Board Behavioural Dynamics Handbook

LAUNCH

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in collaboration with

Agenda

>>> **Handbook & Recommendations**

>>> **OFFICAL LAUNCH**

>>> **Panel with Andrew Fairhurst and Peter Swabey**

>>> **Q&A**

Our Research Addresses

- No Name for the people element of the Board

  ››› **Board Behavioural Dynamics**

- No detailed How-to guide

 ››› **Board Behavioural Dynamics Handbook**

Action Research

Analysed 52 FTSE Boards

= Translated to Maturity Maps

Validated by workshops, webinars & open consultation

= Final Handbook

With large and highly regulated Boards across different jurisdictions

in collaboration with

Handbook delivers…

For Chairs, Directors, Boards:
Strategic Oversight
Exec Summary & Chapter 1

For CoSecs & Advisors:
Process Chapters with granular detail

Handbook Maturity Maps

Henley Business School — UNIVERSITY OF READING

University of Exeter Business School
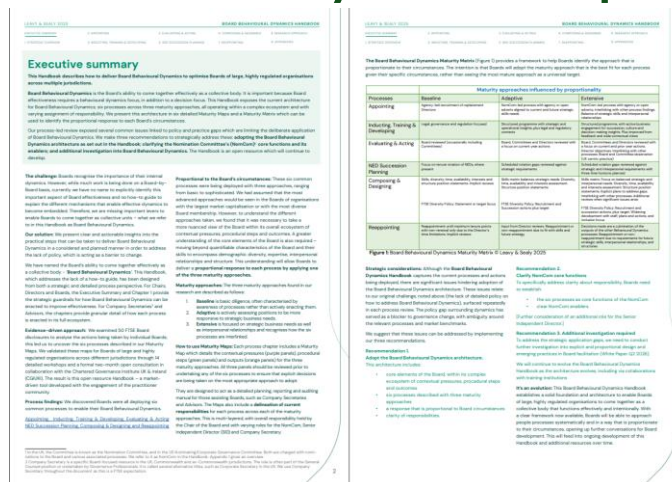
Contextual pressures

MOST PREVALENT & CONTINUALLY CHANGING*

	Baseline	Adaptive	Extensive
Institutional	Regulatory and legal expectations for change of the makeup of the Board and process**		
	New sector, industry and economic challenges in the organisation's market		
	Market expectations for change of the makeup of the Board and appropriate process (including signatories to search codes)		
Organisational		Changes or risks in strategy or the business	
	Group requirement or dominant shareholder requirement (via Shareholder Agreements) or specific transition plan due to merger or other corporate action		
	Stakeholder (e.g. investor or funder) requirements and concerns such as NED time availability, Director appropriateness, or overall performance (including any engagement) Stakeholders' general policies applied (predominantly) or Board-specific		
Board level	Like-for-like replacement skills	Skills matrix focused on balancing strategic needs	
		Balancing interpersonal needs (including contra indicators*)	
	Tenure rotation to maximum limit	Scheduled rotation gaps reviewed against strategic requirements	
			Specific replacement plans
	Requirement for change from Board evaluation		
		Size, structure, balance of independence and design considerations (informally, or via Compose & Design)	
	Chair and Board perspectives and attitudes to process*		
	Company Secretary resources available to support the Chair's responsibility*		
Board policy	Diversity statement or target focused	Diversity policy with focus on quotas and succession plan with some targets indicated	
			Inclusion focus
		Appointment-specific policy or procedure	
	Board matters reserved, Committee terms of reference and NED letters of appointment		

