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Center for Board Effectiveness

On the Board's Agenda

Director skills for navigating a complex business environment

Why it matters

Boards are navigating a business climate defined by rapid change and growing complexity. A recent analysis of Fortune 100 companies reveals distinct patterns in director skills and backgrounds. Understanding these trends could help inform board refreshment strategies at companies of any size.

Globalized leadership

Almost all directors have leadership experience (90%), and the majority (63%) have skills in international business.

Potential skill gaps

The least common skills are related to mergers and acquisitions (31%) and information security (20%).

Risk skill premiums

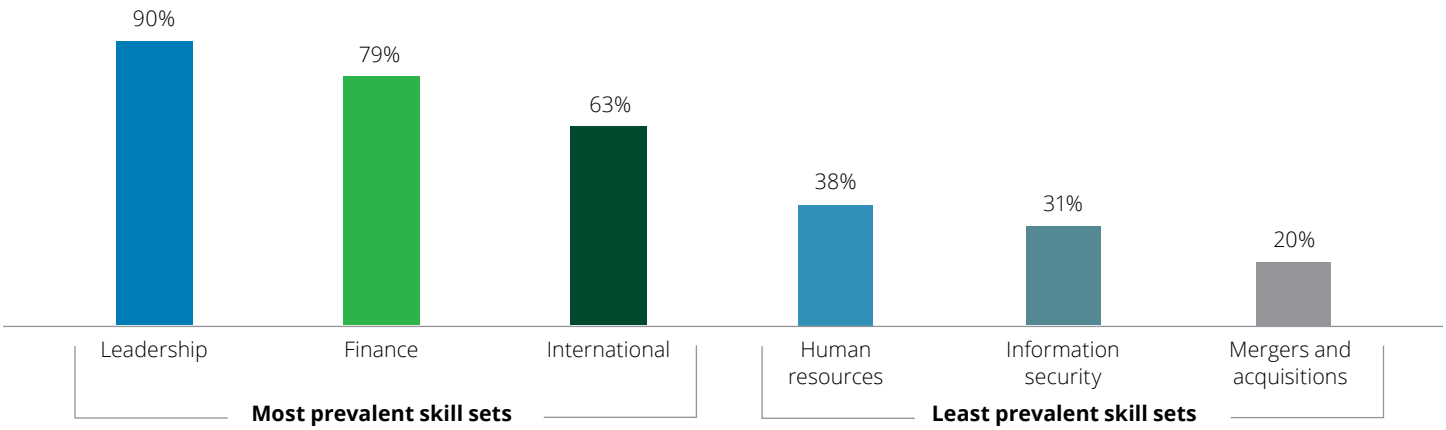
Directors who are new to the board are more likely to have risk management skills (70%) compared to incumbents (60%).



Introduction

For directors of Fortune 100 companies, some skills stand out as especially common, while others less so. For example, 90% of directors have leadership experience, meaning they worked in a C-suite role or held an equivalent public sector position, which is typical for large company boards.[1]

On the other end of the spectrum, only about 4 in 10 directors (38%) indicate skills related to human resources. And the least frequently reported skills are in information security (31%) and mergers and acquisitions (20%).



Variations in skill prevalence could signal how these competencies are valued by Fortune 100 companies. The following sections analyze how these skill profiles differ across directors with additional leadership responsibilities, skill pattern variation within board committees, and differences by director incumbency.

Refreshment strategy considerations

For boards considering how to integrate these insights into refreshment strategy discussions, the following questions could be a useful starting point:



Does the board's current mix of skills and backgrounds align with its future strategic priorities and emerging risks?



How often is the board's skill matrix regularly reviewed, and who leads the process? What actions are taken if gaps are identified?

