

**FROM OVERSIGHT TO
STRATEGIC STEWARDSHIP**

How Manufacturing Boards Are Evolving for a Changing World



Introduction

As the world grows more complex and disruptive, corporate manufacturing boards are facing higher expectations and broader responsibilities, much like their counterparts in other sectors. Directors must now navigate a wider and fast-evolving range of risks, opportunities, and leadership challenges to fulfill their governance responsibilities. As a result, the board's role is expanding beyond compliance and traditional oversight to include more active strategic guidance and stewardship of long-term value. Increasingly, boards are helping organizations navigate uncertainty and change, build resilience, and pursue growth amid geopolitical instability, digital transformation, and regulatory shifts.

This broadening of board engagement is certainly visible in the manufacturing sector where boards are confronting persistent trade and supply chain challenges alongside the risks and opportunities of disruptive technologies—particularly AI and the complexities of deploying it at scale. Many trace the beginning of this shift to the pandemic and the years that followed, when one crisis has seemed to come after another. Today, AI deployment, cybersecurity threats, tariffs, and geopolitical instability are regular boardroom topics. As one U.S. manufacturing board member told us, “Had you walked into our board meeting five years ago, you would not have heard nearly the same focus on cybersecurity, nor would you have heard anything

about tariffs. These are some of the new topics that our board has to stay apprised of consistently.”

To understand how manufacturing boards are adapting to this more complex environment, Egon Zehnder and the Manufacturers Alliance Foundation combined survey data with first-person interviews of manufacturing CEOs, Chairs, and board members. The study explores how boards are responding to change, how prepared they are for what lies ahead, and how their relationships with CEOs and executive teams are evolving.

Several key themes emerged:

- **Board agendas are expanding and becoming more fluid**, with AI, technology, and geopolitics increasingly shaping discussions around strategy and growth. Our study found that the vast majority of board members (91%) say digital, AI, and technology transformation have become more important topics recently, fueling the central priorities of strategy and growth. Because of this, boards' agendas are needing to be much more adaptable. As one leader who is both a Chair and an active member of several manufacturing boards told us, “If this was 10 years ago and August, I could probably tell you what next April's agenda was going to look like. We can't do that now. Right now, I could *not* tell you what November's agenda looks like with any certainty.”

- **Boards are evolving their composition and capabilities to address this expanded agenda and prepare for future challenges.** Many are refreshing their membership, adding more sitting and recently retired CEOs, as well as functional experts (especially those with more advanced technological and international experience/networks). As one sitting CEO shared, “We couldn’t address a changing world with a defunct board. New perspectives are really adding a lot more.” They are also proactively addressing gaps in knowledge, particularly those related to AI. As one board member put it bluntly, “Directors who do not spend the time to get AI education—and it will be a journey—will be quickly irrelevant in the boardroom.”
- **The relationship between boards and CEOs is becoming more collaborative,** enabling more frequent dialogue, stronger strategic partnership, and better decision-making in uncertain conditions. Working in collaboration with CEOs can help directors stay more aligned with their organization’s priorities, better clarify their own roles, and focus their time on the most value-adding agenda items. “It’s crucial that there be complete transparency,” one CEO shared.

