DIGITALISATION

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All board members are now digital directors. This chapter provides guidance for those wishing to fully contribute to board work – irrespective of their technological proficiency. The key questions that I recommend here originate from a 2015 panel on digitalisation for boards for which I convened Charlotte Valeur, Mohima Ahmed (Apps for Good), Charles Bennett (SAP SE), and Ingo Rammer (thinkecture). We noticed that boards were asking the wrong questions, leading to glacial speeds of digital transformation. The imperative for the entire board to be digitally literate was clear.¹

Back in 2015, approaches to accelerating a board's digital savvy were still bolt-on. They were mainly short familiarisation sessions with tech-savvy people, reverse mentoring of board directors by those of the younger generation. A year later, we saw board members join executives on field trips to Silicon Valley, the first digital natives joining boards, and the World Economic Forum challenging boards to create a digital mind.

¹ Contributions to this chapter also came from Anne Lesueur, former head of digital at L'Occitane en Provence, and Rainer Nagel of Atreus, who specialises in digital talent.

Fast-forward a few years, again, and the father of self-driving cars, Sebastian Thrun, challenged every company around the world to think of itself as a technology company if it did not want to be left behind (FAZ, 6 February 2018²). It has been extremely challenging to integrate younger and tech-savvy people on boards over the last five years, and we now understand that immersing oneself in the digital world cannot be delegated away to an individual. Even after fast-tracking digital journeys following 2020 events, companies now run the very real risk of losing out to competition if they do not complete their digital transitions. Declaring victory after adapting elements of their supply chain and customer experience will no longer be enough. The following checklist is designed as an iterative cycle that can be explored in more depth at any point.

What type of digital transformation do we want to see?

Knowing our market and empathising with our customers' real needs, what would we imagine our company doing next? What would further short cut or change the current way of satisfying that need? Once we have assessed this potential, how would technology help us with that?

What type of digital transformation will we want to help shape our industry? Based on our ongoing competitive analysis, where do we see the potential for change? Given our company's purpose and value system, what digital future is desirable?

What is technologically possible for us in ten years' time?

As a result of what we think possible, what should people in the company already be talking about today? Of course, we want to be interested in what is possible today. Yet are we overly focused on what we can do right now to immediately drive revenue? As the board, we must keep up the future perspective. Of course, this also means that as board members we need to be interested in what the company is already doing with available technology.

2 Christian Fueller (2018) "Wartet nicht auf die Zukunft, macht sie selbst!" FAZ.

How does data influence our strategy?

The time for gathering all the data that we can has passed. The computational power available to us remains impressive, but keeping data for data's sake is no longer the smart thing to do. It is now about being clearer on what questions to ask of the data and ensuring that we protect our consumer's data. Do we know where we are as a company in that process? Who contributes to framing the questions, training our machine learning systems, and how are they connected into the customer journey? Are we vulnerable to unconscious bias in the way that we go about this? How do we currently mitigate this risk? How vulnerable are we to data leaks and cyberattacks?

Do we fully understand the ethical dilemmas we will have to face by using data and technology in new ways?

Operating in an unregulated environment driven by the latest innovation can be exciting. Yet the price tag eventually comes, even if decades later. The era of gentlemen's agreements is over. We are all sitting in a glass house. Social media and its power of mobilising large sections of society expose the company to greater reputational risk than ever before. Board members are ultimately liable in grey areas that not even technical experts, on their own, completely understand. What is the social and environmental impact of our strategic decisions, now and in the future? How do these factors relate to our company purpose and values?

How do we articulate our strategic ambition today?

Digital cannot be an end in itself. What do we want to achieve? How do we evolve our business model and our technology accordingly? Which parts of our business model will we keep? Which ones must change? Even if business prospects based on our established business model continue looking good, how long is this likely to continue? What new possibilities are out there? There are some old rules of the game that still apply in the digital age, and growth is one of them. Just focusing on efficiency improvement has never been enough. Speed is ever more critical, particularly as

global competitors keep changing the rules – and increasingly cutting out whole chunks of the supply chain and taking years out of the go-to-market cycle. How will technology help us grow, and grow fast? Who is part of the discussion? Are we taking advantage of crowdsourcing (part of) our strategy process to the people in the company? What place does the customer have in our strategic process?

