



ENHANCING CORPORATE AND NON-PROFIT GOVERNANCE

WHITE PAPER

Board Skills Assessments

Building the Board Your Organization Needs

What a skills assessment is, how to run one well, and how it strengthens recruitment, succession, oversight and accountability for corporate and nonprofit boards.

EXECUTIVE SUMMARY

Why Skills Deserve a Deliberate Look

A board is only as effective as the knowledge, experience and judgment its members bring to the table. Yet most boards learn about their own capabilities informally, through biographies, recollection and the instincts of the nominating committee.

A board skills assessment replaces that informal picture with a structured one. Each director rates their experience against a defined set of skill areas tied to the organization's strategy, and the results are compiled into a skills matrix that shows where the board is deep, where it is thin and where it has no meaningful expertise at all.

Expectations around board composition have risen sharply. Eighty percent of S&P 500 boards now disclose a skills matrix, more than double the share in 2020.¹ At the same time, directors themselves question whether their boards have the right people: 55 percent say at least one fellow director should be replaced, and 78 percent say their board assessments do not capture the full picture of board performance.² Nonprofit research points the same way: BoardSource has found a relationship between regular board self-assessment and stronger board performance ratings.³

This paper explains what a skills assessment is, sets out a six-step process for conducting one, describes the most common pitfalls and shows how the results strengthen governance in recruitment, succession, committee composition, director development and oversight of emerging risks.

80%

of S&P 500 boards disclose a skills matrix, up from 38% in 2020¹

73%

of public company boards do not conduct individual director assessments²

43%

of CEOs say their directors have expertise aligned with the company's most pressing issues¹

Key takeaways

- A skills assessment measures what the board *knows*; a board evaluation measures how the board *works*. Strong governance programs use both.
- The value of an assessment depends on clear definitions. Anchored rating scales and supporting detail turn self-ratings into reliable data.
- Results are only useful if they lead to action: recruitment priorities, committee assignments, education and succession plans.
- Skills needs change with strategy. The assessment should be repeated regularly, ideally as part of the annual board evaluation cycle.

SECTION 1

The Case for Skills Assessments

Rising expectations of boards

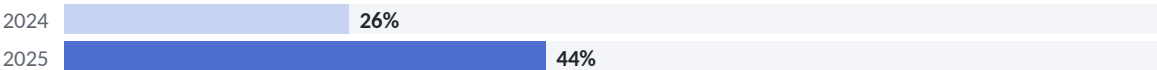
Investors, regulators, donors and the public now look closely at who sits on a board and why. Among large public companies, skills matrix disclosure has gone from a minority practice to a norm in five years.¹ Disclosure of specific expertise is also moving quickly in areas that barely appeared in director biographies a decade ago. According to EY’s review of Fortune 100 proxy statements, 86 percent now disclose cybersecurity as an area of expertise that a director has or that the board seeks, and 44 percent mention artificial intelligence in their description of director qualifications, up from 26 percent a year earlier.⁴

Exhibit 1. Disclosure of board skills and expertise is rising

Boards disclosing a skills matrix (S&P 500)



AI cited in director qualifications (Fortune 100)



Sources: Spencer Stuart, 2025 U.S. Spencer Stuart Board Index; EY Center for Board Matters, 2025 cyber and AI oversight disclosures.

A gap between perception and reality

Disclosure alone does not guarantee that a board has the expertise it needs. Spencer Stuart found that only 43 percent of CEOs say their directors have subject-matter expertise aligned with the company’s most pressing issues, compared with 63 percent of directors.¹ PwC’s 2025 survey of more than 600 public company directors found that 55 percent believe at least one colleague should be replaced, the highest level in the survey’s history, with insufficient expertise among the reasons cited.²

These findings suggest that many boards are not seeing their own composition clearly. A skills assessment gives directors and management a shared, objective view of the board’s capabilities and a common language for discussing them.

Evaluations are common; skills reviews are not always part of them

Virtually all large public company boards (99 percent) conduct some form of annual evaluation.¹ Yet nearly three-quarters of boards do not assess individual directors, and most directors say their assessments miss part of the picture.² A skills assessment fills part of that gap. It looks at each director’s contribution of knowledge and experience without the sensitivity of a peer performance review, and it gives the governance or nominating committee specific information to act on.

For nonprofit boards the stakes are similar. Board members often serve long terms, and BoardSource advises boards to consider which skills will help them meet the challenges of the next three to five years before they recruit.⁵ Its research links regular self-assessment to higher ratings of board performance by chief executives.³

SECTION 2

What a Skills Assessment Is, and Is Not

A board skills assessment is a structured inventory of the expertise directors bring to the board, measured against the expertise the organization needs. Its main output is a **skills matrix**: a grid of skill areas and directors that shows the depth of coverage in each area. The Australian Prudential Regulation Authority describes a skills matrix as “a visual tool which is used by boards to clearly illustrate the skills and competencies of its directors.”⁶

A skills assessment is different from, and complements, the other tools in a board evaluation program.