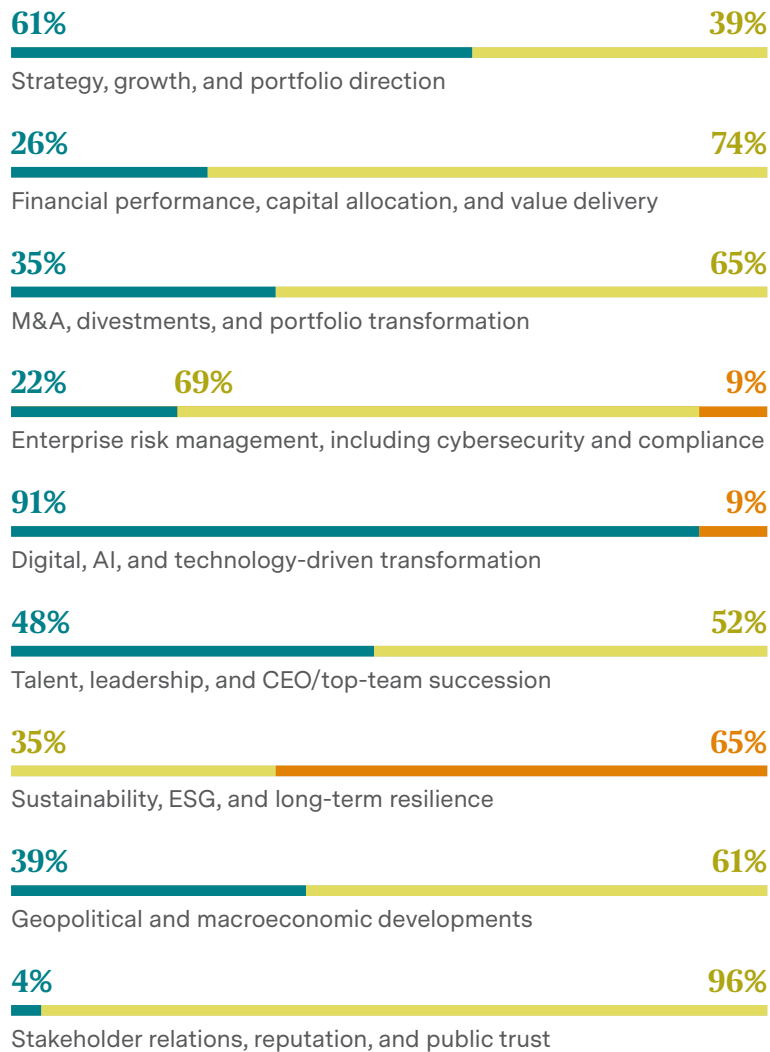
Section 1

The board agenda is expanding, driven by developments in technology, AI, and geopolitics.

Technology, AI, and geopolitical volatility are reshaping how directors think about strategy, growth, risk, and long-term value creation. **91% of board members note that digital, AI, and technology transformation have become more important over the past two to three years, and nearly 40% indicated that geopolitical developments have become more important over the same period.**

When asked what specific technology topics are dominating their attention, board members noted AI strategy and value creation, cybersecurity and technology resilience, and AI risk, governance, and regulatory compliance. CEOs echoed these top three priorities, though with a slightly different ranking.

How has the importance level of each of these agenda items changed in the past 2–3 years?

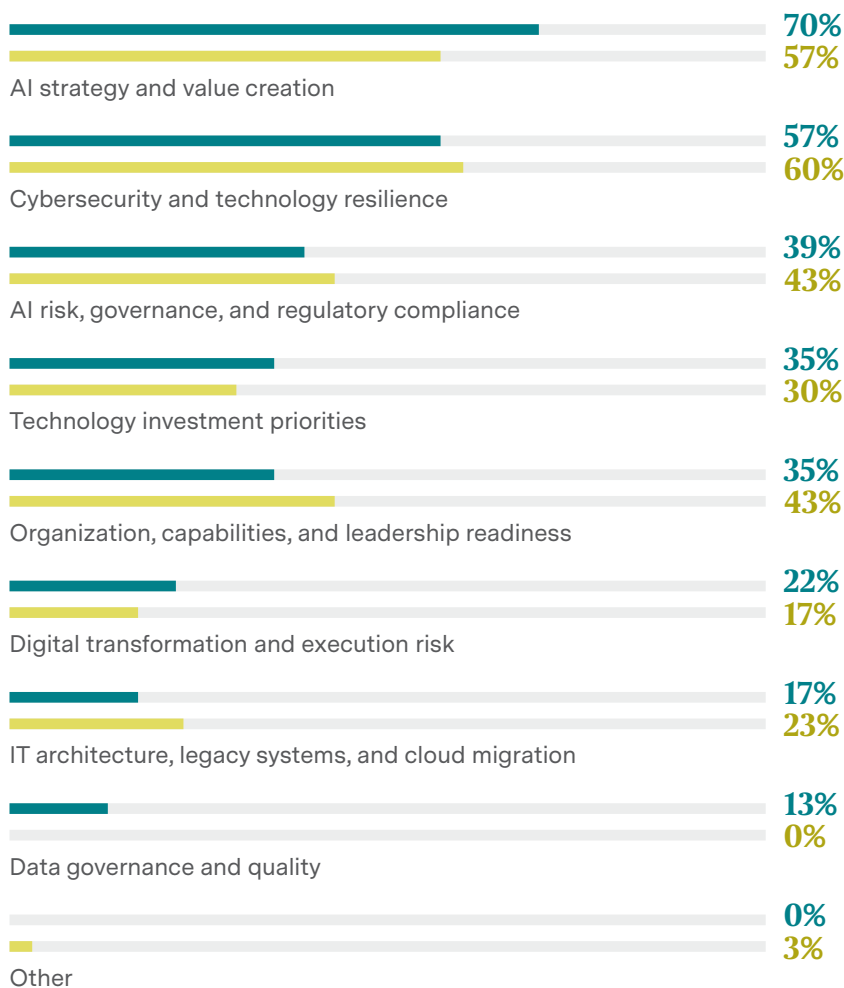


■ More important
 ■ Same
 ■ Less important

Cybersecurity has become one of the clearest examples of how quickly the board agenda has changed. CEOs and board members we spoke with described it as a fast-moving, high-anxiety risk that requires ongoing education for both management and directors, particularly as manufacturers become more

connected and more central to critical supply chains. “I’m scared to death about cyber, and the board shares my terror,” one CEO said. The challenge, several others noted, is building controls that match the company’s actual risk profile without slowing the business down.

