterized by unprecedented regulatory shifts and disruptive market forces that demand rapid adaptation from corporate leaders. Since January 21, the surge in executive orders—totaling 89 since the Trump administration began—has swiftly redefined compliance, reporting, and operational protocols, compelling businesses to navigate increasingly complex geopolitical landscapes. Concurrently, technological innovation, particularly in artificial intelligence, has accelerated exponentially, with nearly 70,000 AI-focused companies worldwide driving rapid change and igniting heated regulatory debates. This rapidly evolving technological sphere represents both immense opportunity and significant risk, placing added pressure on corporate boards. The global emphasis on climate technology and sustainability has transformed regulatory landscapes and intensified investor expectations for environmental, social, and governance (ESG) outcomes. Companies across all sectors now face strategic pivots triggered by these climate-related policies. However, climate-related policies have fallen out of favor with the new administration, creating yet another layer of complexity for boards to manage.

Amid this turbulence, corporate boards find themselves at a crossroads. Traditional board responsibilities, including audit oversight and CEO succession planning, remain foundational yet increasingly insufficient to address today's dynamic challenges. Many board members, typically appointed based on past executive experience, now face demands well beyond their original expertise. Issues such as geopolitical volatility, ethical considerations around AI, cybersecurity threats, climate strategy and even the threat of persistent inflation require specialized knowledge and proactive governance—areas where skill gaps are prevalent and preparedness is often lacking.

This paper underscores the urgent necessity for enhanced board readiness and targeted training to bridge these gaps. Boards today confront significant oversight blind spots, heightening the risk of mismanagement and strategic vulnerability. Developing a future-oriented governance toolkit rooted in continuous education and specialized expertise is no longer optional but essential.

Addressing this critical need, The Hub, a think tank at Columbia Business School, has convened leading experts, corporate directors, and scholars to rethink the traditional governance paradigm.

Our workshop brings together an exceptional diversity of perspectives, including seasoned governance and C-suite executives from leading global corporations. Additionally, our participants include law scholars, former lead securities regulators, board rating representatives, sovereign wealth fund personnel, and thought leaders with deep expertise in the risks boards are facing today. Together, these diverse experts offer strategic insight, financial acumen, regulatory expertise, technological foresight, and cross-cultural understanding, aiming to chart a transformative path forward that equips boards to navigate—and lead—in an era of unparalleled complexity and opportunity.

Workshop Overview

Rethinking the Boardroom: Designing the Ideal Corporate Board was hosted by The Hub’s Think Bigger initiative at Columbia Business School on February 22, under the leadership of Professors Sheena Iyengar and Shivaram Rajgopal, to examine long-standing challenges in board appointments, refreshment, and effectiveness. Attendees included directors from public companies, legal scholars, corporate governance professionals, and institutional investors. The process was as follows:

1. **Problem Definition:** Participants enumerated both the *positive contributions* and the *systemic issues* associated with boards today.
2. **Pair Sessions:** Participants formed small (2-3 people) working groups discussed the following questions:
 - **What is the most pressing challenge facing corporate boards today?**
 - **What potential solutions could address this challenge?**
 - **How can an external party assess a board’s effectiveness?**
3. **Discussion and Solution Synthesis:** Each group presented key takeaways to the plenary session. Participants then discussed the most powerful ideas, culminating in the six overarching recommendations outlined below.

When Boards Succeed

Corporate boards excel when they effectively fulfill their core oversight responsibilities and align their expertise with the company’s strategic objectives. In particular, they demonstrate proficiency in traditional tasks such as audit and governance committee work, ensuring that financial reporting, regulatory compliance, and nomination processes adhere to stringent standards. Board members’ collective experience enhances risk oversight, as they can identify potential vulnerabilities and draw on their backgrounds to guide proactive mitigation strategies. Equally important, boards often succeed in facilitating robust strategic decision-making—encompassing decisions related to mergers and acquisitions and long-term

succession planning—by leveraging diverse perspectives to evaluate opportunities and potential outcomes.

A strong lead director promotes a culture that encourages open dialog, empowering fellow board members to question assumptions and offer candid input. This dynamic is further strengthened when directors cultivate a long-term ownership mentality, matching the firm’s current needs with their accumulated knowledge and aligning their decisions with the organization’s enduring success. Consequently, one workshop member noted that “when a board is doing its job well you don’t see it in the news” -- all you see is a steady growth of the company’s stock price and the absence of major governance crises. “It’s much easier to tell when boards are doing a bad job.”

