



# Spotlighting the Great Board Refresh in India

## Building future-ready boards

Companies in India will be experiencing “The Great Board Refresh” in March 2024 for the first time since the passing of The Companies Act in 2013. In preparation for that, organisations are prioritising the recruitment of directors to fill the positions while also taking the opportunity to level up the skill sets of the board.

At the end of 2023, Heidrick & Struggles surveyed current managing directors, board chairs and chairs of subcommittees to understand business priorities for 2024, how organisations perceive the upcoming board refresh and how they are preparing for it.

As organisations in India undergo a board refresh, the top challenge they anticipate is access to the right talent. Improving board diversity is one of the key priorities which can be addressed by appointing directors who have executive experience or cross-sector experience.

## Current landscape for boards in India



Three in five (59%) of the respondents in India are **undergoing a board refresh** or **hiring a new director** in the next 12-18 months.

### Reasons for board refresh

74%

Retirement of a director

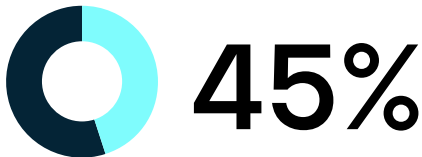
48%

To add new skill sets to the board

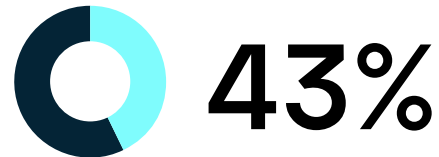
## Challenges organisations are facing in 2024

Respondents shared the most significant issues they expect their organisations to face in the new year

Geopolitical uncertainty/volatility



Economic uncertainty



New technology challenges

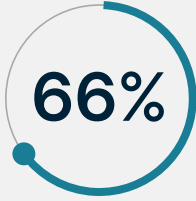
Cyber security risk



Incorporating AI



## Positive sentiments on "The Great Board Refresh"



Two-thirds of the respondents think that the two-term limit mandated by the Companies Act supports the need to **add new skills and fresh thinking** to boards on a regular basis.



About two in five of the respondents think that the move **assures independence of the board decision making process.**

## Changing board compositions: Having access to the right talent is a top challenge

One in two (50% of the respondents) say the top challenge they anticipate when undertaking the refresh is access to the right talent.



### Preference for candidates who are board ready

Two in five (41%) of the respondents think that **executive experience should be prioritised** and people with this board experience are usually senior leaders.

Hence younger leaders end up starting as an independent board director at smaller companies and nonprofit organisations first.



### Need for greater board diversity

Almost half of the respondents (46%) indicated that in terms of diversity improvements, boards need to **increase in cross-sector experience.**

There is a move towards finding talent with deep expertise to fill in gaps in the boards where traditionally directors are more of generalists.

Beyond cross-sector experience, independence (24%) and gender balance (26%) are also top of mind for boards in India.

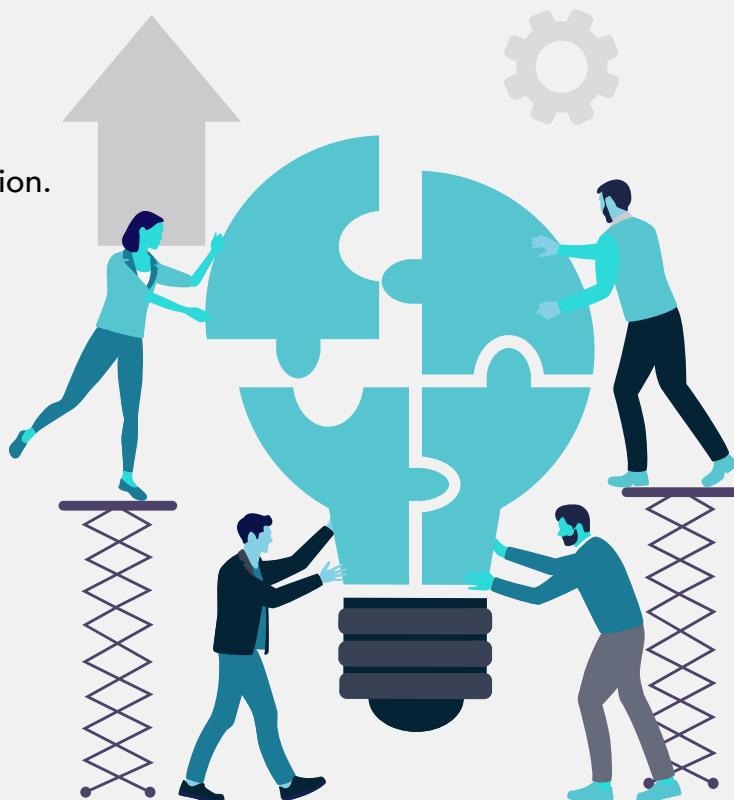
## What's next for boards in India?