TOOL	WHAT IT MEASURES	TYPICAL OUTPUT
Skills assessment	The knowledge and experience each director brings, against the skills the board needs	Skills matrix, coverage and gap analysis, recruitment priorities
Full-board evaluation	How well the board performs its role: strategy, oversight, meetings, culture, relationship with management	Board report with strengths, development areas and an action plan
Committee evaluation	How well each committee carries out its charter	Committee reports for the board and committee chairs
Director peer review	How each director contributes: preparation, engagement, judgment, collaboration	Confidential individual feedback for each director
CEO evaluation	Performance of the chief executive against goals and leadership expectations	CEO evaluation summary for the board

A skills assessment is not a performance review. It asks what experience a director has, not how well the director uses it. That distinction matters: it keeps the exercise factual and lowers the defensiveness that can accompany peer evaluation, which in turn encourages candid answers.

What a good skills framework covers

The skill areas should reflect the organization’s strategy, risks and operating model rather than a generic list. A typical framework includes four groups. Each skill area should also carry a short definition of the experience that qualifies, so that directors interpret it the same way; investor-side research recommends standardized skill definitions for exactly this reason.⁷

GROUP	EXAMPLE SKILL AREAS
Leadership and strategy	Executive leadership, strategic planning, mergers and acquisitions, corporate governance
Financial and risk oversight	Finance, audit, investments, enterprise risk management, insurance, business continuity
Industry and operations	Sector-specific operations, clinical or scientific expertise, regulatory compliance, supply chain, real estate
Emerging and stakeholder areas	Information technology and cybersecurity, artificial intelligence, people and culture, government relations, marketing and communications, fundraising and community relations

SECTION 3

The Skills Assessment Process

The following six-step process reflects BoardEvals' approach and is consistent with guidance from APRA and BoardSource.⁶ The governance or nominating committee typically owns the process, with the board chair's sponsorship.

1	Define what the board needs Start with strategy. Identify the capabilities the board will need over the next three to five years, reflecting the organization's plans, risks and external environment. Weight each skill area by importance so that gaps can be prioritized.
2	Build a clear skills framework Select 15 to 25 skill areas and write a definition for each. Include sub-areas where the organization's core business warrants more detail, such as specific clinical, operational or technical specialties.
3	Choose an anchored rating scale Use a scale in which each level is defined by experience and boardroom contribution, not by adjectives such as "strong" or "good." Require brief supporting detail for the highest rating and ask each director to name their top areas of expertise.
4	Collect responses confidentially Use a secure, web-based survey so directors can respond candidly and on their own schedule. Explain the purpose in advance: the assessment is designed to strengthen the board, not to judge individuals.
5	Analyze and report Compile a skills matrix and a coverage view for each skill area. Identify areas of strength, single points of dependence on one director, and gaps where no director has deep expertise. Present results in a confidential report.
6	Act, then refresh Have the governance or nominating committee translate findings into recruitment priorities, committee assignments, board education and succession plans. Repeat the assessment regularly, ideally annually as part of the board evaluation cycle.

"Periodic board self-assessments and peer reviews should be conducted to help identify issues early."

BoardEvals, *Addressing Underperformance in the Boardroom*⁸

Exhibit 2. An anchored four-point rating scale

Defining each level by what a director has done and could contribute in the boardroom makes ratings comparable across directors. An even number of levels removes the neutral midpoint that respondents tend to default to.

3	Expert. Deep, hands-on expertise gained in a senior professional role. Could lead the board’s discussion and constructively challenge management.
2	Proficient. Substantial working experience or significant oversight on another board. Can evaluate management’s proposals and ask informed questions.
1	Familiar. General understanding from exposure, training or related work. Relies on others’ expertise for depth.
0	None. No meaningful experience in this area.

Source: BoardEvals rating scale guide.

Turning ratings into insight

The report should help the board see patterns quickly. Three views are especially useful:

- **Coverage by skill area.** For each area, the number of directors at each level, with a simple coverage label such as Strong, Adequate, Limited or Gap. This shows at a glance where the board is deep and where it is exposed.
- **The skills matrix.** Every director’s rating in every area. Patterns emerge, such as several directors with overlapping strengths or one director carrying an entire area alone.
- **Gaps and dependencies.** Areas with no expert-level director, and areas that depend on a single director whose term may be ending.

Exhibit 3. Example coverage view (illustrative data for a 12-member board)

SKILL AREA	EXPERT / PROFICIENT / FAMILIAR / NONE				COVERAGE	
Strategic Planning	5		6		1	STRONG
Finance	4		5		3	STRONG
Enterprise Risk Management	2	5		4	1	ADEQUATE
IT & Cybersecurity	1	1	7		3	LIMITED
Artificial Intelligence	1	6		5		GAP

Coverage labels in this example: Strong = three or more Expert-rated directors; Adequate = two Experts, or one Expert supported by three or more Proficient; Limited = one Expert with less support; Gap = no Expert. Each board should set thresholds that suit its size.

Comments and supporting detail add context the numbers cannot. A description such as “former FDA reviewer” or “led a \$150 million capital campaign” tells the committee far more than a rating of 3, and it helps confirm that ratings are grounded in real experience.