The Problems

I. Challenges in Board Member Selection and Composition

One of the most prominent failures of corporate boards arises from the way members are chosen. In many instances, CEOs retain disproportionate influence over the appointment process, effectively populating the board with individuals from their own professional networks or “rolodexes.” While this ensures loyalty and expediency, it compromises genuine oversight and limits the breadth of perspectives needed for rigorous governance. The ramifications of this insular selection practice are further compounded by the growing trend—especially in the aftermath of the Supreme Court’s affirmative action decision—where diversity, equity, and inclusion (DEI) priorities are sometimes neglected altogether. Recruiters, lacking explicit mandates to diversify the candidate pool, frequently revert to narrow demographic and professional profiles, yielding a board composition that mirrors the CEO’s biases rather than offering diverse experiences.

Yet another issue is the difficulty prospective board members face in securing that critical first board seat. As one workshop participant observed: “The hardest board seat to get is your first, and you don’t get it by being a pitbull.” In other words, adopting an overly combative stance as a board candidate can alienate existing board members, who often prefer collegial or known-quantity nominees. This dynamic fosters a culture that can prize conformity over independent thinking and original ideas. Further complicating the selection process is the reality that boards must strike a delicate balance between providing oversight and supporting management. Simply telling the CEO “no” does not engender popularity. Rather, directors must skillfully offer constructive dissent—disruption “in a professional way”—to add genuine value. Conformist human dynamics often persist when CEOs have low tolerance for counter-arguments. The value of a board member, in other words, “scales with a CEO’s personality trait” regarding open-mindedness and willingness to engage with challenging viewpoints.

Recently, the sheer increase in the number of companies has fostered greater variability in CEO-board relationships. Participants agreed that some CEOs have “figured out ways to operationalize—or even weaponize—board effectiveness,” imposing subtle pressures that dissuade robust oversight. However, many directors selected from executive backgrounds are under-utilized -- “Why are all of these former execs on boards, yet they aren’t being tapped for strategic decision making?”

Collectively, these trends have intensified tension within the board selection system. There is broad consensus that boards need “the right seat at the right time,” supported by a deep “bench” of qualified and diverse candidates. What constitutes “right” may differ for the chair of the nominating and governance committee, for the CEO, and for key investors. Effective boards value diversity in age, cognitive background, industry expertise, and more. In an ideal scenario, a properly empowered nominating and governance committee would conduct comprehensive searches to appoint directors who expand the board’s collective expertise for the benefit of owners. In practice, however, owners—particularly anchor investors (when they exist such as sovereign wealth fund) or institutional investors—often lack the mechanisms or direct influence to propose their own slates of directors, which gives the CEO disproportionate sway over board composition.

II. Insufficient Board Refreshment and Oversized Incumbency Effect

One workshop member noted that “the incumbency effect on boards is stronger than Congress,” resulting in minimal turnover and insufficient infusion of new ideas. Longstanding directors may bring valuable institutional memories, such as first-hand knowledge of prior economic cycles, but this benefit can be overshadowed by the absence of fresh perspectives on current challenges. “Ultimately board members have to change, but the board has to hold up a mirror to themselves” to do this effectively.

In many instances, newly appointed directors are implicitly expected to align with prevailing board norms and traditions. Such social pressure discourages novice members from questioning entrenched practices or exploring novel approaches. Workshop participants drew parallels to CEO succession planning: if a corporation is willing to plan actively for a departing CEO, it should likewise engage in a similar exercise for board directors. Yet, as participants noted, few boards engage systematically in their own form of “succession planning.” This stagnation can be particularly detrimental in a fast-evolving environment that demands continuous learning and regular strategic recalibration.

III. Strained and Expanding Oversight Responsibilities

A core dilemma for modern boards is the ballooning scope of oversight responsibilities -- “Governance has grown to mean too much, and a rearticulation of that would be helpful”. Issues such as cybersecurity, quantum computing, AI deployment, and climate resilience demand

technical expertise and forward-thinking governance. However, most boards still operate with practices suited to an era focused on classic responsibilities like audit reviews and executive compensation. Directors must often lean on “shadow mandates,” depending on management-selected experts or external consultants for guidance. As a result, boards struggle to integrate novel risks—like AI ethics or geopolitical volatility—into broader strategic discussions.