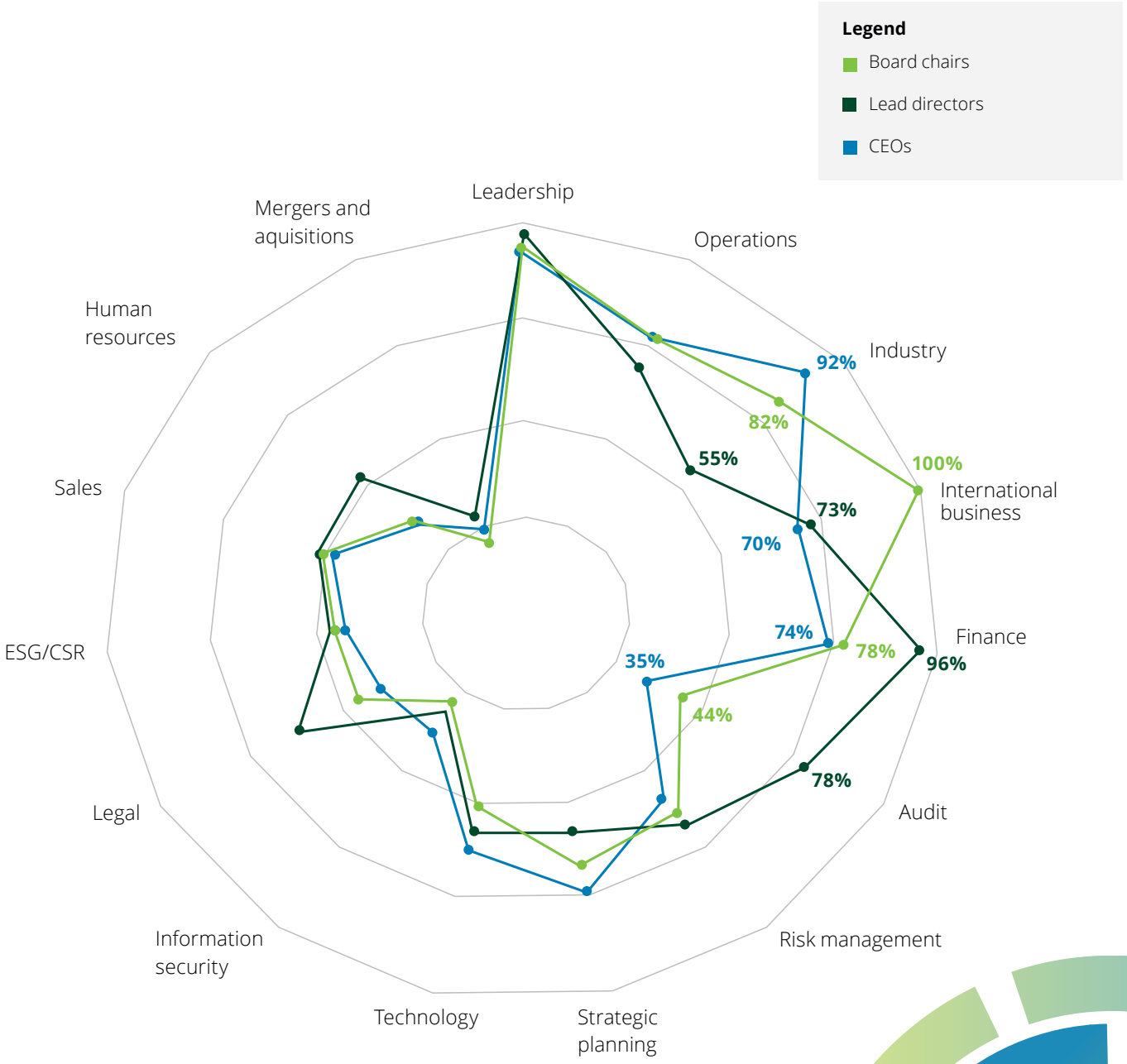


How does the board incorporate skill set considerations when adding new directors? What about when planning for the succession of leadership roles?