Which technology-related topics are receiving the most board attention?



■ Board
■ CEO

AI in Focus

The fastest-growing board priority is also the area where directors see the greatest need for continued learning.

Corporate directors and CEOs alike rated the board's understanding of AI and its business implications as moderate at best.

Many boards also have concrete ideas for how to close this knowledge gap. Respondents pointed to external advisors, regular deep dives with management and technology leaders, and upskilling board members as methods for enhancing their fluency.

"I think we are on a learning curve with AI," one board member stated. "Everybody's knowledge is climbing," added another. "It's on every meeting agenda." Most board members recognize that they rely largely on the executive team to educate them. Several CEOs shared plans to bring in various tech experts to help the board. "The goal is to bring the board awareness up to a different level from where it is today, so they can eventually engage more fully in a conversation about AI."

How would you rate the board's understanding of AI and its business implications?



That learning curve will look different from company to company. One CEO shared a more cautious view on AI in manufacturing, describing the sector as still early in its adoption. “No matter what you read about AI and the manufacturing sector, we’re taking baby steps at this point,” he said. He believes that useful applications of AI are mostly emerging from the plant floor and specific functions. “AI wisdom is not going to come from the board. The wisdom is going to come from the people who are looking for the advantages in their day-to-day.”

The focus on technology and AI also has implications for CEOs. A majority of CEOs report that AI and technology

have changed the board’s expectations of them. “My board realizes that I did not elevate to the CEO position through a technology/AI path, so there is some leniency there. However, there is expectation that I and my leadership team become proficient and identify the test cases that can deliver productivity enhancements throughout the organization,” explained one CEO respondent. “Our entire board is involved in the AI governance policy to protect the company while also encouraging initiative,” he continued. Another added: “There is now an expectation to have a plan and expected results as well as KPIs.”

How is your board addressing/planning to address gaps in technology expertise? Select all that apply.

74%

Using external advisors / experts

57%

Regular deep dives with management and internal technology leaders

52%

Upskilling existing board members

26%

Adding new board members with tech / AI backgrounds

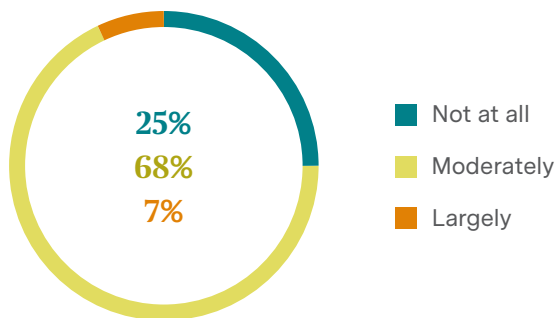
26%

Creating dedicated technology committees

0%

Not actively addressing

To what extent has AI/technology changed board expectations of you as CEO?



Geopolitics in Focus

For many boards, geopolitics has become less a stand-alone discussion and more a recurring lens through which strategic decisions are evaluated. Trade policy, regional instability, sourcing and supply chain resilience, investment priorities, and scenario planning increasingly shape discussions. **Nearly 40% of board respondents indicated that geopolitical developments have become more important over the past two to three years.** Meanwhile, CEOs report that increased macroeconomic and geopolitical volatility are changing how boards engage with management, leading to greater emphasis on scenario planning, more frequent interactions, and heightened attention to balancing immediate decisions with long-term strategy.

To help management navigate a more uncertain global environment, board members note that they often rely on their own experience and networks, insights from management and the organization and external advisors. Several board members also mentioned that foreign directors or those with extensive international experience are adding a lot of value to geopolitical discussions and considerations.

What stands out among these findings is that while technology and AI as well as geopolitical challenges may be the newer and more pressing topics on the board agenda, they are being layered onto longstanding expectations around performance, talent, and leadership.

Which capabilities does your board rely on most to navigate geopolitical risks?

