

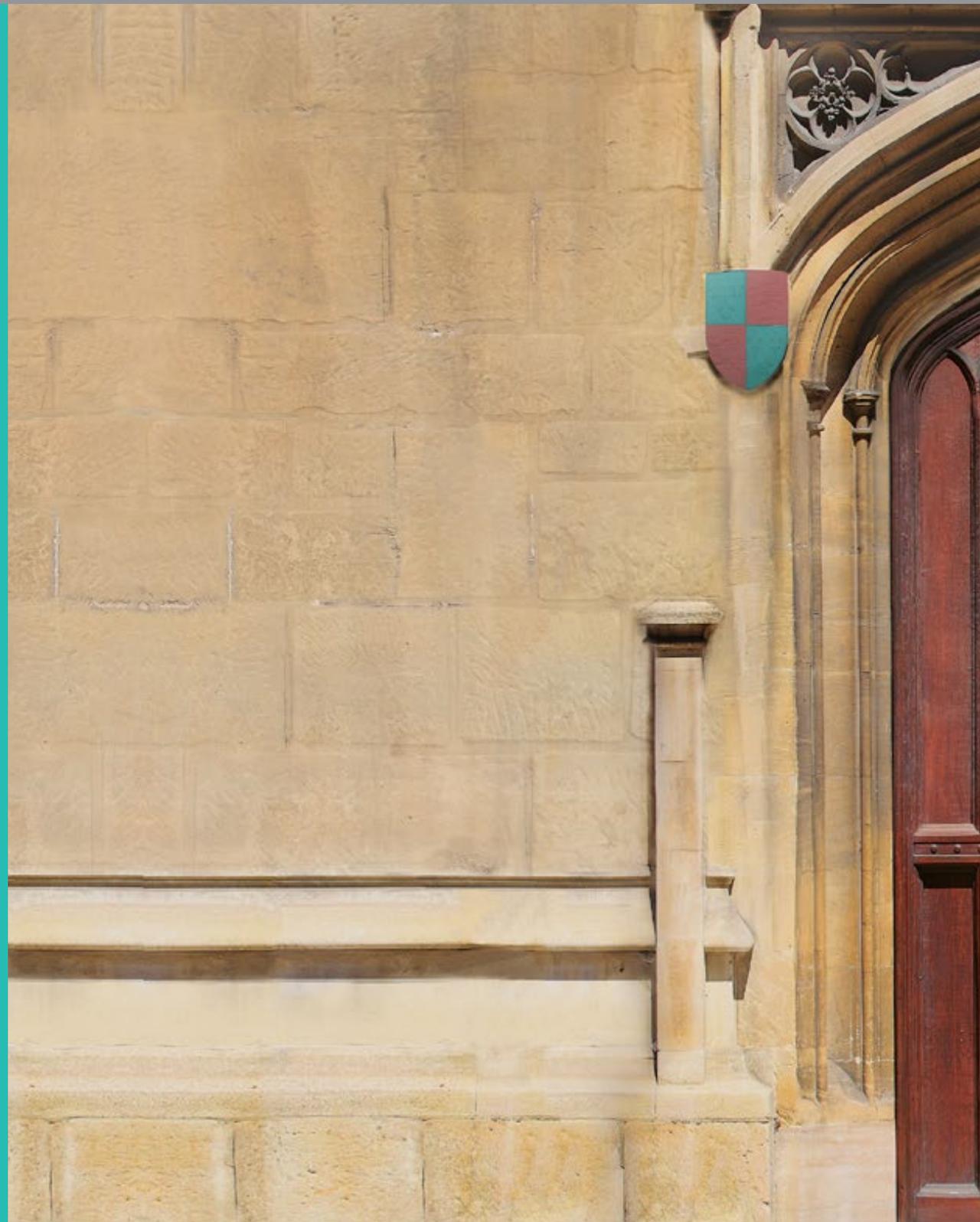


Building a great board

KPMG's Audit Committee Institutes
Global pulse survey

KPMG in Nigeria

December 2016





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Building a great board: Global views on board composition

Aligning boardroom talent with the company's strategy is a key driver of many boards' increasing focus on board composition and succession planning today. Indeed, talent in the boardroom is also front and center for investors, regulators, and the media: Does the board have the skills and expertise as well as the diversity and variety of perspectives that are essential to being effective in their oversight role—and to contribute to the long-term success of the company?

To better understand the tools and approaches that directors are using to achieve the right mix of skills, backgrounds, experiences, and perspectives in the boardroom—what works, what doesn't, and what might get in the way—we surveyed more than 2,300 directors and senior executives in 46 countries around the world. We also explored these issues through interviews with board members and business leaders from six countries for the latest edition of *Global Boardroom Insights* from KPMG's Audit Committee Institutes¹.

Taken together, the interviews and survey results show that many boards are reassessing how they approach board composition from start to finish—from recruiting and onboarding to board evaluation and succession. As one director noted, "Getting the right people with the right skills, both technically and personally, is as much an art as it is a science, but board composition can be far more systematic than simple guesswork."

As our survey findings show, directors in Nigeria see much room for improvement; only 33 percent said they are "satisfied," and 29 percent "somewhat satisfied" that their board has the right combination of skills, background, and experiences. The survey identifies some of the key challenges or barriers to building high-performing boards, as well as steps boards are taking to overcome these hurdles and position themselves as strategic assets for their companies.

We hope these results and observations will help facilitate robust boardroom conversations about board composition and succession planning, and provide some insights to assist boards as they tackle the difficult challenge of building and maintaining the "right" board.

Tomí Adepoju
Partner, Board Advisory Services
KPMG in Nigeria

¹ KPMG Audit Committee Institutes, *Global Boardroom Insights: Building a Great Board*.

Five takeaways



Board composition—and alignment with strategy—is a key priority. Given the demands of today’s business and risk environment—not to mention increasing scrutiny by investors, regulators, and the media—a critical priority for almost every board is to align boardroom talent with company strategy, both for the short-term and the long-term as the strategy evolves. Survey respondents identified several related reasons for this intense focus on board composition, including the need for greater diversity, and the need for directors with an understanding of the competitive environment, the pace of technology change, and the potential disruptors of the company’s business model.



Significant barriers exist to building a high-performing board. The barrier most frequently cited by survey respondents in Nigeria was “finding directors with both general business experience and specific expertise needed by the company” (62 percent). A board culture that does not encourage questioning and open discussion ranked second (48 percent), followed by lack of robust board and individual director evaluations (43 percent). Lastly, the difficulty in removing underperforming directors (38 percent).