Board leadership roles

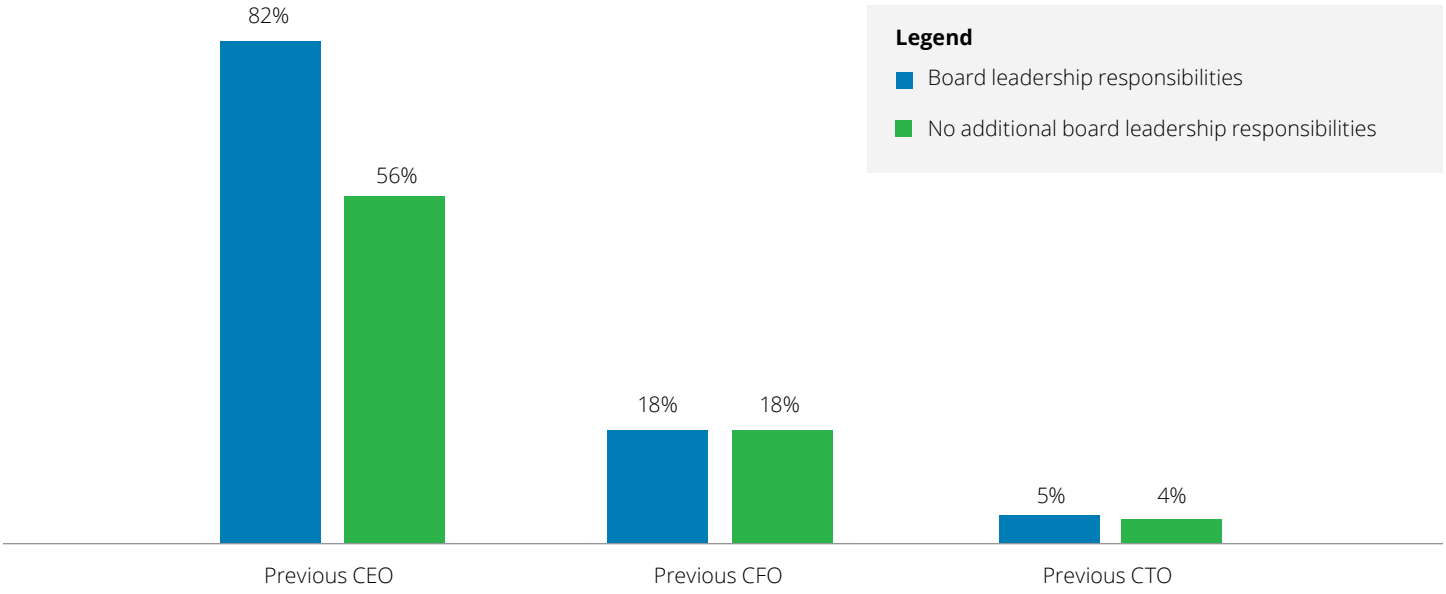
Those with additional board leadership responsibilities exhibit distinct skill profiles. For example, lead independent directors almost universally report having financial acumen (96%). Though also prevalent for other roles, finance skills (experience in financial services and/or fields related to investments) are relatively less likely to be found in the profiles of chairs (78%) and CEOs who are not currently serving as chairs (74%).[2]

Skill set differences by board leadership role[3]



Directors with additional leadership responsibilities are also more likely to have CEO experience (82%).[4] That is in notable contrast to other types of executive experience, where both groups are equally likely to have served as CFOs or CTOs (18% vs. 18% and 5% vs. 4%, respectively).

Background differences by level of leadership responsibility





CEO-chairs

Compared to other board leaders, CEOs who also serve as the company's board chairpersons (CEO-chairs) seem to have a distinctive skill set. For example, CEO-chairs demonstrate a high prevalence of industry-specific skills (98%) versus other board leaders (61%). Research suggests that this kind of industry acumen could be particularly important in helping boards navigate economic and geopolitical volatility.[5] Other skills with notable differences for CEO-chairs include strategic planning (79% vs. 57% in other leader roles) and technology (70% vs. 48%).

About a third of CEO-chairs (35%) have audit skills (audit firm and/or public accounting experience), in contrast to roughly two-thirds of other board leaders (63%).[6] Additionally, they exhibit somewhat lower levels of financial skills (77% vs. 88%). These differences highlight how variations in leadership structure can influence the board's collective skill mix. Ultimately, regardless of whether the CEO is chair, achieving a balance of skill sets is likely to be an important aspect of governance strategy for boards.

Board committees

Overall, the data suggests Fortune 100 board committees are led by those with relevant skills. As an illustrative example, consider that finance is a very prevalent skill set for the chairs of both the compensation (88%) and nominations/governance (83%) committee. However, and as one might expect, it is **most** prevalent for chairs of the audit committee (95%).