Technological disruption represents one of the most critical challenges facing corporate boards today, amplified by the widespread availability and affordability of advanced technologies, the vitality of venture capital markets, and abundant access to skilled talent eager to innovate. These factors collectively lower barriers for new market entrants, significantly increasing the potential for disruptive innovation. Consequently, businesses find themselves under mounting pressure from customers, investors, and employees alike, who demand continuous innovation in the form of new products and services, thereby placing ultimate responsibility on boards to proactively manage this threat.

VII. Information Asymmetry

Information asymmetry represents a significant and pervasive challenge in corporate governance, arising primarily because boards often rely exclusively on information supplied by the CEO and other C-suite executives—the very individuals whose performance, decisions, and policies they are tasked with evaluating. Board members typically lack independent staff, resources, or the capacity to gather objective data, perform comprehensive analyses, and draw conclusions free from internal biases or management influence. Consequently, directors may become constrained by incomplete or selectively presented information, limiting their ability to effectively and impartially evaluate executive performance, proposed initiatives, and strategic decisions.

IV. Weaknesses in Stakeholder Engagement

Another shortcoming stems from superficial stakeholder engagement, particularly with shareholders and community groups. Many institutional investors offer broad, high-level guidance but rarely engage at the depth needed to shape board composition or policy. Workshop participants questioned whether public expressions of investor interest (often labeled “engagement”) are merely performative when large asset managers lack the structural bandwidth to engage in nuanced dialogues. Additionally, “new SEC interpretations are making it harder to engage with shareholders,” a workshop participant noted --- specifically, the “SEC is going to make it harder for boards to share what they want,” which only ends badly for directors.

V. The Black Box of Board Effectiveness

Compounding these structural problems is the opaque nature of board deliberations. Meeting minutes are typically sanitized or vague, obscuring the depth (or lack thereof) of debate and the distribution of viewpoints. Board processes effectively become a “cloudy kaleidoscope” in which

shareholders, employees, and regulators have limited means of determining whether directors challenge management, conduct robust risk assessments, or serve as a rubber stamp. Even the “ISS (Institutional Support Services), the proxy advisor, has no visibility into the board... they don’t see the dynamics of who is dozing off versus holding the CEOs feet to the fire,” a workshop attendee noted. In this black box environment, accountability suffers, and directors who fail to engage vigorously can blend into the background without triggering external scrutiny.

VI. Underinvestment in Human Capital and Operational Insights

Finally, boards frequently underinvest in the human side of governance. Although a company’s workforce is arguably its most vital resource, directors often concentrate on policy compliance or high-level financial metrics to the detriment of talent development, succession planning, and organizational culture. Participants emphasized that new directors should be encouraged—if not mandated—to form relationships with mid-level and senior personnel. Such engagement could be structured as a mentorship program, fostering direct lines of communication that reveal both operational hurdles and emerging internal talent. Without proactive efforts to integrate human capital considerations into board deliberations, directors remain disconnected from the very insights needed for effective long-term oversight.

Proposed Solutions

Workshop discussions yielded both affirmations of what boards traditionally do well—such as strong audit oversight and CEO succession planning—and a recognition of how ill-equipped many are for modern governance challenges. Participants converged on five major reforms, each a response to the deficiencies described above.

1. Proactive Board Refreshment and Succession Planning

A recurring theme in the workshop was the critical need to mitigate board stagnation. The prevailing practice of appointing directors from narrow circles—especially by CEOs—has led to homogeneous boards lacking essential skills. Participants recommended systematic “refreshment reviews,” held annually or biennially, to evaluate whether each director’s expertise still aligns with emerging corporate objectives.

Rather than imposing rigid rules, boards should mandate a transparent discussion of whether each member remains an optimal fit. This does not necessarily mean that term limits or rotational policies should be made compulsory by regulation, however they could provide valuable guardrails to ensure regular influxes of new competencies. For example, perhaps it is mandatory to present a prospective new candidate to nom/gov once a year. Such strategies help boards identify when a director’s long experience ceases to be beneficial, given new demands in areas like AI ethics, cybersecurity, or climate resilience.