Despite wide recognition of the importance of succession planning in achieving optimal board composition, few boards have a formal succession plan in place. While the vast majority of survey respondents said that a formal board succession plan is a key mechanism to achieving the right board composition, only 33 percent of respondents in Nigeria reported having either a formal succession plan in place or in process.



There are important mechanisms to help maintain optimal board composition—but they are often underutilized. Respondents overwhelmingly cited robust board evaluations (87 percent globally and 90 percent in Nigeria) as well as formal succession plans (77 percent globally and 76 percent in Nigeria) as the most effective mechanisms to achieve the right board composition. However, as noted above, few boards have formal succession plans in place, and almost half cite “lack of robust board and individual director evaluations” among the greatest barriers to building and maintaining a high-performing board.



Generating the necessary change and turnover to achieve the “right” board composition requires an active approach. The survey findings point to the need for a strategic, integrated approach to board succession planning, composition, and diversity, which should be part of discussions by the full board about long-term strategy.



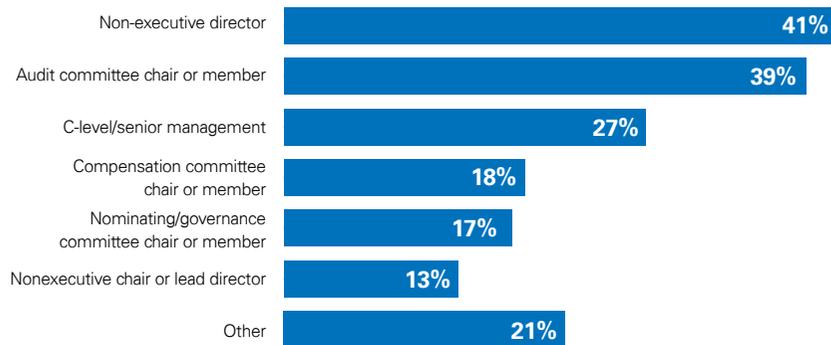
Board Skills & Attributes Matrix is a Key Priority.

The structure, composition and internal dynamics of boards have a major effect on the effectiveness of individual directors and the collective board. The board composition is largely influenced by the process through which directors are appointed unto the board. The key step in the appointment process is to perform a board competency assessment which comprises a competency and behavioural assessment of existing directors. A detailed evaluation of the current gaps in existing board size, mix of skills, background, expertise & experience, diversity (age range, gender and geographical representation) relevant to the organisation's industry, strategy, developmental stage and environment. It will also include a review of existing directors' behavioural attributes and independence required to determine specific behavioural types missing on the board which may help the board function as an effective decision-making body. The result of these reviews is a Board Skills & Attributes Matrix.

Nominations are received from board members, third party search companies, etc, and reviewed to the developed Board Skills & Attributes Matrix. Formal background/due diligence checks and interviews are carried out on the nominees to ensure suitability and fit and proper test (character, reputation, possible conflicts, etc) of the individual for a board position. This whole process is typically driven by the Board through its Board Nominations/Governance Committee which is made up of only non-executive directors. Their role is to utilize a transparent process to identify nominees who meet the pre-defined skills and attributes profile. The Board Skills & Attributes Matrix is also a useful tool during the succession planning process and when planning director education to focus the board on recruiting individuals with the required competencies and attributes.

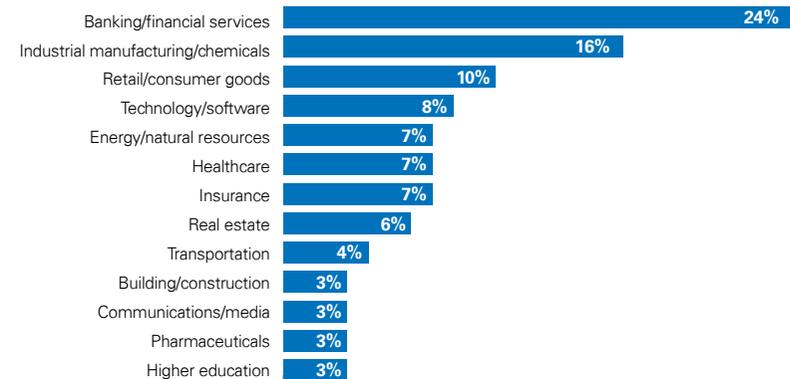
Survey respondents

By title/role



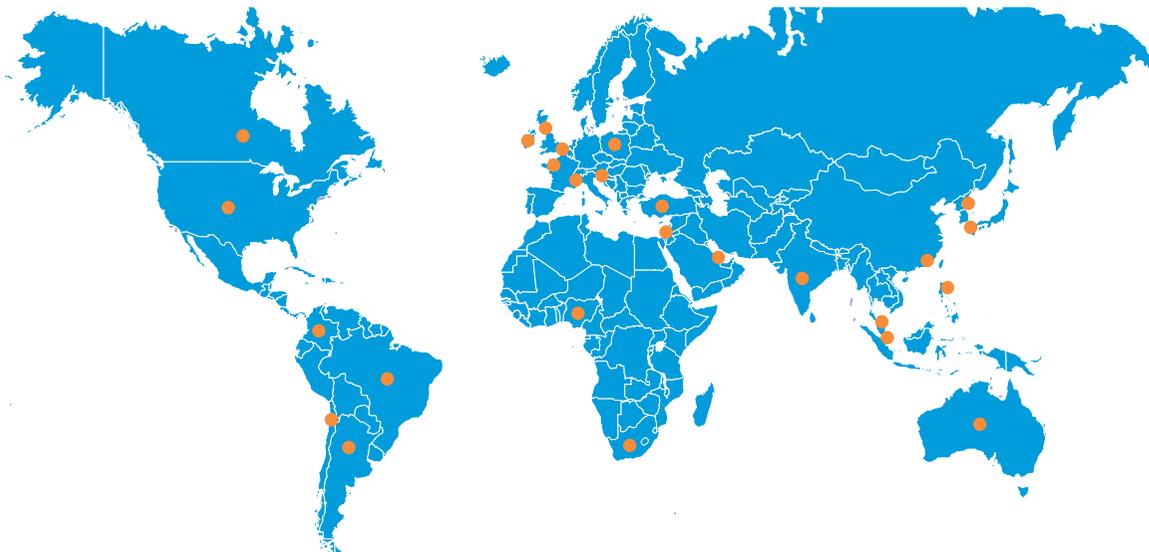
Multiple responses allowed

By industry*



* Note: Those who selected "Other" have been excluded.

