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Governance Insights Center

Strengthening board oversight of corporate strategy

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Strategy oversight in a changing environment

Strategy remains one of the board's most important responsibilities. Yet **81% of directors** say their boards could more effectively challenge management on corporate strategy, underscoring the opportunity to strengthen oversight as the context in which boards operate becomes more complex. Strategic decisions are more interconnected, the pace of change is faster, and the consequences of delay can be significant.

In 2026, boards are confronting a set of immediate and often competing demands on strategy. AI is reshaping how companies compete and create value, requiring boards to understand not only the risks, but also the strategic implications of adoption and the speed of its deployment. At the same time, many organizations are reassessing whether they have the talent, leadership capacity, and workforce capabilities needed to execute increasingly complex strategies.

Economic and geopolitical volatility continue to pressure strategic assumptions, increasing the need for scenario planning and resilience. Boards are also navigating a higher-turnover leadership environment, prompting renewed focus on CEO succession and whether leadership pipelines are robust enough to sustain execution through disruption.

These pressures are unfolding alongside rising expectations for board effectiveness. PwC's recent C-suite research points to a common underlying issue: many boards still operate on a meeting cadence and information model built for periodic review, while major risks and strategic issues now develop continuously and require faster, more iterative oversight. Executives cite **slow reaction to emerging risks** and difficulty keeping pace with digital transformation as key challenges—reinforcing the need for boards to engage earlier, challenge assumptions more rigorously, and adapt how they oversee strategy.

Against this backdrop, effective strategy oversight requires more than periodic review. It calls for a disciplined approach to understanding assumptions, evaluating trade-offs, monitoring progress, and responding to change. The following questions are designed to help boards strengthen their oversight of the strategy process in a practical and adaptable way.

Most directors say their boards can sharpen strategy oversight

81% of directors say their boards can challenge management on corporate strategy more effectively

Q: How can your board more effectively challenge management on corporate strategy? (select all that apply)
Base: 566
Source: PwC, 2026 Annual Corporate Directors Survey, September 2026.



Top five questions boards should ask about the strategy process

1 Do we have the right board composition, structure, and time allocation to oversee strategy?

Effective strategy oversight requires the right people and the right mix of capabilities in the boardroom. Directors bring different skills and experiences that shape how the board evaluates and challenges the company's strategy. As strategy becomes more complex and dynamic, boards are increasingly expected to understand the markets, technologies, and risks driving change.

Determining the right composition is not straightforward. Boards must balance expertise and skills in core areas—such as industry, finance, and operations—with growing expectations for capabilities in technology, digital transformation, and emerging risks. Since it may not be practical or appropriate to have a director with specialized expertise in every area, boards should identify the capabilities most critical to effective oversight of the company's strategy.

Composition alone, however, is not enough. Boards should also consider whether their structure and processes support effective oversight of strategy. This includes aligning committee responsibilities with strategic priorities and devoting sufficient time on the agenda to forward-looking discussions. Even well-composed boards may fall short if strategy discussions are rushed or overly focused on past performance.

Board composition is closely tied to succession planning. If gaps exist—whether in expertise, perspective, or capacity—boards should actively consider how and when to address them.

Questions for boards to consider

- Do we collectively have the experience and capabilities needed to understand and challenge the strategy?
- How does our composition align with the company's strategic priorities and future direction?
- Where might additional expertise or perspective be needed?
- Does our committee structure reflect key strategic priorities?
- Are we dedicating enough time to forward-looking strategy discussions?

2 What must be true for this strategy to succeed, and what would trigger a change in course?

Every strategy depends on a set of assumptions—about markets, customers, capital, regulation, and the pace of technological change. In a volatile environment, these assumptions can shift quickly, making it critical for boards to understand not just the strategy itself, but what underlying assumptions must be true for it to succeed.

Boards are increasingly asking management to articulate these assumptions explicitly. This includes identifying the external conditions and internal capabilities that underpin the strategy, as well as dependencies across the business. Without this clarity, it can be difficult to assess whether the strategy remains viable as conditions evolve.

Equally important is how those assumptions are monitored. Many companies identify a set of early indicators or metrics that provide insight into whether the strategy is on track. These indicators, which range from market trends to operational milestones, help boards move beyond backward-looking reviews and focus on what is changing in real time.

Monitoring strategy—from assumptions to action



Assumptions

- What must be true for the strategy to succeed?



Metrics

- What indicators tell us whether assumptions are holding?



Triggers

- What developments would prompt reassessment?

Leading boards are also asking management to define triggers for action. What developments would prompt reassessment? What thresholds would signal that key assumptions are no longer valid? Establishing these triggers in advance supports more timely and objective decision-making, particularly in periods of disruption.

This approach shifts strategy oversight from periodic review to continuous evaluation and reinforces the link between strategy and the information the board receives.

Questions for boards to consider

- What must be true for this strategy to succeed?
- What are the most critical assumptions underlying the strategy?
- How are those assumptions being monitored over time?
- What indicators signal that conditions are changing?
- What specific triggers would prompt a reassessment or change in course?

3 What trade-offs have we made—and what are we choosing not to do?

Strategy is defined as much by what a company chooses not to do as by what it pursues. Yet many strategies are presented as a collection of priorities, with less clarity around the trade-offs that underpin them. Nearly one-third (32%) of directors say **requesting alternative strategic options and trade-offs** would help strengthen their board's oversight of strategy. For boards, greater clarity around these choices can help reveal whether the strategy is truly focused or simply trying to do too much.

Effective strategy requires disciplined choices about where to compete, where to invest, and where to pull back. Boards should expect management to articulate not only the opportunities being pursued, but also the areas being deprioritized or exited. This includes understanding how capital, management attention, and organizational capacity are being reallocated, and whether those shifts are happening at the pace the strategy requires.