Notably, some attendees proposed innovative structures such as auctioning off one board seat each year to an external candidate or guaranteeing certain seats for technology, sustainability, or global trade experts. Or, perhaps it is possible for owners to propose a slate of candidates, and current board members can vet them, although one participant critically observed, “The problem is [institutional investors] will ask, ‘What is the ideal slate from ISS point of view?’ making real engagement challenging”. While these solutions seem more out of the box, they underscore the urgency of curating a board that is versatile, informed, and genuinely independent of entrenched management interests.

2. Technological Disruption and Innovation

Boards should prioritize enhancing their workforce's digital capabilities through structured training initiatives, similar to PwC's digital Quests program. Establishing dedicated Board-level Innovation and Technology Committees, as demonstrated by industry leaders such as Pfizer and Walgreens, allows for focused oversight. Employing advanced forecasting methodologies—such as experience curves, Elements of Value® analysis, adoption curves, and assessment of innovation barriers and accelerators—can enhance predictive capabilities concerning emerging technologies. Lastly, boards should actively promote innovation through corporate venture funds and internal disruptive innovation labs, a strategy successfully adopted by firms like Google, Intel, Pfizer, Delta Airlines, and Marriott, to attract talent and cultivate groundbreaking solutions.

3. Dedicated Board Resources and Independent Advisory

Workshop participants widely agreed on resurrecting the academic idea that boards should have access to dedicated resources not controlled by the CEO or general counsel. Rather than relying solely on management-provided materials, boards could retain independent analysts, legal counsel, and even invite short-seller or activist advisors to challenge corporate strategies. The aim is not to create an adversarial relationship but to foster a culture in which directors can confidently question management's assumptions, leading to constructive dissenting discussions. In highly technical industries, where many board members lack specialized backgrounds, these resources become even more critical.

Additionally, the greater a company's success, the more significant the impact of competition on its performance. External subject matter experts, including sell-side analysts, industry analysts (e.g., Gartner), or recently retired CEOs from competing firms, should provide the Board with competitive insights. It could even be beneficial to invite a short seller to a board meeting to understand why they are shorting the stock.

Despite potential pushback from CEOs wary of ceding control over information channels, attendees noted that the mere presence of an independent advisor can prompt management to present more balanced and transparent data. While this approach is resource-intensive, especially

for smaller firms, it ensures boards remain sufficiently informed to govern effectively in a fast-changing world.

4. Enhanced Transparency and Board Evaluation

An ongoing obstacle to accountability is the limited insight outsiders have into boardroom deliberations despite classic metrics like shareholder return or stock value. Meeting minutes rarely reflect the depth or tenor of debates, and boards seldom conduct comprehensive self-evaluations. To address this, participants advocated more frequent and structured assessment processes at multiple levels—board, committee, and individual directors—over periods of 2-3 years. Evaluations should incorporate comprehensive input, integrating perspectives from internal evaluators such as executives and employees, anonymized peer reviews from board members themselves, and external assessments by independent evaluators. External evaluators would ideally interview board members, observe committee interactions, and provide confidential but actionable feedback, transparently reporting findings to shareholders to "open the black box" of board dynamics that traditional agencies like ISS cannot fully observe. This transparency would highlight directors actively holding management accountable versus those passive or disengaged.

Individual board member tracking is critical, not only feeding into a composite measure of board effectiveness but also informing the selection of new directors based on historical evaluations and enabling investors to benchmark against other companies. These evaluations celebrate high-performing directors to serve as an example for under-engaged members. Crucially, participants emphasized avoiding the weaponization of evaluations for boardroom politics, aiming instead to cultivate a healthy governance culture rather than punishing dissenters.

Nevertheless, participants recognized a significant drawback: "people will act in a certain way that makes their ISS or self-evaluation ratings good, but the most valuable directors are the constructive dissenters". Discouraging genuine debate or dissent to achieve higher ratings will rid the board room of those who challenge prevailing views and propose bold strategic shifts. Evaluators must therefore deliberately guard against methodologies that inadvertently incentivize conformity or penalize constructive dissent, ensuring confidentiality, sensitivity to board dynamics, and a nuanced understanding of boardroom effectiveness.