91%

Board member experience and networks

83%

Internal insights from management and the organization

44%

External advisors or geopolitical experts

44%

Enterprise risk management and compliance functions

17%

Peer exchange with other boards / chairs

17%

Structured geopolitical scenario planning / stress testing



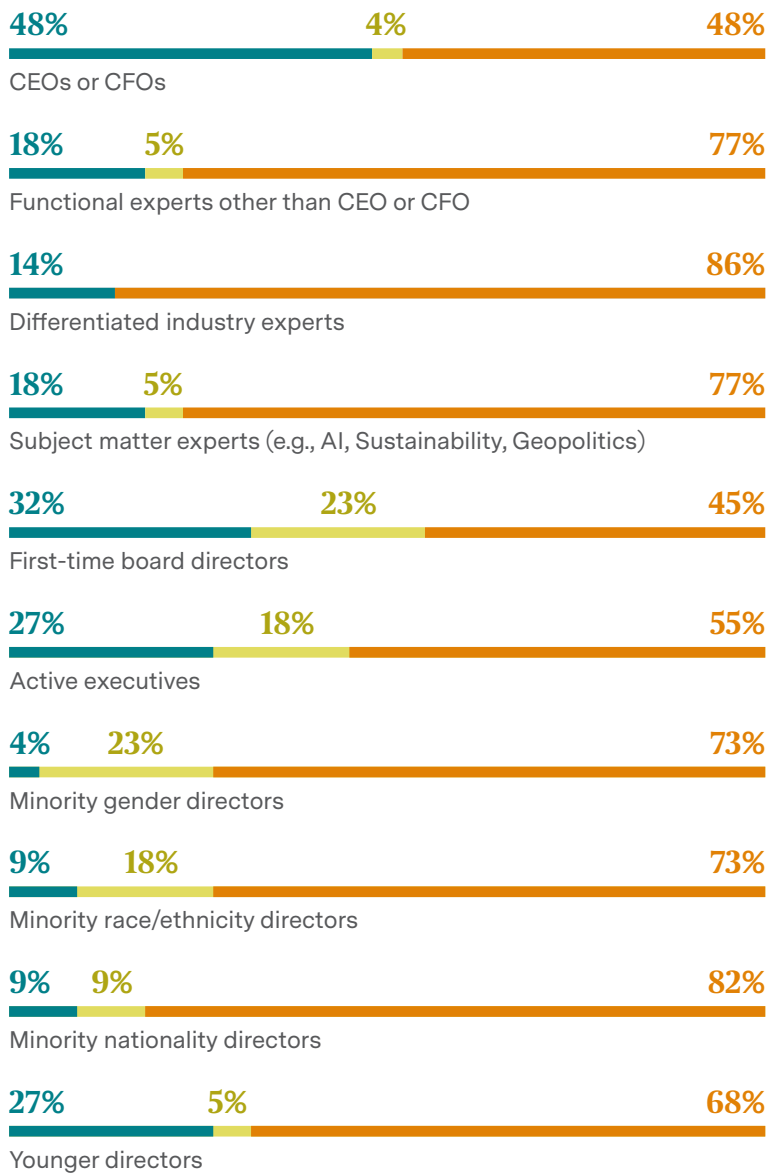
Section 2

Many manufacturing boards have altered their board composition to better address the expanding agenda

The growing demands on manufacturing boards are not only changing what boards discuss, but sometimes who is sitting around the table. “You need diversity of thought in that boardroom,” shared one board Chair. “If you don’t reflect the world in which you live and work, you will make mistakes.”

Over the last three years, survey respondents reported the largest increases in CEOs, CFOs, and active executives. These findings suggest that many boards are seeking informed perspectives and operating experience from current and recent leaders to help navigate the complex business environment.

Over the past 3 years, has the number of the following types of directors on your board increased, decreased, or remained the same?



■ Increased ■ Decreased ■ Remained the same

83% of respondents cited CEO or senior executive experience among their board's deepest capabilities, compared with 70% for strategy and long-term value creation and 65% for finance and audit oversight. By contrast, only 4% identified technology, digital, and data expertise as a core strength.

"The value of the board for me is that we have several who are retired CEOs on the board," explained one manufacturing CEO. "They've been in the seat, they understand the challenges, and the ups and downs of normal business cycles."

To better address the technological and geopolitical challenges they are facing, **board members also noted they**

needed to increase their expertise in technology, digital and data (57%) and geographic and regional market expertise (39%).

As one CEO put it, "When we started bringing new people in, we realized, 'Wow, new perspectives are really adding a lot more.'" With a defined retirement age in place, this particular board is gradually turning over. "The new folks coming in have just brought dramatic improvement to our board, with fresh ideas, fresh thoughts," he added.



Where does your board have the greatest depth of expertise? Select up to 3.

83%

CEO or senior executive experience

70%

Strategy and long-term value creation

65%

Finance and audit oversight

30%

Operations and execution

4%

Technology, digital, and data

4%

Human capital and talent, including succession

4%

Geographic or regional market expertise

4%

Risk management and compliance

0%

ESG, sustainability, and stakeholder matters

0%

Other

Where does the board lack sufficient depth of expertise? Select up to 3.