Differences in skills by board committee

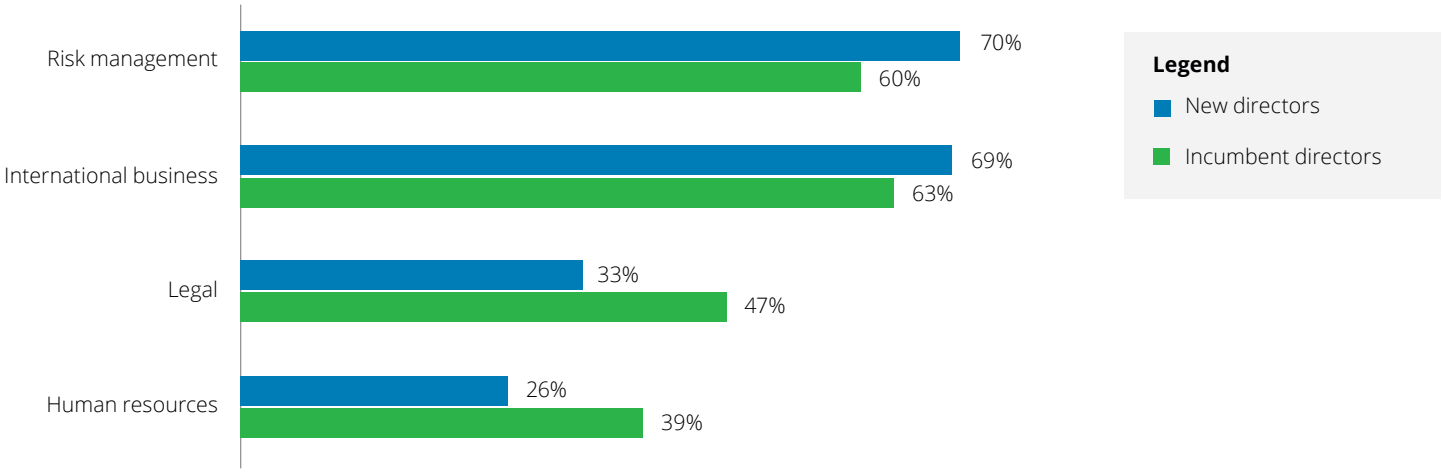
Legend
Prevalence of skill set
Low — High

	Audit		Compensation		Nominating/Governance	
Skills	Chairs	Members	Chairs	Members	Chairs	Members
Finance	95	86	88	79	83	77
Leadership	94	93	93	90	88	92
Audit	90	90	67	55	66	58
International business	71	62	67	67	61	62
Risk management	69	66	66	61	63	62
Strategic planning	60	64	61	65	69	61
Industry	58	52	51	53	51	52
Operations	55	67	80	66	64	64
Technology	53	59	61	54	61	55
ESG and/or CSR	50	52	45	48	49	56
Legal	46	48	46	47	56	45
Sales	36	44	45	45	48	43
Information security	30	38	34	31	32	31
Human resources	29	40	53	50	43	41
Mergers and acquisitions	22	21	19	21	23	19

New and incumbent directors

Those who are new to Fortune 100 boards are more likely to report skills in management (70%) compared to incumbent directors (60%).[7] The gap for international business skills is smaller, but still notable (69% new vs. 63% incumbents). Conversely, new directors are less likely than incumbents to report legal (33% vs. 47%) and human resources (26% vs. 39%) skill sets. As Fortune 100 companies navigate a constantly shifting business landscape, such variation might signal adjustments to refreshment strategy.

Differences in skills by director tenure



Conclusions

There are distinct patterns in the skill profiles and professional backgrounds of Fortune 100 directors. Those with additional leadership responsibilities are more likely to have finance skills and prior CEO experience. And when these boards add members, they are disproportionately more likely to have acumen in risk management and international business.

From technological disruptions to shifting regulatory priorities, it seems likely that the risk landscape for boards may continue growing in complexity. To navigate such volatility, it's worth considering how the board's competencies align with the organization's long-term oversight needs. If a skill set assessment reveals gaps, boards could consider prioritizing high-need competencies in new director searches. More immediate deficits could be addressed through adjustments to the board's professional development efforts.

From a governance perspective, these findings underscore the potential value of a balanced board composition. They also echo other research linking business performance with presence of varied director skill sets.[8] At the very least, the patterns outlined here suggest taking a deliberate approach to composition could improve the board's ability to steer the organization.[9] And as the list of topics on the board's agenda grows ever longer, that might be a competitive advantage.

Appendix I. Methodology

This *On the Board's Agenda* uses data about board directors (n = 1,202) of companies (n = 96) appearing on the Fortune 100 list in 2024. The Fortune 100 ranks the largest (by revenue) public and private companies that are (a) incorporated in the United States, (b) operating in the United States, and (c) filing financial statements with a US government agency.

Skills data for board directors is publicly available via each company's Securities and Exchange Commission (SEC) filings. These filings were compiled and aggregated into a data set and provided to Deloitte by ISS Corporate Solutions, Inc.