Several attendees also proposed including a detailed, externally prepared "Board MD&A" (Management Discussion & Analysis) in the proxy statement or annual report, offering shareholders a narrative overview of the board's discussions, diversity of perspectives considered, and rationale behind major decisions. While carefully drafted to avoid divulging proprietary or litigation-sensitive information, these reports would shed light on the diligence with which the board fulfills its oversight responsibilities. Transparent disclosure—not reduced visibility—is essential to aligning board behavior with shareholder interests, potentially

necessitating revised disclosure standards similar to "good samaritan" rules, encouraging openness without fear of undue penalty.

5. Incentives for Cognitive Diversity

Workshop dialogue repeatedly returned to the importance of diversifying board expertise and demographic representation. The concentration of ex-CEOs and CFOs has failed to address the complex array of contemporary governance challenges. Only a small fraction of directors today have IT or cybersecurity experience, and even fewer come from human resources or sustainability backgrounds.

Participants recommended formal seat allocations for specialized skills, including a director with expertise in cybersecurity, AI ethics, or anything relevant to the specific company. This structural approach can be combined with robust mentorships, wherein newer directors rotate through different operational areas, meet with mid-level managers, and develop a deeper understanding of organizational culture. Such practices ensure that decisions incorporate a variety of viewpoints grounded in real-time insights from across the company.

“When companies are trying to be first movers ... someone needs to be able to challenge management on the bets they are making,” a participant noted. To legitimize disruptive or contrarian perspectives, some participants also endorsed a “red team captain” model, in which a rotating individual is specifically tasked with challenging or “pressure-testing” management’s proposals. By making critical examination an official board duty, directors can more freely raise concerns without fear of being labeled obstinate or unsupportive. In a similar vein, encouraging informal caucuses or smaller working groups can empower quieter directors to form alliances and elevate their suggestions in larger forums.

6. Redefining Shareholder and Stakeholder Engagement

Finally, the workshop underscored the need for more substantive engagement between boards and external stakeholders. Although shareholders formally elect directors, in practice, large institutional investors rarely engage at a level that meaningfully influences board composition. BlackRock, Vanguard, and other passive investors may issue public letters outlining broad governance principles, but they seldom become deeply involved in selecting or evaluating directors.

Participants called for more frequent “board-shareholder dialogues,” enabling directors to discuss key strategic, social, and technological developments beyond the annual proxy cycle. Drawing on models from Europe, where long-term anchor investors sometimes hold board seats or formal advisory positions, participants suggested that embedding a representative from a committed shareholder could provide stability and a strategic perspective beyond immediate market fluctuations. However, such an arrangement may be difficult to implement practically.

Large institutional investors often pursue their own agendas, driven by priorities that may not align directly with corporate strategies. Furthermore, the representative casting votes for these investors is typically a legal advisor or compliance officer who might lack firsthand experience running companies. The institutional investor's most knowledgeable individuals—industry analysts or portfolio managers—are frequently responsible for multiple funds holding stakes in numerous companies, making their direct engagement challenging.

Extending engagement to regulatory bodies was also highlighted as a prudent step. Regular, proactive discussions with regulators—particularly in sectors subject to high oversight—could clarify emerging expectations or worries while giving boards insight into how best to align corporate practices with public contexts. Participants agreed that boards refusing to engage meaningfully with outside voices risk missing early signals of policy changes or social movements that could disrupt business models.

About The Hub's Think Bigger Initiative

The Hub at Columbia Business School is a think tank and a center for thought leadership at the intersection of business and society. It connects scholars, practitioners, policymakers, and the broader public to explore the most pressing issues shaping the world today.

Think Bigger Innovations, a Hub initiative, builds on this mission by focusing on how corporate innovation can benefit society. Led by Sheena S. Iyengar, the S.T. Lee Professor at Columbia Business School, it addresses the challenges large companies face in scaling corporate entrepreneurship, particularly for innovations with societal impact. The initiative hosts workshops that bring together business leaders, academics, and policymakers to develop strategies bridging theoretical insights and practical applications, fostering collaborations for meaningful societal change.

For more information on this workshop or other initiatives, please contact the Think Bigger Innovation and Technology Hub at thehub@gsb.columbia.edu.

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