

## JUDGEMENT & DECISION-MAKING - THE ROLE OF THE CHAIR

### *FIDELIO OVERTURE*



#### BOARD EFFECTIVENESS, JUDGEMENT & DECISION-MAKING

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##### INSIGHTS AND RESEARCH

Across our Board assignments, Fidelio has seen an increased focus by Chairs on good judgement and effective decision-making. This is in no small way driven by heightened political, social, economic and technological uncertainty, as well as mounting scrutiny.

As part of a broader research project into the Chair's role in developing effective judgement and decision-making in the Board, Fidelio recently hosted a roundtable. We welcomed Chairs from a breadth of sectors and geographies, ranging from leading FTSE companies to private businesses and major public bodies.

In this Overture we share 10 key observations from a broad-ranging discussion which will be included in Fidelio's full research report to be published this Summer.

#### WHAT CHAIRS THINK

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##### WHAT MATTERS – KEY OBSERVATIONS

1. **Diversity:** the value of cognitive diversity has been emphasised at each stage of Fidelio's research. The opportunity for Board composition to reflect key stakeholders and the need to avoid groupthink were paramount. But equally questions were raised about how Chairs can best ensure that cognitive diversity is achieved when building the Board.

2. **Curiosity:** for some Chairs curiosity was the key attribute for Board Members and a key characteristic of an effective Board. A compelling argument can be made that without innate curiosity, it's impossible to achieve the quality of judgement and decision-making needed in today's Boardroom.
3. **Experience:** for most Chairs experience and 'scars on the back' are a prerequisite for Board Members. Without a good understanding of the company, its operations and business model, as well as the sector and competitive landscape, good judgement and decision-making can hardly be expected.
4. **Chair/CEO relationship:** the CEO remained central to our debate and some Chairs argued, persuasively, that this is where good judgement needs to reside. Fostering the CEO's judgement and decision-making capability sits with the Chair.
5. **Team Board:** some Chairs argued strongly that the Board is not a team. It has different characteristics and differences of opinion are highly desirable. Other Chairs disagreed and stressed the need for team dynamic in collective decision-making.
6. **Face-to-face:** there was broad agreement that Boards benefit from time spent in person. Much can be done remotely but trust and understanding, key components of effective decision-making, are fostered much more effectively in-person.
7. **Accountability:** Fidelio's premise was accepted that scrutiny of the Board and expectations of accountability have increased. Effective Board judgement was seen to incorporate a clear grasp of what shareholders and stakeholders want to see from the Board, not least with regard to holding the executive to account.
8. **Financial Imperative:** all Chairs were united that a clear understanding of financial integrity was core to Board judgement including a firm grasp of cash versus profit. The importance of financial integrity applied equally in the non-profit sector.
9. **Risk:** here viewpoints differed with some Chairs feeling that risk registers were failing to serve the organisation well. Others evidenced applied judgement and rigorous process and distinguished clearly between risk and uncertainty.
10. **Reputation and AI:** while all organisations represented were working with/looking closely at the benefits of AI, Board Members had yet to incorporate AI into their collective or individual Board practice. Some Chairs underscored the importance of the governance of AI and the Board's contribution here. Chairs were divided as how best to address social media and reputational risk in the Boardroom.

## THE ROAD TO GOOD JUDGEMENT

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### PUTTING INTO PRACTICE

Fidelio works with Chairs on developing judgement and decision-making in the Boardroom. We are also completing our primary research on how leading Chairs approach and develop this capability. If you are interested in this research, and in particular participating as a Chair, please get in touch.

## ABOUT FIDELIO

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[Fidelio Partners](#) has a clear focus on Board effectiveness. We have an international track record in building better Boards through Search, Board Review and Development. To learn more about how we can support your Board, please contact [Fidelio](#).

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