Participating countries



| | | |
|-----------------|-------------|----------------------|
| Angola | Ghana | Poland |
| Argentina | India | Portugal |
| Australia | Indonesia | Qatar |
| Austria | Ireland | Saudi Arabia |
| Bahrain | Israel | Singapore |
| Belgium | Italy | South Africa |
| Bermuda | Japan | Spain |
| Brazil | Korea | Switzerland |
| Canada | Luxembourg | Taiwan |
| Chile | Malaysia | Turkey |
| China/Hong Kong | Malta | United Arab Emirates |
| Colombia | Mexico | United Kingdom |
| Denmark | Netherlands | United States |
| Finland | New Zealand | Vietnam |
| France | Nigeria | |
| Germany | Philippines | |

● = 20 or more responses



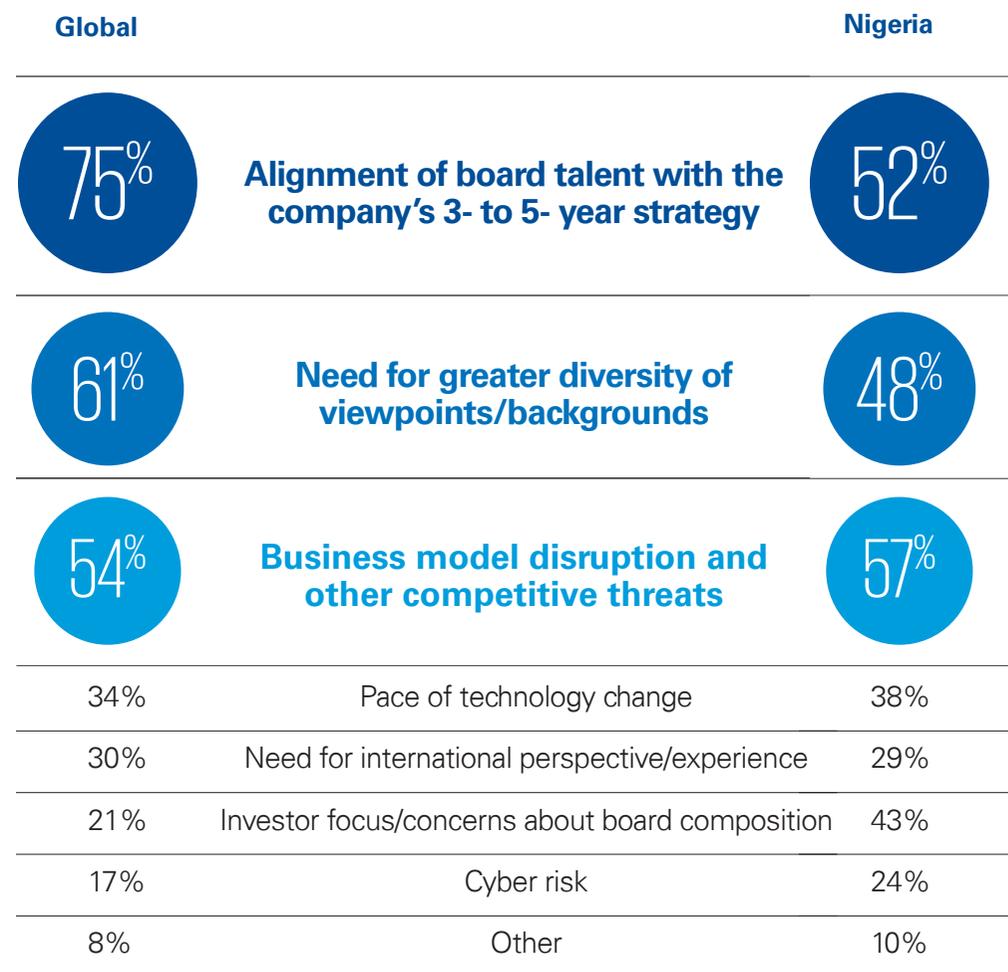
What challenges or concerns are most influencing how your board is thinking about its current and future composition — skill sets, backgrounds, experiences, and perspectives?

Board composition—and alignment with strategy—is a key priority.

A prior KPMG survey² showed that the board’s involvement in strategy has increased in the last three years, and that is supported by this latest pulse survey, but from a board-talent perspective. Given the demands of today’s business and risk environment—not to mention increasing scrutiny by investors, regulators, and the media—it comes as no surprise that a critical priority for boards today especially in Nigeria is “business model disruption and competitive threats” followed by alignment of boardroom talent with company strategy, both for the short-term and the long-term as the company’s strategy evolves. As one board member told us, “Whether it’s addressing a gap around technology or finding people who have international experience, talent needs to be part of the strategy discussion.” Another said, “Strategy is the number one reason that boards are looking at their skill sets and composition. Where are the board’s gaps in relation to the company’s strategy?”

A substantial number of respondents, both globally and in Nigeria cited the need for greater diversity in backgrounds and perspectives. One director noted, “Diversity in terms of the ‘background’ of board members is important, both in terms of technical knowledge or specialty and in terms of business knowledge and international experience.” Survey respondents identified several other reasons for this intense focus on board composition, including the need for directors with an understanding of the competitive environment, the pace of technology change, and the potential disruptors of the company’s business model. One board member told us, technology is “about staying competitive,” and finding directors with “seasoned business experience and an understanding of technology is a real challenge.”

² KPMG Pulse Survey, “Calibrating Strategy and Risk: A Board’s Eye View,” 2015.