Best practices for boards to ensure they are future-ready<sup>1</sup>

### 1. Develop a shared purpose

The board's purpose is not static - expectations change based on the business environment. To be effective, it is crucial to have a common vision.

- Be clear on what the board stands for as an entity and whom it represents
- Align with executive leaders on what each will do
- Create a culture of trust and transparency

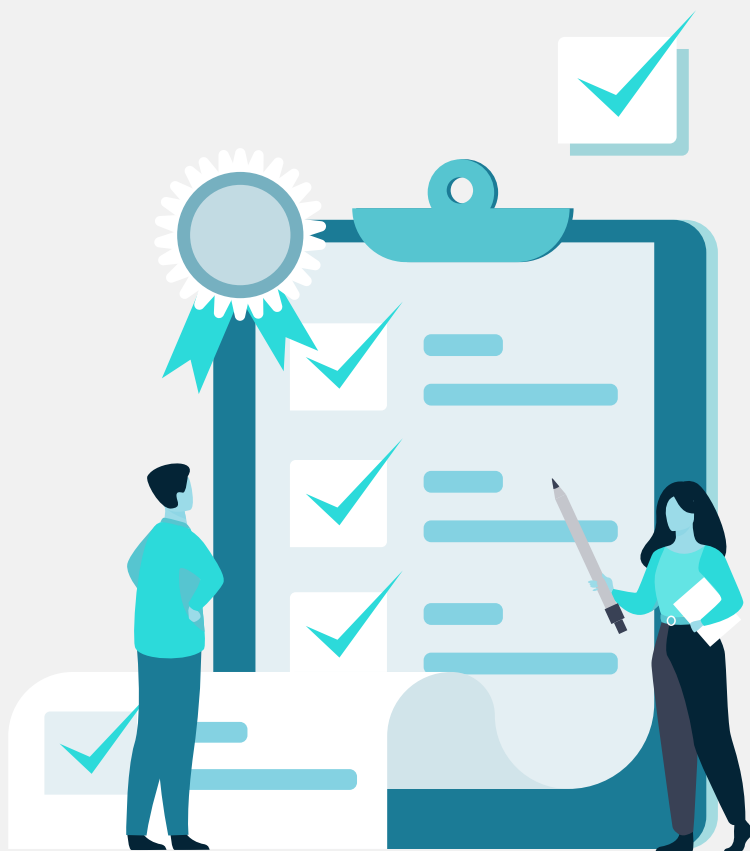


### 2. Determine the board's needs and finding the right people

Assembling a strong board of directors is a strategic process.

- Analyse current directors' capabilities against company's strategic objectives to determine what the board is lacking
- Keep in mind that hiring directors based on similar cultural fit is not always beneficial, so cast a wider net when searching for new members and be forward-looking
- Forge relationships with skilled potential directors and have a succession plan in place for board refreshment

<sup>1</sup> For more, see Future-Proofing Your Board, Heidrick & Struggles, 2020, [heidrick.com](https://heidrick.com)



### 3. Conduct regular board reviews

Routinely assessing boards allows for them to take a step back and understand how well they are doing against the standards they have set.