SECTION 4

Common Pitfalls and How to Avoid Them

Skills assessments are simple in concept, but several recurring problems can undermine their value. APRA cautions that weaknesses in self-assessment can lead to “a lack of consistency, challenge and/or accuracy in outcomes” and can create “a false sense of assurance.”⁶

PITFALL	WHAT HAPPENS	HOW TO AVOID IT
Rating inflation	Most directors rate themselves expert or proficient, so the matrix shows few gaps	Use anchored definitions for each level; require supporting detail for the top rating; ask for top three areas
Vague skill definitions	Directors interpret areas differently, so ratings cannot be compared	Write a one- or two-line definition for every skill area and sub-area
A generic skills list	The matrix measures skills that are easy to list rather than skills the strategy requires	Derive skill areas from the strategic plan and risk profile, and weight them by importance
A static matrix	Results stop reflecting the strategy or the board's current membership	Repeat the assessment regularly and revisit the skills framework when strategy changes
Results not used	The report is filed away and recruitment continues through personal networks	Assign ownership to the governance committee and link findings to a written action plan
Skills without behaviors	A board of experts can still underperform if it does not work well together	Pair the skills assessment with full-board evaluation and director peer review

Confidentiality and candor

Directors answer more honestly when they trust the process. An independent administrator, a secure platform and clear rules about who sees individual responses all help. In public company settings, 27 percent of S&P 500 boards now disclose using an independent third party to facilitate their evaluation process.¹ BoardSource notes that most nonprofit boards keep self-assessment responses anonymous, either through the platform or an outside consultant.³

SECTION 5

How Skills Assessments Improve Governance

A skills assessment is valuable for what the board does with it. The results support better decisions in six areas.

Recruitment based on need The matrix turns recruitment from “who do we know?” into “what do we need?” It gives the nominating committee a specific profile for each open seat and a basis for declining nominations that do not fill a real gap. ⁶	Succession and refreshment When a director’s term ends, the board knows exactly which expertise leaves with them. Areas that depend on a single director can be addressed before a vacancy occurs, not after.
Committee composition Committee assignments can be matched to expertise, for example ensuring that the committee overseeing cybersecurity includes directors with technology or risk experience. ⁷	Director education Areas where many directors rate themselves as Familiar or below are natural topics for board education, briefings from management or outside experts, and onboarding for new directors.
Oversight of emerging risks Regular assessments show whether the board is keeping pace with new areas such as artificial intelligence and cybersecurity, where expectations of board expertise are rising quickly. ⁴	Accountability and transparency A documented, repeatable process supports disclosure to shareholders, donors and regulators, and builds a record of how the board’s capabilities change over time.

Considerations for corporate and nonprofit boards

	CORPORATE BOARDS	NONPROFIT BOARDS
Primary drivers	Investor expectations, proxy disclosure, regulatory and listing requirements	Mission needs, donor and community accountability, board recruitment
Typical skill emphasis	Industry, financial, audit, risk, technology, executive leadership	Mission-related expertise, fundraising, community relations, finance, governance
Use of results	Board refreshment, committee composition, skills matrix disclosure	Recruitment, board development, succession for officers and committee chairs
Recommended frequency	Annually, alongside the board evaluation	At least every two years, per BoardSource; ³ annually where terms turn over often

SECTION 6

Getting Started

Boards that have not run a formal skills assessment, or whose current matrix has not been revisited in some time, can begin with a few practical questions.

Questions for the board chair and governance committee

- Which skills will matter most to our strategy over the next three to five years, and does our current skills list reflect them?
- Are our skill areas defined clearly enough that two directors with similar backgrounds would rate themselves the same way?
- Which areas depend on a single director, and what happens when that director’s term ends?
- How are assessment results used today in recruitment, committee assignments and board education?
- Do we pair the skills assessment with an evaluation of how the board works together?

A practical timeline

TIMING	ACTIVITY
Weeks 1-2	Governance committee confirms strategic priorities and approves the skills framework and rating scale
Weeks 3-5	Directors complete the confidential online assessment; administrator monitors participation
Weeks 6-7	Results are analyzed and a confidential report is prepared for the governance committee
Week 8	Committee reviews findings and recommends priorities to the full board
Following quarter	Findings are built into the recruitment profile, committee assignments and board education calendar

Conclusion

The composition of a board is one of the most important decisions an organization makes, and one of the hardest to change quickly. A well-designed skills assessment gives the board an honest, shared view of its capabilities, highlights gaps before they become problems, and turns recruitment and succession into deliberate choices rather than reactions. Combined with regular board, committee and director evaluations, it is one of the most practical tools a board has for improving its own effectiveness.

About BoardEvals

BoardEvals has provided confidential, web-based governance evaluations for public, private and nonprofit organizations since 2008, including NYSE- and NASDAQ-listed companies. Services include full-board and committee self-assessments, 360° director peer reviews, CEO evaluations, board skills assessments, and confidential reporting with action plans. Every engagement is led by founder Jim Schraith, who has served on more than 30 public, private and nonprofit boards.

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