Deloitte compared the data provided by ISS through randomly selecting companies in each Fortune 100 quartile. Data points for directors at selected companies were checked by comparing values against the entity's latest SEC filing as of June 30, 2024.[10] In four cases, companies were excluded because there was insufficient information to compare the data.



Appendix II. Supplemental tables

Table A1. Skill set differences across groups of F100 board directors

Skills area	All F100 directors	New to the board	Board leadership	Committee leadership[11]
Leadership	**90%**	93%	93%	92%
Finance	**79%**	70%	87%	89%
Operations	**65%**	61%	69%	67%
International business	**63%**	70%	69%	67%
Strategic planning	**62%**	52%	64%	64%
Audit	**61%**	54%	68%	75%
Risk management	**61%**	69%	66%	66%
Industry	**57%**	48%	61%	54%
Technology	**56%**	54%	56%	58%
CSR and ESG	**47%**	41%	48%	48%
Legal	**46%**	34%	50%	50%
Sales	**41%**	42%	46%	44%
Human resources	**38%**	27%	40%	42%
Information security	**31%**	32%	32%	32%
Mergers and acquisitions	**20%**	17%	21%	22%

Table A2. Skill set and background differences by director tenure

Category	New	Incumbent	Difference (percentage points)
Professional backgrounds and experiences			
Chief financial officer	20%	18%	+2 pp
Chief technology officer	3%	4%	-1 pp
Government background	13%	19%	-6 pp
Chief executive officer	55%	61%	-6 pp
Academic background	10%	16%	-6 pp
Skills areas			
Risk management	70%	60%	+1 pp
International business	69%	63%	+6 pp
Leadership	92%	90%	+2 pp
Sales	42%	41%	+1 pp
Information security	31%	31%	0 pp
Technology	52%	56%	-4 pp
Mergers and acquisitions	16%	20%	-4 pp
Operations	59%	66%	-7 pp
Audit	53%	61%	-8 pp
ESG and/or CSR	40%	48%	-8 pp
Industry	48%	58%	-10 pp
Finance	69%	79%	-10 pp
Strategic planning	51%	62%	-11 pp
Human resources	26%	39%	-13 pp
Legal	33%	47%	-14 pp

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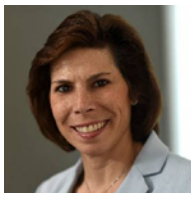


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Endnotes

1. The definition of all skills used in this publication have been set by ISS Corporate Services data collection guidelines. Leadership skills or experience refer to instances where a director has held an executive position, such as Chief Executive Officer (CEO), Chief Financial Officer (CFO), or comparable C-suite roles. This also includes individuals who have occupied positions of equivalent seniority within the public sector, such as University Chancellors.

2. Having the finance skill means the director has experience in financial services or another field related to investments. This includes directors with professional backgrounds in corporate finance.

3. The original data set listed Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) as separate skills. Due to their similarity, this analysis has combined them.

4. For this analysis, additional leadership responsibilities include board chairs (including CEO-chairs), lead directors, and CEOs who do not serve as board chair. CEOs are not counted as having "CEO experience" unless they previously served in that role at a different company.

5. Nishant Dass et al., "Board expertise: Do directors from related industries help bridge the information gap?," *Review of Financial Studies* 27, no. 5 (May 2014): pp. 1533–92.

6. Having the audit skill means the director has experience at an audit firm and/or otherwise has public accounting expertise. This includes directors who currently/previously served on an audit committee.

7. New director is an individual not serving on the board as of June 30, 2023, who was appointed as of June 30, 2024. The term does not necessarily mean new to board service.

8. Wim Voordeckers et al., "Director knowledge, shared leadership, and board service performance," *Journal of Business Research* 189 (February 2025): 115208.

9. There could be some limits to this positive effect. For example, it's possible for a board to have many different skill sets—but still lack the expertise areas needed to meet a company's strategic needs. See Renée B. Adams, Ali C. Akyol, and Patrick Verwijmeren, "Director skill sets," Journal of Financial Economics 130, no. 3 (December 2018): pp. 641–62.

10. C. Akyol, and Patrick Verwijmeren, "Director skill sets," *Journal of Financial Economics* 130, no. 3 (December 2018): pp. 641–62.

11. Chairs of the audit, compensation, and nominations and governance committees.



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