57%

Technology, digital, and data

39%

Geographic or regional market expertise

13%

Operations and execution

9%

Human capital and talent (including succession)

9%

Risk management and compliance

4%

Finance and audit oversight

0%

Strategy and long-term value creation

0%

CEO or senior executive experience

0%

ESG, sustainability, and stakeholder matters

0%

Other (please specify)

22%

We have the right mix and depth of expertise



Section 3

Making sense of and governing today's business environment demands closer collaboration between boards and CEOs

The expansion of the board agenda has implications beyond what boards discuss. It also changes how boards and CEOs work together. One of the clearest findings from our study is the strength of the board-CEO relationship in these manufacturing companies. Both boards and CEOs report high levels of trust, transparency, and strategic alignment. Rather than creating distance between boards and management, increased complexity appears to be driving more collaboration, more frequent communication, and deeper strategic engagement.

Half of directors and 68% of CEOs say the relationship has evolved into one that is primarily collaborative and advisory in nature.

For some CEOs, that collaboration extends beyond the boardroom. One CEO described more frequent, informal check-ins with different board members as the norm, especially as complexity and strategic uncertainty increase. “I’m getting more ad hoc feedback and involvement, with the board off-cycle,” he said.

Many leaders we spoke with added that complexity and volatility have also increased the frequency of CEO-Chair interactions as well as the connections between functional C-Suite leaders with their board counterparts, such as CFOs with the audit lead and CTOs with tech committee chairs.

This heightened involvement often leads toward more transparent and constructive discussions. “When our management team comes to the board now, they’re not on pins and needles anymore. It’s a very open sharing and candid discussion,” a Chair and CEO shared.

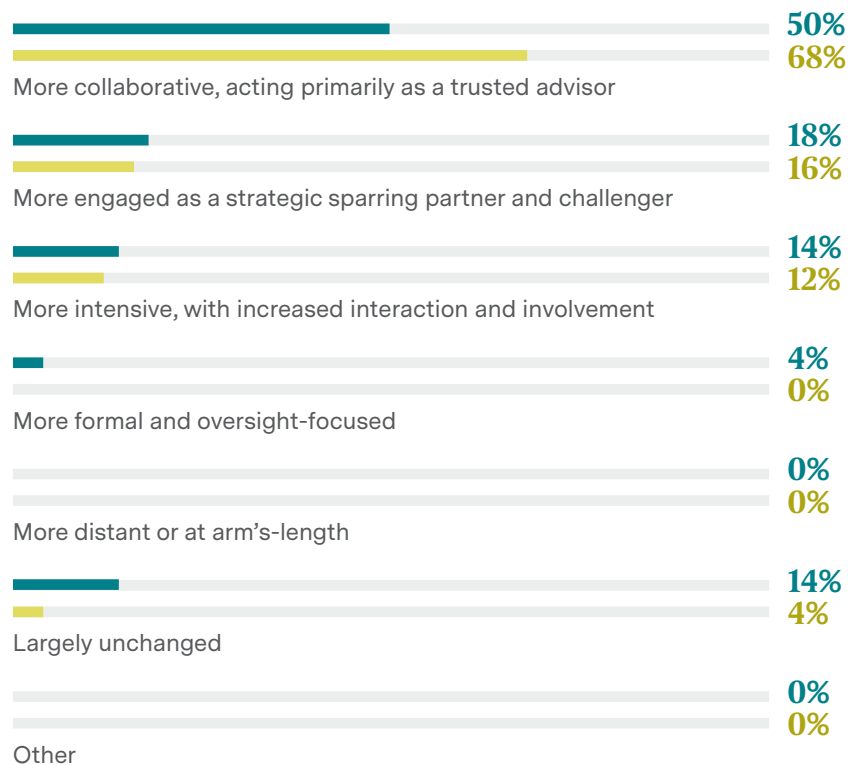
The strength of these relationships is reflected in the survey data. **Both groups rated their trust level at nearly 9 out of 10** and reported similarly high ratings for transparency and strategic alignment.

Thinking about your relationship with the Board/CEO, how would you rate the following aspects? [1= Very low, 10 = Very High]



■ Board ■ CEO

How has the board/CEO relationship evolved in recent years?



■ Board ■ CEO

One important area that might have room for some improvement is the board's tendency to provide constructive challenges to the CEO. "I'm happy when they're asking the difficult questions, where we might have blind spots," one CEO said. "They help us see around corners that we may not have seen and challenge us to come back and flesh that area out a little bit more," another CEO added.