Trade-offs are often most visible in capital allocation decisions. In practice, resource allocation may continue to reflect historical patterns rather than future priorities. Companies may maintain funding for legacy businesses while underinvesting in areas critical to long-term growth. Boards should challenge whether investment decisions and operating plans are aligned with the strategic direction.

A useful lens is to view the strategy from the outside. What would an activist investor or competitor see? Where might they question the company's focus or identify untapped value? Pressing on these questions can help surface implicit trade-offs and sharpen strategic discipline.

Ultimately, a strategy that lacks clear trade-offs is unlikely to be resilient. Clarity about what the company will not do—and what it will stop doing—can be as important as clarity about what it will do.

Questions for boards to consider

- What are the most significant trade-offs embedded in the strategy?
- What are we choosing not to do and why?
- How are we reallocating capital and resources to support strategic priorities?
- Where might legacy investments be limiting flexibility?
- Are we making resource shifts at the pace the strategy requires?
- How would an external party, such as an activist or competitor, view our strategic choices?

4 Are we receiving the right information to oversee strategy and monitor progress?

Boards rely on management for information to oversee strategy, but the volume of materials has increased without necessarily improving insight. Directors often receive extensive reporting yet still lack clarity on whether the strategy is working and when intervention may be needed. In fact, one-third (34%) of directors say **clearer metrics to track strategic progress** would help their boards challenge management more effectively. The issue is not access to data, but whether information is focused, forward-looking, and clearly linked to strategic priorities.

PwC's recent C-suite research suggests that board effectiveness depends not only on the information directors receive but also on how issues are framed and escalated. Executives point to slow reactions to emerging risks and difficulty keeping pace with digital transformation as key barriers to board effectiveness. At the same time, nearly one-third of executives say **management could improve board effectiveness** through greater transparency around key risks and internal challenges.

Many boards are placing greater emphasis on receiving decision-useful information that highlights what matters most and supports timely discussion.

Illustrative strategy oversight dashboard

Strategic priority	Key metrics/ leading indicators	Strategic assumption	Illustrative trigger	Board response
Growth and market position	Revenue growth, market share; pipeline conversion, customer feedback, market trends	Customer demand supports growth plans	Customer feedback weakens or pipeline conversion falls	**Reassess**
Capital allocation	ROIC, TSR vs. peers; capex alignment, resource shifts	Capital supports strategic priorities	Returns lag or investment remains misaligned	**Review**
Execution and operations	Margin, productivity; cycle times, delivery milestones	Execution stays on schedule	Critical milestones slip	**Discuss**
Risk and resilience	Key risk exposures; risk indicator trends	Risks remain within appetite	Risk limits breached	**Escalate**
Talent and capability	Retention, critical roles; skills gaps, hiring progress	Critical capabilities remain	Skills gaps threaten delivery	**Discuss**
Technology/AI	Adoption, value realization; use-case progress, investment pacing	AI delivers expected strategic value	Value realization falls behind plan	**Reassess**

The goal is to help directors identify when strategic assumptions are changing, where execution is off track, and when the board needs to engage management.

Questions for boards to consider

- Does reporting clearly link performance to strategic priorities?
- Do leading indicators and tolerances clearly signal whether the strategy is on track or at risk?
- How are key assumptions and risks reflected in board materials?
- What thresholds or triggers would prompt escalation or discussion?

5 How is AI shaping our strategy—and are we positioned to compete?

AI is reshaping how companies compete, operate, and create value. For many organizations, AI is becoming embedded across products, services, and core processes, influencing both growth opportunities and cost structures. Boards are increasingly expected to understand how AI can accelerate the company's strategy and whether they are keeping pace with competitors.

Oversight begins with understanding how management is transforming with AI. This includes where AI is expected to drive growth, improve efficiency, reshape the business model, and create new risks, as well as how the company's approach compares with peers. The pace of adoption matters: moving too slowly can erode competitive position, while moving too quickly without sufficient discipline can introduce execution risk.

Boards should also consider whether the organization is positioned to execute its AI priorities. This includes understanding where investments are being made, what risk and governance structures are in place, how resources are allocated, and how progress is being measured. AI should be viewed not as a standalone topic but as an integral part of the company's broader strategic direction.

AI is beginning to influence how boards oversee strategy itself. Forty percent (40%) of directors say their boards **currently use AI in their oversight roles**, most commonly to stay informed on emerging trends and benchmark practices against peers. More advanced strategic uses currently remain rare—only 4% say their boards use AI to stress-test corporate strategy, though increased adoption and use are expected.

As boards expand their use of AI, judgment and accountability remain critical. AI can support analysis and oversight, but it does not replace director judgment.

Ultimately, the question for boards is not whether AI matters, but whether the company is positioned to compete in an environment where AI is increasingly central to value creation.

Questions for boards to consider

- How is AI influencing our strategy and competitive positioning?
- Where are we investing in AI, and do those investments align with our priorities?
- Do we have the capabilities required to execute AI-related priorities?
- How is progress being measured, and how will we know if we are falling behind?
- How is the board building sufficient fluency to oversee AI-related strategic decisions?



Conclusion

Strategy oversight continues to evolve as the environment becomes more dynamic and complex. Boards that adapt how they oversee strategy by focusing on assumptions, trade-offs, execution discipline, and decision-useful information are better positioned to respond to change and support long-term value creation.

By asking the right questions and engaging earlier in the strategy process, boards can move beyond periodic review and play a more active role in shaping strategic outcomes.

For more information

To have a deeper discussion about how this topic might impact your business, please contact your engagement partner or a member of PwC's Governance Insights Center.

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