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REDEFINING LEADERSHIP: THE EVOLVING RESPONSIBILITIES OF DIRECTORS

More than half of Australia's directors are feeling uncertain about the economy (Source: AICD). And let's be honest—who can blame them? We're in the middle of a perfect storm. Inflation, though stabilising, hasn't given us a break; interest rates are twitchy, and consumer spending—well, what spending?

This isn't your garden-variety downturn. The usual recovery patterns feel distant, and global uncertainties are only adding fuel to the fire.

But let's be clear: these aren't the only issues demanding attention.

Since the last election, the cost of doing business has risen sharply. Meanwhile, the rapid advancement of GenAI is reshaping the business landscape. Pressure to address ESG concerns remains constant, but boards continue to face the challenge of balancing compliance with the commercial realities.

Contributing to this complexity is the increasing emphasis on economic self-interest by global powers, which has introduced additional uncertainty for boards. And let's not forget recent scandals involving high-profile founder-led companies—yet another wake-up call.

The environment is becoming more unpredictable by the day, and boards are increasingly grappling with a growing list of high-stakes, complex challenges. Whatever the issue, the board agenda is expanding—and it's anything but simple.

So, how is the role of the board evolving in this climate, and how are boards responding? As part of the Awards program, we spoke to a range of boards to gain insight into how they're adapting to these disruptions. What did we find?

Here's the good news:

Boards are evolving rapidly to navigate a constantly shifting landscape. A significant portion (45%) are sharpening their focus on implementing and sustaining cost savings in 2025. They recognise that managing costs is key to freeing up cash—and they're approaching it with a positive mindset, enabling greater focus on strategic goals.

Beyond those focused on cost-cutting to fuel growth, another 25% of boards are making targeted investments to gain a competitive edge. These include strategic acquisitions, digitising operations to accelerate speed and service, and entering new markets.

As one director put it:

"First, I'm going to look at optimising every part of my business due to increasing costs of doing business in Australia. But second, the world has changed, so I need to look at automation and digitisation to lower costs and create more revenue opportunities in the future."

In short, boards are adapting with care—cutting costs where needed, investing wisely, and staying optimistic about the path ahead.

In addition, boards increasingly believe that diversity in all its forms leads to more effective boards. As a result, 60% are now taking steps to measure and monitor their effectiveness even more closely to drive better outcomes.

Here's the bad news:

Being a board director has never been harder. The demands have surged—higher workloads, greater expectations, increased scrutiny, and a sharper focus on risk. Pressure is mounting from all sides, with boards expected to balance the often-competing interests of diverse stakeholders—including growing pressure from activist groups.



One director summed it up:

"The sense and seriousness of accountability is more real than ever. Every decision has consequences. The ability to change, learn and adapt is no longer optional—it's essential."

As boards continue to adapt and respond to market uncertainty, there's no better time to recognise and celebrate their evolving roles and leadership—making the launch of the AFR BOSS Director Awards program in Australia both timely and essential.

That's why Alvarez & Marsal are proud to support the awards. They shine a spotlight on the kind of leadership that truly makes a difference celebrating directors who are stepping up—shaping strategy and creating sustainable value. Now, more than ever, that kind of leadership matters.

So, how can your board stay ahead and perhaps even position itself to become future award recipients?

Here are three crucial steps to stay resilient and relevant in today's environment:



1. Diversify Skillsets, Not Just Backgrounds

Boards must focus on building a diverse range of capabilities to meet the challenges ahead. From technology and sustainability to culture and global markets, today's boards need a skill mix that reflects where companies are going—not where they've been. A board rooted in yesterday's expertise risks being left behind.



2. Invest in Constant Learning

Boards that aren't learning, aren't leading. Boards must actively and continuously expand their knowledge. The days of relying solely on experience are over. In an environment of constant change, staying informed is essential to making sound decisions.



3. Bring in External Perspectives

From AI and digital transformation to driving sustainable cost management, boards are now expected to navigate an increasingly complex terrain. Bringing in external advisors like Alvarez & Marsal provides access to deep expertise—without the long-term commitment of a full-time hire—and equips boards to address emerging challenges with confidence.

The bottom line is this:

If your board isn't evolving as fast as the world around it, you're already falling behind. The future may be unpredictable, but with the right mix of talent, insight, and agility, your board can lead through it—and thrive.

Source 1: AICD <https://www.aicd.com.au/news-media/research-and-reports/director-sentiment-index.html>

Source 2: A&M study: Over the course of April 2025, A&M met with (10+) and polled (50+) Directors to understand how boards are responding to complex trends and disruptions.

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