CEOs highlighted the growing importance of more frequent discussions with their boards about long-term scenarios, strategic trade-offs, and the range of outcomes organizations may need to prepare for. As one longstanding CEO noted, "There is a lot more discussion around how quickly the world is changing and the various possibilities

than I have seen in the past." He added that there is also a lot more analysis around "what tools and capabilities we might need in the future."

In practice, stronger board-CEO relationships are enabling more robust scenario planning and more thoughtful navigation of uncertainty. "I think the main thing that boards need to do, and one of the most important things, is to have a longer term view," explained one Chair. He added: "You know management is always going to be pressured short term. How does the quarter play out? How's the year playing out? What the board needs to say is: let's look beyond that."



Governance for an Uncertain Future: Meeting Change with Candor and Currency

Despite the scale and unpredictability of the challenges ahead, CEOs and board members remain relatively confident in their boards' ability to navigate them. They both believe they are largely keeping pace with the complexity they face, even as they expect that complexity to intensify. "We are growing more astute about AI all the time, but how to capture those learnings and execute on them...I'm not sure any of us knows what that looks like," one CEO shared.

Certainly no board or leadership team can predict exactly what lies ahead. But what we see is that they are setting a priority to stay current and address knowledge gaps as they arise. "Everyone has more on their plate," offered one Chair, "So the board must help and not just think of themselves as oversight for management but as a facilitator for

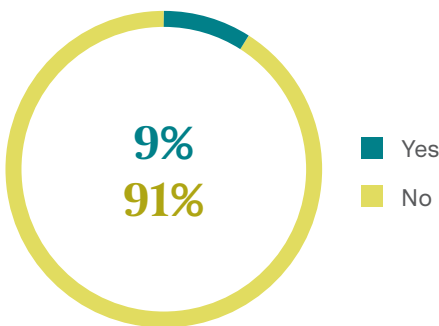
management as well. And how do we do that? We stay prepared, we invest the time, and we keep our skills current and up to speed."

Our survey and interviews of CEOs, Chairs and board members suggest that many manufacturing boards are actively building the capabilities and relationships needed to navigate what comes next. They are asking the right questions, continuously learning, and fortifying the trust needed to confront uncertainty together. "I don't think anyone was prepared for the amount of change that has taken place over the last few years," one CEO suggested. "We are all facing these challenges together and, at the same time, navigating the unknown together."

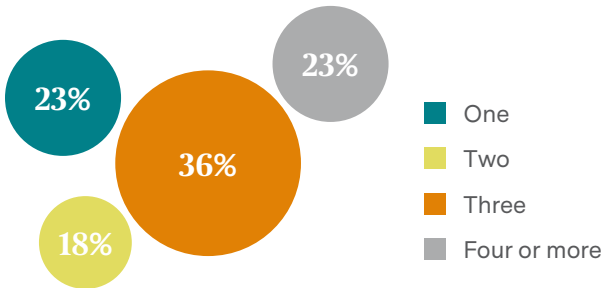
Demographics

Board

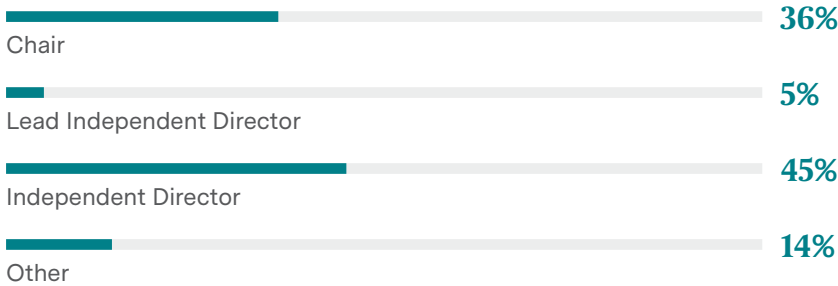
First time board director?



How many boards do you serve on?