Multiple responses allowed

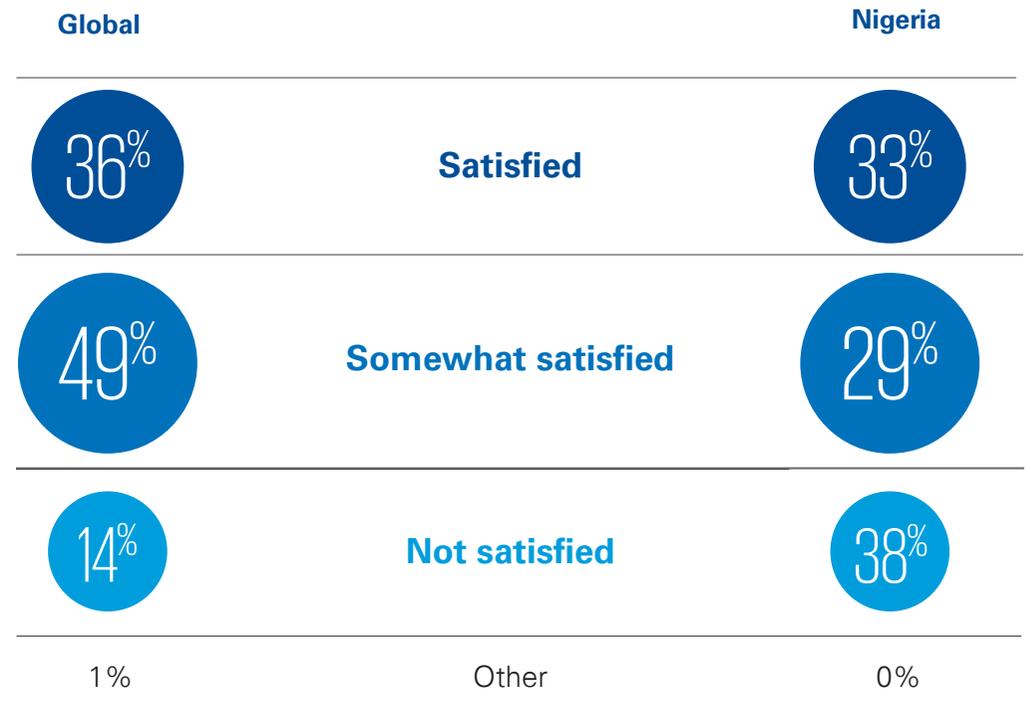
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How satisfied are you that your board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment?

More than half of directors polled see room for improvement when it comes to the board’s overall ability to challenge management and help steer the company through uncertainty. Only 33 percent of those surveyed in Nigeria said they are satisfied that their board has the right combination of skills, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment. The majority said they are not satisfied (38 percent) or only somewhat satisfied (29 percent).

One board member emphasized the importance of diversity of industry and entity in the boardroom, e.g, recruiting directors with backgrounds in academia, government, civil society, as well as entrepreneurs and those from family businesses. “It goes back to talent,” she noted. “A talented person will raise alternatives and scenarios. They’ll do it in a collegial way that gets the board thinking about different possibilities. Real diversity of thought requires diversity of experience.. so diversity is a much larger issue than just gender or age. There’s a broader strategic context and importance to diversity that boards need to consider.”



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In your view, what are the greatest barriers to building—and maintaining—a high-performing board?

Significant barriers exist to building a high-performing board.

Finding directors with both general business experience and specific expertise needed by the company is a barrier cited frequently by respondents both globally and in Nigeria (69 percent globally and 62 percent in Nigeria). Having a board culture that does not encourage open discussion ranked second in Nigeria (48 percent) followed by lack of robust board evaluations (43 percent). Globally, the respondents also felt that the identification of future board talent (55 percent) and resistance to inevitable change (43 percent) were also inhibitors to building a great board.

“Companies should be forward-looking when appointing directors, otherwise the composition and expertise of the board may not be in line with the company’s current stage of development,” agreed one director we interviewed. “A ‘status quo’ bias is a huge impediment to maintaining a high-performing board.”

A number of survey respondents highlighted the importance of effective director recruitment and selection, and “including the board as an element of the company’s strategic plan” as keys to building an effective board and positioning the board for the future.

| Global | | Nigeria |
|--------|---|---------|
| 69% | Finding directors with both general business experience and specific expertise | 62% |
| 55% | Identifying the talent the board will need in 3–5 years | 24% |
| 43% | Resistance to change due to “status quo” thinking | 38% |
| 32% | Board culture that does not encourage questioning and open discussion | 48% |
| 31% | Lack of robust board and individual director evaluations | 43% |
| 29% | Difficulty in removing underperforming directors | 38% |
| 21% | Gradual loss of independence (real or perceived) of long-serving directors | 24% |
| 11% | Lack of effective onboarding for new directors | 19% |
| 10% | Other | 6% |

Multiple responses allowed

Q

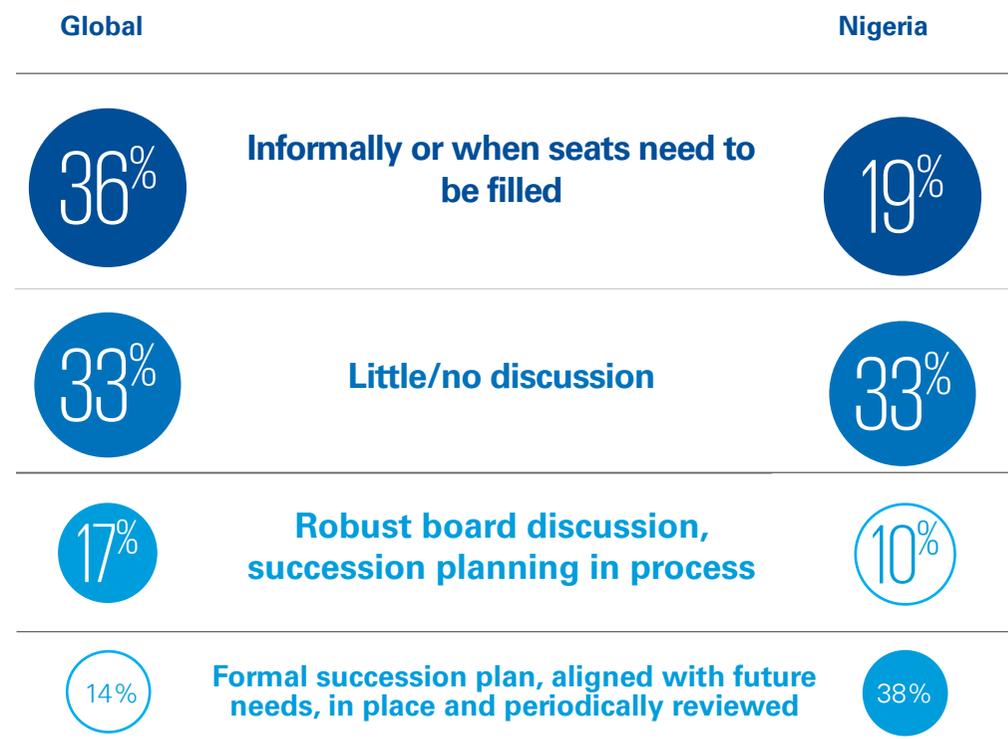
To what extent has your board addressed board succession planning?