Procedural steps

PREPARATION

	Baseline	Adaptive	Extensive
Set lead	Unclear who leads		
	NomCom oversees process & actions (Recommendation)	NomCom leads process for NEDs & CEO with SID leading for Chair appointment (process predominantly via Chair and CoSec)	
		CEO leads for Exec with NomCom (with HR involvement mentioned more frequently)	
Collaboration	Subgroups often used for detailed work or first stage review/interview (see also Group NEDs below) *Define purpose and powers of subgroup*		
		Informal updates or involvement of non-decision makers such as CEO included in new Chair appointment to ensure good working relationship possible	
Set Director requirement		Chair and NomCom set requirements prior to external search agent	
	Skills required	Balance of strategic skills needs	
			Balance of interpersonal relationships
			Inputs from interlinking processes
		Input from interested Committees (only mentioned once but happens regularly in practice)	
Appoint Search Agent (if using)	Appoint external Search Agent without clear process, or candidate specification		NomCom /subgroup interview Search Agent(s)
		NomCom appoint Search Agent with candidate requirements and process envisaged (normally via diversity policy or appointment-specific policies or procedures)	
Refinement of search criteria	Selection criteria led by agency via discussion with Board	Selection criteria and milestones for campaign developed with all key participants	

Outputs

	Baseline	Adaptive	Extensive
Nomination	NomCom recommends Director to Board and where appropriate the AGM		
Appointment	• Board appointment • Expectation in UK including 40% gender diversity (with one female of Chair, CEO, CFO or SID) and at least one minority ethnic Director, majority independent NEDs, available time (no overboarding); and robust process		
Offer & acceptance	• Offer and acceptance (subject to any approvals required) • Letter of appointment for NEDs including role spec (executive contracts via HR for Executive Directors) • Announcement		
Input to induction	The Director starts the induction process, in some cases, as soon as the appointment confirmed		
Input to composition reviews			Review of new composition of the Board and Committees (particularly where large amount of change or change of Chair)
Reporting	Report on process and how it supports Board diversity policy including external agency used and their connections		

Overall outcome

Board strengthened with enhanced capabilities

Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

Behavioural Dynamics Maturity Model

Processes	Maturity approaches influenced by proportionality		
	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships
Inducting, Training & Developing	Legal, governance and regulation focused	Structured programme with strategic and operational insights, plus legal and regulatory contexts	Structured programme, with active business engagement for succession, culture and decision-making insights. Plus improved from feedback and wide contextual views
Evaluating & Acting	Board reviewed (occasionally including Committees)	Board, Committees and Directors reviewed with a focus on current year actions	Board, Committees and Directors reviewed with a focus on current and prior year actions. Director objectives. Interlinking with other processes. Board and Committee observation (UK centric practice)
NED Succession Planning	Focus on tenure rotation of NEDs, where present	Scheduled rotation gaps reviewed against strategic requirements	Scheduled rotation gaps reviewed against strategic and interpersonal requirements with three time horizons planned
Composing & Designing	Skills, diversity, time, availability, interests and structure position statements. Implicit reviews FTSE Diversity Policy: Statement or target focus	Skills matrix balances strategic needs. Diversity, time, availability and interests assessment. Structure position statements FTSE Diversity Policy: Recruitment and Succession actions plus target	Skills matrix. Focus on balanced strategic and interpersonal needs. Diversity, time, availability and interests assessment. Structure position statements. Explicit plans to address gaps. Interlinking with other processes. Additional reviews when significant issues arise FTSE Diversity Policy: Recruitment and succession actions, plus target. Widening development with staff, plans and actions, and inclusion focus
Reappointing	Reappointment until maximum tenure points with non-renewal only due to the Director's time limitations. Implicit reviews	Input from Director reviews. Reappointment or non-reappointment due to fit with skills and future strategy	Decisions made are a culmination of the outputs of the other Behavioural Dynamics processes. Reappointment or non-reappointment due to requirements for future strategic skills, interpersonal relationships, and structures

Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

Handbook Revised Recommendations

>>> R1. Adopt Board Behavioural Dynamics Architecture

>>> R2. Clarify NomCom core functions

>>> R3. Additional investigation required

Launch

Handbook is ...

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Panel discussion

>>> **Professor Ruth Sealy**

>>> **Loretto Leavy FCG**

>>> **Andrew Fairhurst FCG**

>>> **Peter Swabey FCG**

Q&A

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