



# NEDs Reimagined: a **Checklist for the SME Chair**

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The **NEDs Reimagined** paper<sup>1</sup> published by the Institute of Directors on 15 January 2026 has a great deal of useful thinking that will hopefully be used by boards in companies of all sizes. It's a "post-Higgs review of the role and contribution of non-executive directors". Challenged by the paper, I put myself in the position of the Board Chair and thought about what I would do to use the recommendations. What follows is a personal checklist of questions to ask and actions to take.

*Matthew Goldsbrough, February 2026*

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<sup>1</sup> Download the IoD paper: <https://www.iod.com/app/uploads/2026/01/FINAL-IoD-Business-Paper-NEDs-reimagined-14.01-6ca5096ee6348f2301347e942a1ffe29.pdf>

# Highlights

Four key highlights from the recommendations give a flavour of the direction taken.

1. NED independence should be conceived less narrowly, focusing on independence of mind, cognitive diversity as well as criteria avoiding potential conflicts of interest.
2. Boards should be less conservative in their approach to NED recruitment, moving beyond the traditional pipeline of former executives.
3. NEDs must bring greater energy and curiosity to the role.
4. Boards should spend more time within the business to better understand and support its operations.

The paper is a reminder that board effectiveness is mostly about what happens in the room: the chair setting expectations, creating the conditions for constructive challenge, and making sure NEDs are informed and engaged rather than distant and symbolic.

The IoD paper makes a simple point in a few different ways: independence matters, but it is a mindset, not a box to tick, and it should not turn into distance and disconnection.

# Checklist Touchpoints

If you chair an SME board, here is a checklist you can use in three touchpoints:

- Before the next meeting .....Quick hygiene
- Over the next quarter .....How the board works
- Once a year .....Reset and refresh

# Before the Next Meeting

These items address the most common ways boards drift into ineffectiveness. They require no new processes, just honest diagnosis and a change in how you run the room.

## 1. REBALANCE WHAT THE BOARD SPENDS ITS TIME ON

Look at the last 6 board packs. How much time went on “procedural” items versus “performance” items (real choices, trade-offs, opportunity, what might change outside)? The paper is explicit that chairs need to help the board strike the right balance.

Put two “performance” conversations on every agenda: one about the business (customers, product, delivery, people), one about the outside world (competitors, regulation, technology, cost of capital, whatever matters in your sector).

## 2. FIX THE “FAIT ACCOMPLI” PROBLEM

SME boards often do a lot of discussion outside the room. Sometimes it is helpful. Sometimes it quietly breaks the board.

Are big issues brought to the board already decided, with the meeting used to rubber-stamp?

Keep chair and executive conversations outside meetings, but do not let them remove the board’s ability to have an equal voice. The paper is clear that decision-making should be transparent and inclusive in board meetings, with debate recorded properly in minutes.

## 3. CREATE A SAFE SPACE FOR CONSTRUCTIVE CHALLENGE

Do NEDs speak up early, or do they “save it for later” (or never say it at all)?

Does challenge feel like theatre, or does it feel like shared problem-solving?

Set explicit expectations for thoughtful, constructive dialogue, and encourage collaboration.

Remember the paper’s blunt warning: poor chairmanship can inhibit NEDs from expressing their true opinions.

# Over the Next Quarter

These items change how the board is structured and resourced. They take more time to implement but have a lasting effect on board quality. Tackle them one or two at a time.

## 4. MAKE INDEPENDENCE SOMETHING YOU CAN SEE IN BEHAVIOUR

When you say “independent”, do you mean “no conflicts”, or do you mean “willing and able to think clearly, disagree, and stay engaged”? The paper argues boards should look beyond formal criteria and value cognitive independence, curiosity, active engagement and business acumen.

In recruitment, test for independence of mind. Ask candidates to talk through a situation where they had to challenge a dominant view and still keep the relationship intact.

## 5. GIVE FEEDBACK OFTEN, NOT OCCASIONALLY

When did each NED last receive specific feedback that helped them do the job better?

Provide regular feedback on an individual basis, and do it in a way that suits your context (size, meeting frequency, board maturity).

Make it normal to have a short post-meeting “what helped, what didn’t” habit. The paper even quotes a director calling for feedback after every meeting, not every few years.

## 6. GET NEDS CLOSER TO THE REAL BUSINESS

Do NEDs understand culture, operational reality, and the true risks and opportunities, or are they only seeing a board pack?

Plan structured exposure: site visits, sessions with leaders below the exec team, customer or partner conversations when appropriate. The paper says NEDs should be sufficiently involved to understand culture, strategy, risks and opportunities, and be visible and accessible where required.

## 7. GIVE NON-EXECUTIVE DIRECTORS INDEPENDENT SUPPORT AND RESOURCES

Are NEDs wholly reliant on management information and analysis?

Allocate specific resources so NEDs can source information and conduct their own analysis when needed, without solely relying on management.

