



## Diversity is strength: Futureproofing the Board of Directors

As we begin 2025, the strategic landscape for Boards of Directors has never been more complex. Boards are increasingly called upon to navigate technological disruption in areas such as AI and cybersecurity, to provide strategic leadership in an environment of increasing geopolitical volatility and the effects of climate change, and to ensure the organisation's long-term future and success in light of widening awareness of Environmental, Social and Governance (ESG) issues.

Organisations that intend to tackle this array of challenges and exploit potential developing opportunities will need a diverse Board of Directors that can harness a broad range of skills and competencies to drive sustainable growth and value creation.

### Challenges for Boards of Directors in 2025



Issues related to climate change, sustainability and corporate governance have gained prominence. These issues are now being debated by Boards of Directors, and progressively integrated into decision-making processes. New areas of management and supervision have emerged in the Councils, such as Geopolitics, Cybersecurity, Artificial Intelligence (AI), and Sustainability.

ESG issues remain a fundamental pillar in corporate strategy, implying two priorities: greater ESG awareness from managers, and the use of ESG criteria to assess risks within organisations.

Many companies already include climate and environmental risks among the main short-term risks for their companies, while simultaneously considering ESG criteria as a new source of business opportunities; for this reason, most



companies are now allocating funds to these areas. A greater percentage of executives now include ESG issues among their investment priorities, although their biggest challenge is gaining sufficient agility to respond to rapid environmental changes.

An organisation's Board of Directors is ultimately responsible for guiding, supervising and controlling the implementation of its ESG commitments. The Council should guide the action plan by specifying its objectives, improvement actions, and indicators for measuring progress, as well as allocating the necessary resources for their successful implementation.

The array of actions that many companies are implementing demonstrate an increasing conviction among entrepreneurs that sustainability is a lever for their organisations' transformation and growth. At the same time, Boards of Directors are increasingly committed to incorporating members with competences in corporate governance and environmental and social sustainability, while creating ESG committees to review environmental, social and governance risks and opportunities, and work on how to integrate them into business strategy.



This has become a priority as ESG issues are increasingly considered essential to improve financial performance. One challenge for the boards will be to integrate sustainability experts who can drive profound change and guide the development of new sustainable businesses.



Innovation is currently one of the greatest challenges for organisations. The Board must deploy its leadership capacity to maintain competitiveness and promote innovation, ensuring the creation of a corporate culture that fosters an agile, innovative and strategic organisation. Initiative, creativity and audacity are the personal skills that bring the greatest value to today's organisations.





Sharing strategic priorities with the team builds alignment, focus, and actionability. Innovation is not optional; it is a strategic necessity.

The companies that thrive are those that stimulate proactive change, that can question ingrained beliefs which reduce agility and obstruct transformation, limiting the organisation.

It takes courageous teams that are willing to question the status quo and build on new perspectives.



Diversity is essential. A truly effective Board of Directors must be able to draw on diverse experiences, skills, backgrounds, generations, cultures and genders if it is to successfully meet current and future challenges. The power of a diverse Board of Directors lies in its ability to welcome dissent and foster constructive debate. When board members are encouraged to question, debate, and challenge ideas without fear of personal tensions, a strong strategy can be built, supported by collective reflection.

When board members are homogeneous, they tend to conform to prevailing opinions, limiting their ability to anticipate risks, innovate, and make informed strategic decisions.

Companies without diversity miss opportunities to enrich the debate and improve the quality of their decisions. Regarding gender diversity, it has been shown that the incorporation of women with diverse skills fosters an environment of more analytical decisions and with less propensity for conformity. It is also important to promote cultural diversity, a key competence which allows the effective management of cultural differences and perspectives within the Board.

Directors with cultural intelligence are better able to identify opportunities and challenges, and adapt to global changes and international environments.

Age diversity is also important, with the inclusion of younger Board members bringing a fresh vision. Younger members are more likely to pair “digital native” attitudes to technology with an understanding of the new dynamics and habits of consumers, bringing new ideas generated from diverse perspectives and experiences, and fostering an agile and innovative organisational culture.

These perspectives allow the Board to remain agile and more adaptable in an environment of constant change. Young people contribute fresh ideas on technological, social and economic trends, while more experienced ones bring depth into governance, strategy, risk, ethics and sustainability.



**Risks:** Most companies are reviewing the potential risks facing their businesses. It is necessary to identify improvements in procedures and controls, as well as management policies, protocols and the control systems established to manage them, and to describe them in corporate governance reports. Companies continue to classify their risks as financial, operational/business, regulatory/compliance, and strategic, but directors increasingly devote more time to the global context and to external global risks (geopolitical or economic uncertainties, climate changes or supply chain disruptions), and the opportunities and risks associated with new emerging technologies (such as AI and cybersecurity) in order to define and mitigate the risks faced by the company.

### Key Competencies and Skills

A good Board of Directors is the foundation on which the success of the organisation is built, so it is important to consider the key competencies and personal skills necessary for Board members if they are to add value during these coming years.



The Board of Directors plays a crucial role in building organisations, which

must be guided by a clear strategic vision and strong leadership. Strategy and Leadership are key to the proper functioning of the Council. The ability to define and execute corporate strategy is considered the most important competence for a Board of Directors. Other key Board competencies include the ability to drive organisational change and transformation. Leadership is not only about supervising and managing, but about creating the optimal conditions for the company and its teams to develop, and guaranteeing a work environment that inspires commitment, innovation and autonomy. Only then can the organisation remain competitive and ensure a sustainable business model.



Regarding the personal skills of the Board members, integrity is considered the most important, followed by reliability, moral authority, critical thinking, teamwork and independence. Counsellors should act with commitment, boldness, and collaboration. When selecting Board members, experience in the sector is not the only factor; critical thinking, cultural intelligence and leadership skills in diverse environments should also be prioritised. Board members with extensive experience across various sectors bring a strategic perspective



homogeneous thinking. Beyond their technical knowledge, Board members must show that they can work in a team, question the status quo and participate in constructive discussions.

A truly effective Board of Directors will integrate diverse perspectives and draw on the wisdom of its members. A board composed of people with complementary skills and diverse characters is better-prepared to avoid conformity and generate an environment of productive debate that ensures the quality of strategic decisions.

The objective is to select directors who provide strategic value, a broad vision and an independent perspective, contributing to the company's long-term success.



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