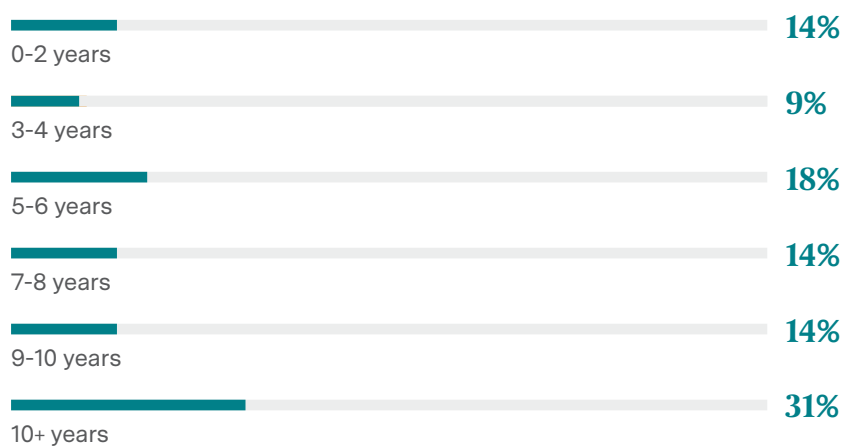


Position

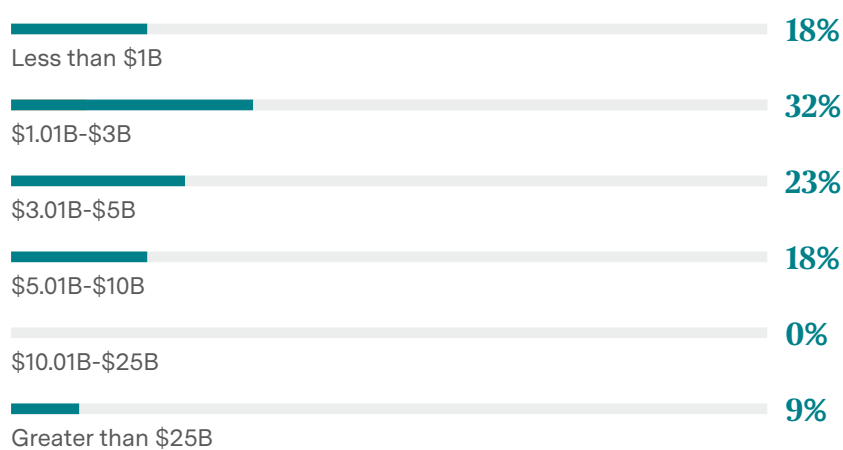


Based on responses from 22 directors

Tenure

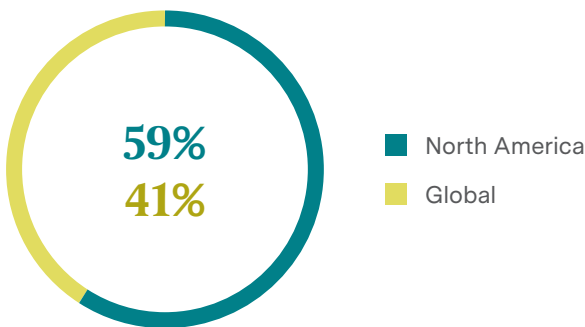


Annual Revenue

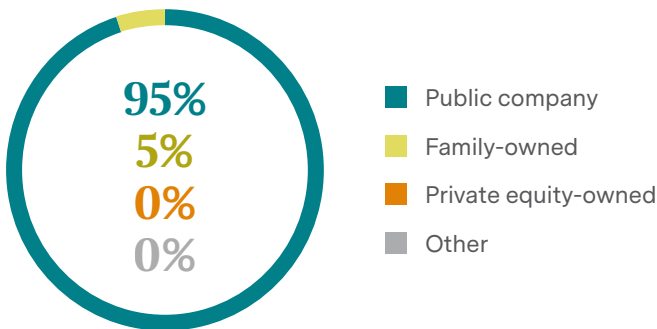


Based on responses from 22 directors

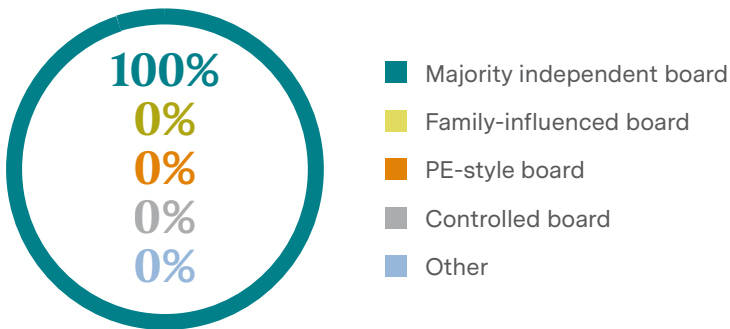
Primary Geography of Operations



Ownership Profile



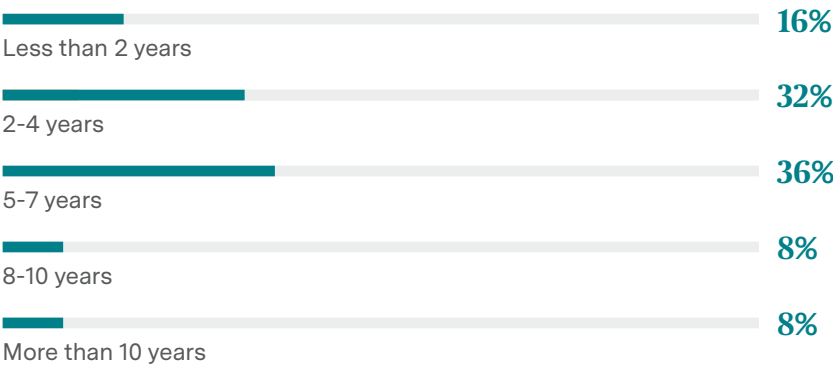
Board Structure



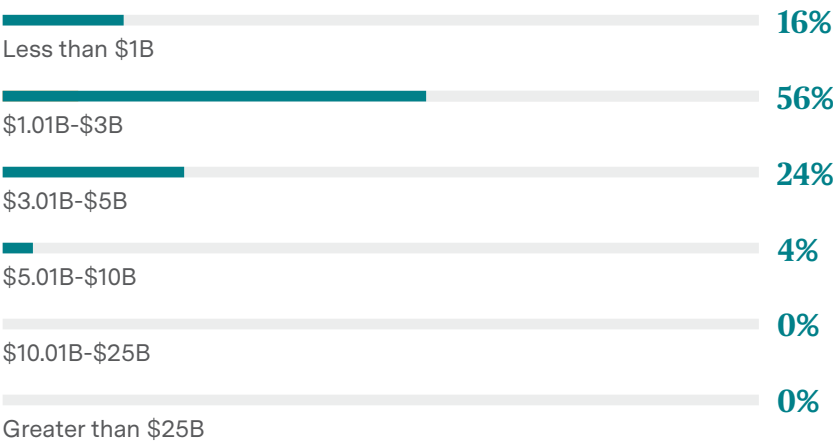
Based on responses from 22 directors

CEO

Tenure

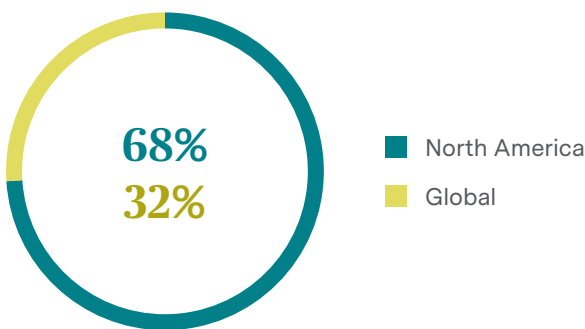


Annual Revenue

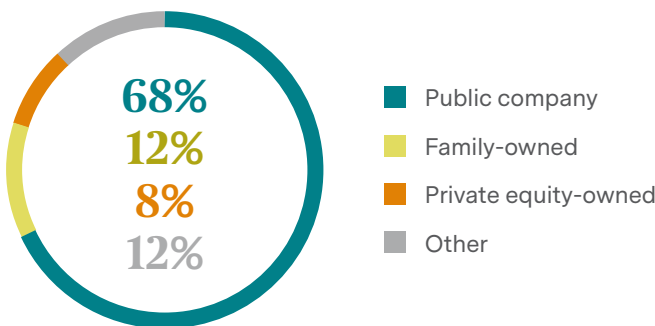


Based on responses from 25 CEOs

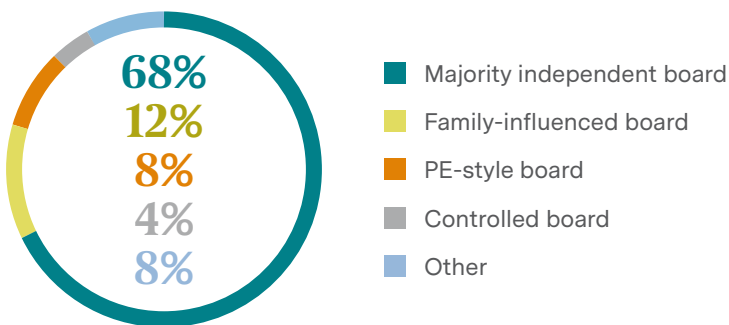
Primary Geography of Operations



Ownership Profile



Board Structure



Based on responses from 25 CEOs

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We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide executive search, leadership solutions, CEO search and succession, board advisory, and diversity, equity & inclusion.

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We believe that together we can transform people, organizations and the world through leadership.

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About Manufacturers Alliance

Manufacturers Alliance powers leaders. We bring together an unparalleled network of manufacturing executives to advance their careers, grow their companies, and support the whole community. We accomplish our mission through peer communities, education, and business insights on the topics that matter most to the sector. In our 91st year, we continue to drive the manufacturing community to be smarter, faster, and better. Learn more: manufacturersalliance.org.