

WE ARE 15!
FIDELIO OVERTURE



FIFTEEN YEARS ON

THE PREMISE HOLDS

We're delighted to announce that [Fidelio](#) is turning 15!

It's been an extraordinary 15 years - **Advising Chairs, Building Boards and Creating Value**. We take this opportunity to thank our friends - clients, partners, and the Fidelio team - for great collaboration and making this possible.

Established in the aftermath of the Financial Crisis, Fidelio was founded on the simple premise that with effective Board leadership an organisation is much more likely to thrive.

The world has put this premise to the test. The Financial Crisis did not augur a brave new era. Rather on an international basis business has faced extraordinary challenges in the form of political and social instability; the pandemic and its fallout; radical disruption of supply chains; soaring inflation; the climate crisis; and the transformative risk and opportunity of AI.

Against this backdrop the focus on the Board and the demand for accountability has steadily increased. Fidelio has supported Boards – public and private, corporate and non-profit – through all the above.

Our premise rings as true today as it did 15 years ago - that good Boards are good for business, and we would argue for society. Much has also evolved and developed in the same period. In this Overture we reflect on some of the major shifts in the Boardroom, in effect a Board response to an increasingly complex world.

WHAT'S NEW

THE CHANGING WORK OF THE BOARD

Boards are charged with promoting the sustainable success of the company. Much of their focus needs to be long-term, but Boards also need to help the company navigate the short-term. The world has changed greatly in 15 years and as a consequence there have also been profound changes in the Boardroom. These have characterised Fidelio's work and, in some instances, Fidelio has been a driver and instigator of that change. We list below some of the key Boardroom changes that we have observed and been involved with since 2009:

1. **Ascendant Diversity** – the importance of diversity in the Boardroom has been acknowledged, and in particular the value it brings to risk oversight and horizon scanning. Boards were much more homogenous 15 years ago, and progress has been most pronounced in achieving greater gender balance. Fidelio has been an active proponent of Diversity and Inclusion throughout this period, reflected in [our strong Search track record](#), accreditation by the [FTSE Women Leaders](#) for the past 7 years for our contribution to gender balance in the Boardroom, and commitment to the [Parker Review](#).
2. **Championing Culture** – the Financial Crisis taught us a lot about culture, and in the following 15 years Boards have been tasked with ensuring a healthy and strong culture throughout the organisation. Initially many Boards were sceptical about their ability to influence culture, but this has developed substantially. Today a significant part of Fidelio's Board reviews focus on the Board's grasp of culture, as well as the tools and levers available to the Board to ensure that the right culture is being embedded company-wide.
3. **Climate Competence** – within 15 years the risk of climate change has risen belatedly but sharply up the Board agenda. With companies facing substantially heightened physical and transition risk, as well as a weighty reporting burden, climate competence is now required in the Boardroom. Environmental regard was implicitly part of directors' duties 15 years ago; Fidelio now regularly works with Boards as this accountability has become explicit.
4. **The Arc of ESG** – Boards have experienced a complete arc of ESG expectations in the past 15 years. Originally it was institutional investors making substantial demands of companies across Environmental, Social and Governance issues. Now, many investors are more constrained and returning to a greater focus on financial returns. Perhaps ironically, Fidelio now sees Chairs explaining patiently to shareholders that sustainability is not "a nice to have" but core to the company's success.
5. **Activism, plus ça change** – over the same period, shareholder activism has taken many forms ranging from aggressive shorting through to restraint during Covid, and more recently the adoption of a green mantle. The Board is always a focal point for activists, and Fidelio's advice and support has been consistent throughout the period. The best

defence is a healthy share price underpinned by good communication, sensible expectation setting, and consistent delivery against objectives. These are sound priorities for any Board regardless of activist tactics and interest.