Despite wide recognition of the importance of succession planning in achieving optimal board composition, few boards have a formal succession plan in place.

As shown on page 9, there are similarities in the results from both global and Nigerian perspectives. 77 percent of those polled globally and 76 percent in Nigeria cited a formal board succession plan as an effective mechanism to build the “right” board composition—second only to robust board evaluations.

However, 33 percent of respondents reported little or no discussion about board succession, and another 19 percent reported only informal discussion, when a seat needs to be filled in Nigeria. Only 10 percent reported that robust succession planning discussions were “in process”. However, 38 percent of the respondents in Nigeria reported having “a formal succession plan, aligned with future needs, in place and periodically reviewed.” While boards generally have become more focused in recent years on their critical role in succession planning for the chief executive officer and other executive directors, it appears many may be lagging in terms of the succession plans for non-executive directors. The Nigerian respondents however displayed a more positive trait in this regard compared to the results of the global respondents.

A director recruitment specialist noted that boards in recent years “have taken an increasingly rigorous approach to the succession of the executive leadership team, with human resources most often the owner of a succession talent map which is reviewed regularly by the board.” Boards can apply a similar approach to their own composition driven largely by the Nominations/Governance Committee.





In your view, what are the most effective mechanisms to achieving the right mix of skills, backgrounds, experiences, and perspectives on the board?

There are important mechanisms to help maintain optimal board composition—but they are often underutilized.

In Nigeria, respondents overwhelmingly cited robust evaluations (90 percent) and formal succession plans (76 percent) as the most effective mechanisms to achieve the right board composition. However, as noted previously, few boards globally have formal succession plans in place, and almost half cite “lack of robust board and individual director evaluations” among the greatest barriers to building and maintaining a high-performing board. In Nigeria however, more boards show a trend towards having a succession plan in place as can be seen on page 8. As one director recruitment professional noted, “Board evaluations can be a useful tool, especially at the start of a change program or when the board is about to go through a period of profound change. In cases where there are ongoing difficulties around the boardroom table that aren’t resolved or if the company has changed significantly since the core members of the board were appointed, a good board evaluation should flush this out.”

More than half of the respondents ranked tenure limits for individual directors as an effective mechanism to maintain optimal board composition. However, recent board surveys indicate that director tenure limits are not currently widely adopted³, and investors’ views on tenure limits are mixed⁴. A quarter of survey respondents said that “monitoring the board’s average tenure” was important, and we note that some institutional investors have recently adopted policies that consider average board tenure.

³ 2015 Spencer Stuart Board Index, stating that 13 S&P 500 boards (3 percent) set explicit term limits for non-executive directors, 66 percent state in their corporate governance guidelines that they do not have term limits, and 31 percent do not mention term limits.

⁴ Cam C. Hoang, “Institutional Investors and Trends in Board Refreshment,” Dorsey & Whitney LLP via Harvard Law School Forum on Corporate Governance and Financial Regulation, April 8, 2016.

| Global | | Nigeria |
|--------|---|---------|
| 87% | Robust board evaluations | 90% |
| 77% | Formal board succession plans | 76% |
| 49% | Tenure limit (years or terms) for individual directors | 71% |
| 33% | Monitoring the board’s average director tenure | 24% |
| 22% | Age limit | 14% |
| 17% | Expanding the size of the board | 19% |
| 15% | Other | 5% |

Multiple responses allowed

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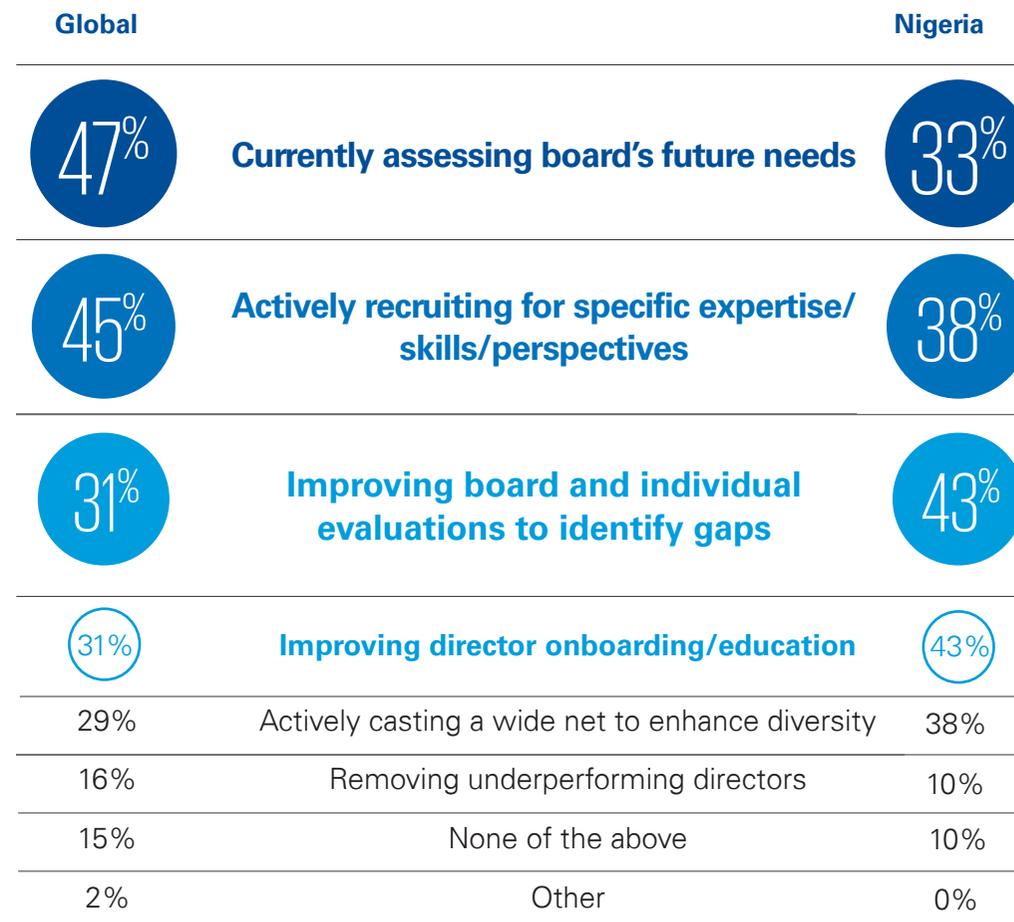
Q

What steps is your board taking to position itself for the future?