## 8. AGREE A CODE OF CONDUCT, THEN USE IT

Do you have shared behavioural expectations, and do you ever refer back to them?

Align with an explicit code of conduct (the paper suggests the IoD Code of Conduct for Directors) and use it to reflect on behaviour and board dynamics.

## 9. TREAT LEARNING AS PART OF THE JOB

Is the board's knowledge current, or are you running on experience that was true five years ago?

Agree a simple development rhythm: guest speakers, self-directed research, simulations, formal development. The paper lists these as legitimate routes to keeping knowledge current.

Support development as a board, but be clear that each NED has a personal responsibility to keep current.

## 10. USE AI SENSIBLY, AND KEEP ACCOUNTABILITY WHERE IT BELONGS

Is the board only talking about AI risk, or also about how it might improve decision-making and effectiveness?

Encourage directors to treat AI as an augmentation tool, not something that replaces judgement.

Approve board policy on AI use that aligns with organisation-wide policy, and be explicit that responsibility remains with directors and cannot be handed off to a tool.

# Once a Year

These items are strategic resets. They address the board's conduct, and compensation — things that drift slowly and are rarely reviewed until there is a problem.

## 11. RUN ANNUAL EXPECTATION-SETTING PROPERLY (AND WRITE IT DOWN)

Can each director clearly state what they are expected to contribute this year, and how much time it will take?

Meet every director at least annually to define their specific contribution, time commitment, other roles, and likely tenure.

Make succession planning and letters of appointment reflect a board-approved view on tenure, applied consistently.

## 12. RECRUIT LESS CONSERVATIVELY

Do you keep fishing in the same pond (former executives who look “safe”), and end up with a board that thinks in similar ways?

Broaden the profile. Keep standards high, but look for judgement, curiosity and engagement, not just pedigree. The paper is direct that boards should be less conservative in how they recruit NEDs.

### 13. RIGHT-SIZE THE NUMBER OF NEDS

Do you have enough NED capacity for the workload, or is the board stretched and superficial?

Equally, do you have so many people that discussion becomes slow and performative?

Reassess headcount against what you genuinely need. The paper explicitly says boards should give careful consideration to the number of NEDs they appoint.

### 14. BE HONEST ABOUT PAY AND TIME

Are you paying fees that match the time, complexity and responsibility you are asking for?

Recognise the paper's point that perceived under-compensation is particularly strong outside large listed companies, and that low fees make it harder to recruit and motivate good NEDs.

In smaller unlisted companies, consider flexibility, including in some cases shares or options, while keeping NED rewards distinct from executives as a governance principle.

# The Ownership Overlays

Boards act differently when they are founder-led, family-owned, or PE-backed. So the guidance needs to be considered in those contexts.

## FOUNDER-LED BOARDS: MANAGE GRAVITATIONAL PULL WITHOUT MAKING IT PERSONAL

Do NEDs have the confidence and permission to disagree with the founder in the meeting, not in the car park afterwards?

Are you unintentionally creating “distance and disconnection” by over-emphasising formal independence, or are you building independence of mind and active engagement?

Are decisions being made transparently in the board meeting, rather than arriving as a fait accompli?

Make it easier for the founder to be challenged well. That means clarity about what good challenge looks like, and consistent chair behaviour when the conversation gets tense.

## FAMILY-OWNED BOARDS: KEEP ROLES CLEAR WHEN HISTORY IS LONG

Are you clear who is an owner, who is an executive, and who is accountable as a director?

Are difficult topics (succession, capability, dividends versus reinvestment) handled in the boardroom with the same transparency you would expect elsewhere?

Do you have shared behavioural expectations you can return to, rather than relying on “everyone knows how we do things here”? A code of conduct is surprisingly useful in family settings, because it depersonalises the conversation.

Use the annual expectation-setting meeting not just for tasks, but for boundaries. It is kinder to be explicit than to allow misunderstandings to grow.

## PE-BACKED BOARDS: CAPACITY, PACE, AND INFORMATION QUALITY

Do you have enough NED time and skill to match the pace expected, or are you running a board built for a slower world?

Do NEDs have the independent resources to test management's analysis when decisions are fast and material?

Are you investing in learning and staying current, rather than assuming past experience covers today's risks and opportunities?

• Treat board effectiveness like any other capability. If the demands have increased, resourcing needs to increase too, whether that is fees, support, or time.

# A Simple Closing Test

Most SME boards do not fail because they ignored a rule. They fail because the board becomes either too distant from the business, or too polite to say what needs saying.

After your next board meeting, ask yourself three questions:

- A. Did we have the conversations that actually move the business forward?
- B. Did everyone who should have spoken, speak?
- C. Would a thoughtful outsider say this board improved the decision, not just recorded it?

If the answer is “not quite”, the good news is that most of the fixes are chair-owned and practical: expectations, information, behaviour, feedback, and getting closer to the real business.