6. **The Dynamic Skills Matrix** – The Board skills matrix has been in flux over the last 15 years, with some Chairs staying close to home in terms of sector expertise and others looking much more broadly. Digital aptitude and cyber competence have been steadily in the ascendancy, as have stakeholder engagement and chief people officer skills. Above and beyond individual experience there is now much greater focus on the composite and how those skills fit together. A newly appointed Chair will increasingly insist on a dynamic and forward-looking skills matrix that is closely aligned to strategic objectives. With an overlay of team dynamic, the skills matrix now provides a competitive advantage. Fidelio is pleased to see how much of our current focus in Board building is on achieving this alignment.
7. **Chair Today** – linked to the increased dynamism in the skill matrix is a greater focus on, and higher turnover in, director tenure. 15 years ago, Chair tenure fell outside the 9-year limit for NEDs on listed Boards in the UK. This changed in 2018 and the 9-year limit has met with almost universal adoption. This has in no way diminished the role of the Chair, but it has created a greater sense of pace. Fidelio has been pleased to support Chairs who are often working quite briskly to build more effective Boards which serve the business well.
8. **Performance** – traditionally management has been held to account and measured on performance. The Board on the other hand has been judged on its effectiveness – much more difficult to pin down and clearly subjective in its interpretation. This is changing. The recently refreshed corporate governance code in the UK has quietly shifted its language from [evaluating effectiveness to Board performance](#). Already Fidelio sees Chairs being much more thoughtful about how the Board is reviewed, both collectively and as individual Board Members. Fidelio’s approach to Board reviews has always been seen as discerning and practical; this is an important advantage as Boards think more critically about their own performance.
9. **Judgement** – while the majority of corporate governance codes encourage Boards to comply or explain, across most jurisdictions, and in particular in the UK, compliance is seen to be high. Indeed, the UK regulator has recently emphasised that it would be happy to see more Boards explaining rather than complying, provided that they can articulate the judgement underpinning this decision. Increasingly Fidelio sees our work as [building judgement capability](#) in the Boardroom. Whether a shareholder or a stakeholder, all those with an interest in the company can take comfort from a Board with integrity, sound judgement and effective decision-making capability. This will provide a major competitive advantage for the company as it navigates the turbulence over the next 15 years.

- 10. The Hot Seat** – Boards of listed companies in particular continue to find themselves in the news as they grapple with the knotty issues that can't be resolved elsewhere. The themes may not be new: the Board's response to a takeover bid; the Board's public support for the CEO – or not; and the Board's stance on executive remuneration. Boards are by definition where interests collide; for example, the Remuneration Committee Chair has regularly been the hot seat in this 15-year period. What has changed is the speed and intensity with which the Board is scrutinised. Social media and now fake news and malicious AI mean that Boards are dealing with reputational issues that can erupt very quickly. This can't be controlled but can be navigated. Board Members in 2024 require a different order of agility, as well as experience and judgement to provide the reputational oversight and response that is needed.

WHO CARES?

In 2009 much of the focus on Boards was driven by the regulator, as well as institutional investors. Governance and Board effectiveness were particularly topics for listed companies. Since then, the conversation has broadened substantially and over the past 15 years Fidelio has worked internationally on behalf of shareholders and regulators as well as Boards across a range of organisations including: Private Equity; family-owned businesses; government and regulatory bodies; academic institutions, and not-for-profits.

Good governance does matter and protects the interests of shareholders and stakeholders. The sharp focus on the Board which Fidelio staked out in 2009 with our integrated approach to Search, Reviews and Development, will surely only increase.

WHAT'S NEXT

THE 15 YEARS TO COME

None of us knows what lies ahead but as business leaders and Directors we have a duty to navigate uncertainty and not to shy away from opportunity. This isn't always easy in times of geo-political turmoil, acute climate change and radical technological disruption.

But the Board has ultimate accountability, and it is here all strands of decision-making and oversight come together. There is a reason that the knottiest and most complex issues end up in the Boardroom.

It's very clear that the future isn't templated; hence the value of good judgement is all the greater. Fidelio's commitment to building better Boards has only increased over the past 15 years and continues to do so. A business or organisation with an effective and high-performing Board is much better placed to thrive. We look forward to supporting Chairs in building just such Boards in the years to come.

ABOUT FIDELIO

[Fidelio Partners](#) advises Chairs and has a clear focus on Board performance and building judgement capability. We have an international track record in building better Boards through Search, Board Review and Development.

To learn more about how we advise and support Chairs, today and towards a sustainable future, please get in touch.

Gillian Karran-Cumberlege

Head of Chair Advisory



T: +44 (0)20 7759 2200

M: +44 (0)77 6608 4638

E: gkarrancumberlege@fideliopartners.com