Generating the necessary change and turnover to achieve the “right” board composition requires an active approach.

What steps are boards taking now to position themselves for the future? 33 percent of survey respondents in Nigeria and 47 percent globally reported that their board is assessing its future needs. 38 percent of the Nigerian respondents said their board is actively recruiting for specific expertise/skills. Other actions include improving both board and individual director evaluations to help identify gaps, as well as improving director onboarding and education. Underscoring one of the major barriers boards are facing, 10 percent of those polled in Nigeria reported removing underperforming directors. One board member interviewed highlighted the importance of taking action in that respect, noting, “If a director is no longer making a meaningful contribution for whatever reason, the board should address that directly and respectfully.”

The key takeaway from the survey is that a strategic, integrated approach is required to planning board composition, succession planning, and ensuring adequate diversity. This should be part of the discussions by the full board on the organisation's long-term strategy. Of course, robust board and individual director evaluations are also critical—and a key area that requires attention by many boards. For many boards, this is a significant challenge, and there is work to do.



Multiple responses allowed

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Around the world: Notable country and industry trends

Globally, the survey data reflected some notable variations.

By country

Most satisfied that the board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management's strategic assumptions: **Israel, Singapore, Australia, Chile**

Least satisfied that the board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management's strategic assumptions: **Korea, Japan, Nigeria**

Highest percentage reporting little/no discussion about board succession: **Poland, Japan, Brazil, Turkey, Bahrain, Colombia, Chile**

No respondents reporting a formal board succession plan: **Belgium, Canada, Chile**

Highest percentage reporting a formal board succession plan: **Nigeria, Switzerland**

By industry

Cited cyber risk as a key driver in thinking about board composition: **banking/financial services sector** (29 percent, versus 17 percent overall)

Highest percentage citing the need for international perspectives/experience: **industrial manufacturing/chemicals sector** (45 percent versus 30 percent)

Highest percentage citing alignment of board talent with strategy: **healthcare industry** (85 percent, compared with 75 percent overall)

Least satisfied that the board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management's strategic assumptions: **retail/consumer goods sector** (28 percent, compared with 36 percent overall)

Highest percentage reporting only informal discussion of board succession planning: **tech/software sector** (44 percent versus 36 percent overall)

Benchmark your own views on building a high-performing board

Q1 What challenges or concerns are most influencing how your board is thinking about its current and future composition—skill sets, backgrounds, experiences, and perspectives? (select three)

- Alignment of board talent with company's 3- to 5-year strategy
- Need for greater diversity of viewpoints/backgrounds
- Business model disruption and other competitive threats
- Pace of technology change
- Need for international perspective/experience
- Investor focus/concerns about current board composition
- Cyber risk
- Other

Q2 How satisfied are you that your board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management's strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment?

- Satisfied
- Somewhat satisfied
- Not satisfied
- Other

Q3 In your view, what are the greatest barriers to building—and maintaining—a high-performing board? (select three)

- Finding directors with both general business experience and specific expertise (e.g., technology/cyber security)
- Identifying the talent the board will need in 3–5 years
- Resistance to change due to “status quo” thinking—i.e., “what has worked in the past will continue to work in the future”
- Board culture that does not encourage questioning and open discussion
- Lack of robust board and individual director evaluations
- Difficulty in removing underperforming directors
- Gradual loss of independence (real or perceived) of long-serving directors
- Lack of effective onboarding for new directors
- Other

Q4 To what extent has your board addressed board succession planning?

- Formal succession plan, aligned with future needs, in place and periodically reviewed
- Robust board discussion—succession planning in process
- Board's future needs discussed only informally or when a board seat needs to be filled
- Little or no discussion about board succession

Q5 In your view, what are the most effective mechanisms to achieving the right mix of skills, backgrounds, experiences, and perspectives on the board? (select three)

- Robust board evaluations—including a process to address gaps and underperforming directors
- Formal board succession plan
- Tenure limit (years or terms) for individual directors
- Monitoring the board's average director tenure
- Age limit
- Expanding the size of the board
- Other

Q6 What steps is your board taking to position itself for the future? (select all that apply)

- Currently assessing board's future needs
- Actively recruiting for specific expertise/skill sets/perspectives, e.g., technology, cyber, international
- Improving board and individual director evaluations to identify gaps
- Improving director onboarding and ongoing education
- Actively casting a wide net to enhance diversity
- Removing underperforming director(s)
- Other
- None of the above



Appendix: Country results

This appendix contains detailed data from 26 countries that received at least 20 survey responses. Survey data from all 46 participating countries are included in the TOTAL column.



What challenges or concerns are most influencing how your board is thinking about its current and future composition – skill sets, backgrounds, experiences, and perspectives? (select three)

| | TOTAL | United States | China/ Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|---|-------------|---------------|---------------------|-------------------|------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Alignment of board talent with company's 3- to 5-year strategy | 75 | 77 | 77 | 79 | 81 | 82 | 88 | 72 | 66 | 75 | 83 | 58 | 81 | 53 | 68 | 56 | 91 | 52 | 85 | 84 | 67 | 54 | 96 | 83 | 71 | 52 | 81 |
| Need for greater diversity of viewpoints/ backgrounds | 61 | 58 | 63 | 58 | 69 | 62 | 64 | 52 | 56 | 56 | 64 | 49 | 62 | 58 | 71 | 66 | 63 | 72 | 42 | 68 | 71 | 67 | 58 | 71 | 57 | 48 | 81 |
| Business model disruption and other competitive threats | 54 | 55 | 52 | 63 | 52 | 46 | 36 | 65 | 38 | 67 | 54 | 64 | 49 | 61 | 68 | 44 | 47 | 55 | 50 | 72 | 38 | 58 | 67 | 38 | 71 | 57 | 71 |
| Pace of technology change | 34 | 34 | 30 | 34 | 33 | 31 | 31 | 48 | 34 | 43 | 25 | 47 | 38 | 53 | 21 | 38 | 25 | 38 | 23 | 24 | 25 | 46 | 29 | 33 | 29 | 38 | 24 |
| Need for international perspective/ experience | 30 | 18 | 34 | 29 | 20 | 58 | 44 | 35 | 34 | 37 | 27 | 34 | 27 | 28 | 44 | 47 | 28 | 48 | 58 | 20 | 50 | 46 | 25 | 54 | 14 | 29 | 24 |
| Investor focus/ concerns about current board composition | 21 | 21 | 31 | 12 | 25 | 12 | 24 | 17 | 47 | 8 | 17 | 15 | 24 | 25 | 15 | 19 | 22 | 14 | 23 | 16 | 21 | 4 | 8 | 13 | 19 | 43 | 19 |
| Cyber risk | 17 | 26 | 8 | 17 | 10 | 4 | 4 | 4 | 12 | 10 | 25 | 26 | 14 | 19 | 12 | 22 | 9 | 17 | 12 | 4 | 8 | 21 | 8 | 4 | 29 | 24 | 0 |
| Other | 8 | 11 | 4 | 10 | 10 | 4 | 10 | 7 | 13 | 6 | 3 | 6 | 5 | 3 | 3 | 9 | 16 | 3 | 8 | 12 | 21 | 4 | 8 | 4 | 10 | 10 | 0 |
| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 24 | 21 | 21 | 21 |