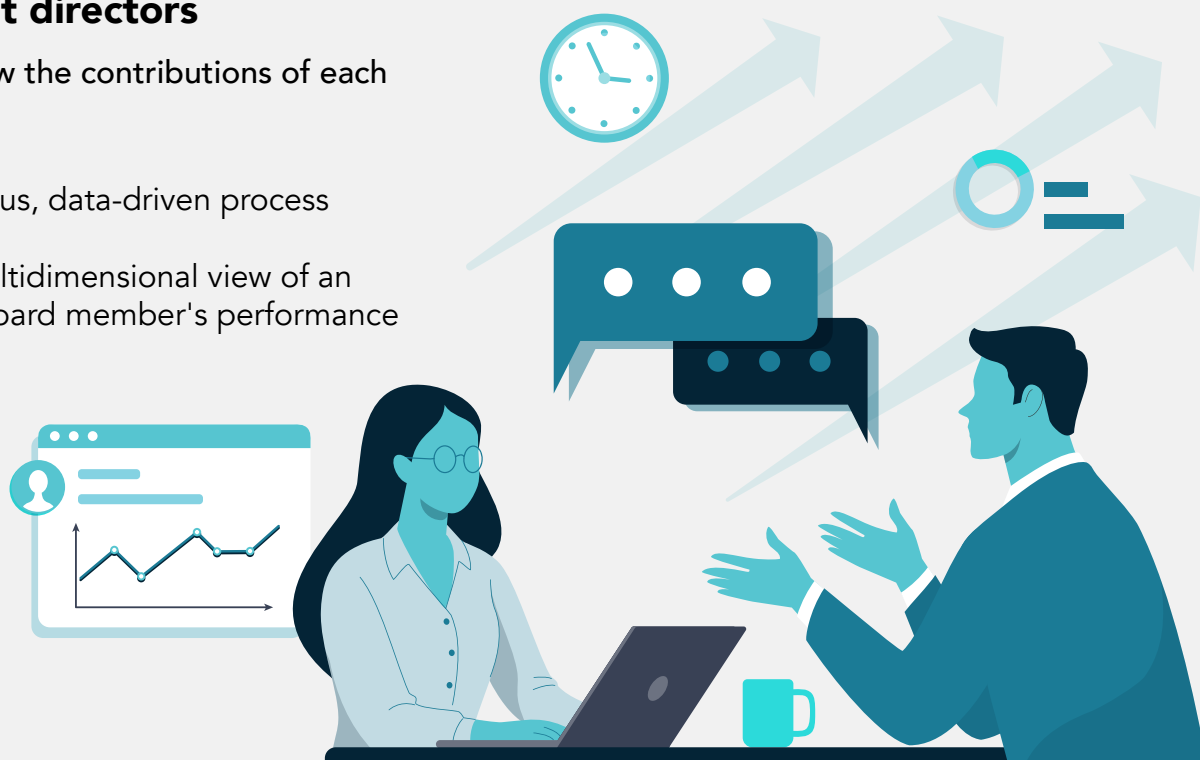
- Include everything from current board composition, to the performance of individual directors and the board as a whole



### 4. Communicate expectations for independent directors

Regularly review the contributions of each board member.

- Use a rigorous, data-driven process
- Create a multidimensional view of an individual board member's performance





## 5. Create an inclusive board culture and optimise the role of the board chair

Boards benefit most from having inclusion on various levels - board culture, processes, and leadership.

- Equip directors who represent a variety of new backgrounds and experiences with the ability to contribute
- Constantly review the board's performance and work on establishing a strategy
- Clearly define the relationship between the board and management
- Interact regularly outside of board meetings with senior managers to maintain current knowledge on the day-to-day business
- Ensure lead directors are able to effectively manage relationships between the managing directors and board chairs

Find out how Heidrick & Struggles prepares boards to be future-ready

Contact us for more  
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