Multiple responses allowed



How satisfied are you that your board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment?

| | TOTAL | United States | China/ Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|---------------------------|-------------|---------------|---------------------|-------------------|------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Satisfied | 36 | 36 | 35 | 39 | 31 | 5 | 40 | 41 | 25 | 48 | 34 | 62 | 38 | 36 | 62 | 31 | 31 | 17 | 46 | 48 | 50 | 42 | 54 | 42 | 29 | 33 | 38 |
| Somewhat satisfied | 49 | 48 | 58 | 52 | 52 | 53 | 39 | 44 | 59 | 51 | 56 | 30 | 46 | 56 | 38 | 47 | 53 | 38 | 46 | 40 | 25 | 38 | 33 | 54 | 57 | 29 | 57 |
| Not satisfied | 14 | 15 | 7 | 9 | 16 | 41 | 19 | 15 | 16 | 2 | 10 | 8 | 16 | 8 | 0 | 22 | 16 | 45 | 4 | 12 | 21 | 17 | 13 | 4 | 14 | 38 | 5 |
| Other | 1 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 4 | 4 | 0 | 0 | 0 | 0 | 0 |
| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 24 | 21 | 21 | 21 |

May not equal 100% due to rounding



In your view, what are the greatest barriers to building—and maintaining—a high-performing board? (select three)

| | TOTAL | United States | China/ Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|---|-------------|---------------|---------------------|----------------|------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Finding directors with both general business experience and specific expertise (e.g., technology/cyber security) | 69 | 71 | 63 | 82 | 52 | 69 | 61 | 70 | 59 | 81 | 85 | 72 | 84 | 83 | 88 | 72 | 66 | 72 | 42 | 68 | 58 | 33 | 67 | 63 | 81 | 62 | 76 |
| Identifying the talent the board will need in 3–5 years | 55 | 60 | 46 | 67 | 56 | 62 | 49 | 49 | 31 | 56 | 58 | 51 | 41 | 31 | 76 | 56 | 66 | 45 | 58 | 64 | 54 | 33 | 75 | 58 | 38 | 24 | 43 |
| Resistance to change due to “status quo” thinking, i.e., “what has worked in the past will continue to work in the future” | 43 | 40 | 55 | 37 | 42 | 42 | 40 | 61 | 47 | 38 | 34 | 53 | 38 | 44 | 35 | 31 | 31 | 34 | 50 | 32 | 33 | 63 | 29 | 63 | 48 | 38 | 57 |
| Board culture that does not encourage questioning and open discussion | 32 | 27 | 39 | 35 | 32 | 28 | 25 | 35 | 26 | 29 | 41 | 26 | 38 | 39 | 21 | 41 | 38 | 34 | 50 | 24 | 21 | 50 | 33 | 29 | 43 | 48 | 48 |
| Lack of robust board and individual director evaluations | 31 | 24 | 37 | 17 | 44 | 55 | 40 | 23 | 53 | 25 | 22 | 28 | 32 | 28 | 26 | 31 | 22 | 34 | 19 | 24 | 25 | 58 | 17 | 38 | 29 | 43 | 24 |
| Difficulty in removing underperforming directors | 29 | 33 | 27 | 17 | 32 | 12 | 33 | 25 | 18 | 32 | 17 | 36 | 24 | 33 | 24 | 25 | 44 | 31 | 54 | 28 | 38 | 29 | 21 | 17 | 24 | 38 | 29 |
| Gradual loss of independence (real or perceived) of long-serving directors | 21 | 18 | 23 | 17 | 30 | 11 | 24 | 20 | 49 | 21 | 25 | 17 | 27 | 17 | 15 | 13 | 9 | 24 | 19 | 24 | 46 | 29 | 21 | 17 | 14 | 24 | 19 |
| Lack of effective onboarding for new directors | 11 | 11 | 8 | 10 | 6 | 19 | 21 | 13 | 9 | 8 | 12 | 13 | 3 | 19 | 9 | 13 | 13 | 21 | 4 | 24 | 8 | 0 | 8 | 17 | 10 | 19 | 5 |
| Other | 10 | 15 | 3 | 17 | 5 | 1 | 7 | 4 | 9 | 11 | 7 | 4 | 14 | 6 | 6 | 19 | 13 | 3 | 4 | 12 | 17 | 4 | 29 | 0 | 14 | 5 | 0 |
| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 24 | 21 | 21 | 21 |

Multiple responses allowed



To what extent has your board addressed board succession planning?

| | TOTAL | United States | China/ Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|---|-------------|---------------|---------------------|-------------------|------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Formal succession plan, aligned with future needs, in place and periodically reviewed | 14 | 14 | 15 | 21 | 9 | 3 | 7 | 7 | 1 | 38 | 17 | 17 | 5 | 14 | 12 | 0 | 0 | 7 | 8 | 16 | 0 | 8 | 17 | 21 | 19 | 38 | 14 |
| Robust board discussion—succession planning in process | 17 | 23 | 11 | 37 | 10 | 3 | 14 | 13 | 1 | 25 | 14 | 25 | 24 | 8 | 9 | 16 | 31 | 17 | 8 | 0 | 4 | 4 | 29 | 8 | 10 | 10 | 0 |
| Board's future needs discussed only informally or when a board seat needs to be filled | 36 | 37 | 35 | 33 | 25 | 36 | 33 | 41 | 29 | 30 | 39 | 17 | 49 | 56 | 50 | 44 | 38 | 55 | 58 | 52 | 50 | 33 | 33 | 29 | 48 | 19 | 38 |
| Little or no discussion about board succession | 33 | 25 | 39 | 9 | 56 | 58 | 46 | 39 | 68 | 6 | 31 | 42 | 22 | 22 | 29 | 41 | 31 | 21 | 27 | 32 | 46 | 54 | 21 | 42 | 24 | 33 | 48 |
| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 24 | 21 | 21 | 21 |

May not equal 100% due to rounding



In your view, what are the most effective *mechanisms* to achieving the right mix of skills, backgrounds, experiences, and perspectives on the board? (select three)

| | TOTAL | United States | China/ Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|--|-------------|---------------|---------------------|----------------|------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Robust board evaluations— including a process to address gaps and underperforming directors | 87 | 85 | 84 | 93 | 95 | 95 | 85 | 86 | 91 | 79 | 88 | 81 | 92 | 92 | 88 | 91 | 81 | 86 | 92 | 96 | 83 | 96 | 92 | 83 | 95 | 90 | 71 |
| Formal board succession plans | 77 | 78 | 75 | 87 | 80 | 84 | 81 | 77 | 50 | 75 | 85 | 83 | 76 | 72 | 88 | 72 | 75 | 79 | 81 | 76 | 71 | 67 | 83 | 63 | 62 | 76 | 76 |
| Tenure limit (years or terms) for individual directors | 49 | 42 | 47 | 64 | 48 | 51 | 36 | 61 | 47 | 49 | 71 | 38 | 62 | 36 | 59 | 38 | 63 | 34 | 73 | 44 | 42 | 42 | 58 | 46 | 33 | 71 | 43 |
| Monitoring the board’s average director tenure | 33 | 33 | 41 | 19 | 31 | 18 | 40 | 21 | 44 | 38 | 32 | 38 | 22 | 44 | 24 | 53 | 28 | 28 | 19 | 28 | 25 | 33 | 25 | 50 | 33 | 24 | 57 |
| Age limit | 22 | 25 | 19 | 6 | 15 | 22 | 33 | 34 | 16 | 38 | 8 | 9 | 16 | 39 | 15 | 25 | 31 | 21 | 12 | 20 | 25 | 25 | 8 | 17 | 24 | 14 | 29 |
| Expanding the size of the board | 17 | 18 | 30 | 11 | 15 | 15 | 13 | 13 | 26 | 6 | 8 | 36 | 16 | 14 | 18 | 3 | 6 | 41 | 4 | 20 | 13 | 29 | 17 | 17 | 19 | 19 | 14 |
| Other | 15 | 19 | 4 | 20 | 15 | 16 | 13 | 8 | 25 | 14 | 7 | 15 | 16 | 3 | 9 | 19 | 16 | 10 | 19 | 16 | 42 | 8 | 17 | 25 | 33 | 5 | 10 |
| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 24 | 21 | 21 | 21 |

Multiple responses allowed



What steps is your board taking to position itself for the future? (select all that apply)

| | TOTAL | United States | China/ Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|---|-------------|---------------|---------------------|-------------------|------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Currently assessing board's future needs | 47 | 57 | 48 | 56 | 44 | 31 | 24 | 48 | 37 | 52 | 56 | 23 | 41 | 47 | 38 | 28 | 44 | 31 | 35 | 52 | 38 | 29 | 54 | 29 | 33 | 33 | 24 |
| Actively recruiting for specific expertise/skill sets/perspectives, e.g., technology, cyber, international | 45 | 53 | 37 | 57 | 25 | 23 | 51 | 38 | 31 | 52 | 37 | 47 | 49 | 33 | 29 | 31 | 38 | 52 | 54 | 28 | 42 | 38 | 42 | 42 | 29 | 38 | 10 |
| Improving board and individual director evaluations to identify gaps | 31 | 28 | 31 | 37 | 47 | 19 | 25 | 38 | 29 | 29 | 41 | 19 | 41 | 33 | 35 | 53 | 28 | 34 | 31 | 32 | 38 | 25 | 21 | 8 | 43 | 43 | 19 |
| Improving director onboarding and ongoing education | 31 | 28 | 35 | 29 | 28 | 19 | 50 | 42 | 34 | 21 | 34 | 43 | 27 | 39 | 29 | 34 | 50 | 34 | 27 | 36 | 42 | 8 | 21 | 25 | 33 | 48 | 19 |
| Actively casting a wide net to enhance diversity | 29 | 31 | 34 | 34 | 20 | 30 | 13 | 32 | 10 | 25 | 22 | 28 | 46 | 39 | 21 | 19 | 19 | 55 | 31 | 24 | 13 | 33 | 29 | 8 | 24 | 38 | 29 |
| Removing underperforming director(s) | 16 | 19 | 6 | 14 | 18 | 16 | 19 | 7 | 22 | 17 | 8 | 9 | 14 | 17 | 6 | 9 | 22 | 24 | 19 | 12 | 13 | 17 | 17 | 0 | 10 | 10 | 19 |
| Other | 2 | 2 | 1 | 2 | 2 | 1 | 3 | 1 | 4 | 3 | 0 | 6 | 3 | 3 | 0 | 3 | 0 | 0 | 0 | 4 | 13 | 4 | 8 | 13 | 0 | 0 | 0 |
| None of the above | 15 | 12 | 15 | 3 | 21 | 28 | 21 | 13 | 21 | 14 | 12 | 15 | 16 | 6 | 24 | 13 | 13 | 0 | 8 | 28 | 17 | 29 | 13 | 33 | 19 | 10 | 33 |
| TOTAL n | 2158 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 24 | 21 | 21 | 21 |

Multiple responses allowed



Additional reading

[Global Boardroom Insights: Building a Great Board](#)

[Global Boardroom Insights: Calibrating Risk Oversight](#)

[Global Boardroom Insights: The Future of Audit](#)

[Pulse Survey: A Board's-Eye View on Strategy and Risk](#)



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Boards struggle to gain control of their agendas, fulfill their compliance obligations, oversee strategy and risk and meet stakeholder expectations. They seek a more strategic and systematic approach to their responsibilities. They want a better alignment between governance standards and corporate performance. They strive to make sense of increasing volumes of data, but wonder how accurate and relevant it all is and whether critical intelligence is failing to reach the boardroom.

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