Does our CEO believe 100% in the importance of digital?

Innovation cannot be delegated to a single individual such as a chief digital officer, and certainly not when the CEO is not living and breathing it. Is the topic at the top of the agenda in every business meeting? Does the CEO ask informed questions about it? Is he or she making sure that everyone else on the executive board is also behind the digitalisation process of the enterprise?

The CEO needs to champion a change in management model: it cannot be about fear and control anymore. In the digital world, the CEO must stop pretending that he or she was ever in control. An over-reliance on face-to-face business meetings is part of old-school management rituals that we might now be more ready to re-examine. The future-proof management model needs to genuinely combine good governance with good stakeholder engagement inside and outside the company. This model is likely to be closer to a network organisation where everyone takes responsibility and decisions are taken as closely to the market as possible. Management, in this context, is less about centralising decision-making, and more about giving strategic orientation, setting guidelines, defining and modelling what is culturally acceptable, and moderating conflict. It earns its position of power every day, rather than live off its achieved rank.

Where are we on the journey from command and control to a fully accountable and networked workforce?

How are we contributing to a mindset where not knowing is part of our strategic advantage?

The unknown unknowns are taking over. Do we admit this to ourselves at the board? Anyone who expresses high degrees of certainty about the

future might be fooling themselves, yet no longer the people around them. Even the digitally illiterate understand that. Incremental scenarios based on the status quo can no longer be the answer to our strategic challenges. We must make not knowing part of our standard way of operating – deep and wide across the company. How are we doing this at present? And how well? What is the role that our company value system plays when we must take decisions without having all the answers?

How do we keep challenging ourselves and learning?

The board must take charge of its own development in this time of exponential complexity and uncertainty. Anything can come out of left field. Instead of waiting for the next crisis to renew itself and stretch, boards must ask themselves: How can we challenge ourselves? How can we do even better? How do we keep ourselves curious, alive, sharp, and prepared to do things that we don't know how to do?

How do we learn? How do we individually, and as a board prefer to learn? Depending on our learning style, we might want to push ourselves completely out of our area of expertise and of our industry by looking at topics and visiting industry events that are completely outside of our known frame of reference. How can we then reflect together and join the pieces of the puzzle of our (new) individual perspectives?

How do we guard against inconsiderate and wasteful ways of encouraging a “learning culture”?

There is a dark side of tech and venture capitalism that encourages cultures in which it is assumed that 95% of innovation will fail and that it should fail fast. This attitude drives dysfunctional behaviour, cynicism, and wastes a lot of money. This can be corrosive inside companies, even if more and more large companies experiment with new ideas by funding start-ups before fully integrating them when they have been successful.

How can we help innovators inside our company, or in our partner ecosystem demonstrate that their business model works before investing further?

How do we continuously experiment to stay ahead?

An open culture must permeate the entire organisation, and it must be alive at board level. Every board director is at the table for a reason. Every board director is expected to contribute, with grounded experience in industry or a particular area of expertise. This does not make for a dynamic that invites us to put aside what we already know. On the other hand, we do not have to face the unknown in a constant state of anxiety because we are out of our individual and collective comfort zones. There is a method to the madness. Is the board familiar with any of the approaches derived from creative design and rapid prototyping work? Does it have a common language based on this type of iterative thinking? How “digital” are we at the board? Have we delegated this to one of us, or are we truly ready to embrace a digital mindset for the entire board?

How can we guard against the alpha of tech?

Tech attracts people who can be withdrawn and nerdy, yet it also attracts a particular type of alpha who can be ultimately corrosive. They can become easily defensive, and shut down newcomers, juniors, women, and basically anyone who thinks differently. Using combative rhetoric and what appears to be chains of perfectly rational argument, they shut down every idea that is not their own. And they can get away with it, cloaked in the glow of being digital experts. This is ultimately destructive to the organisation because it shuts down people in key accounts, sales, and marketing.

How can we stimulate the power of working cross-functionally to create, support, evaluate, and learn together?

What are the questions that we have not yet asked ourselves?

What other questions are there? Is there another way to ask them? Who can help us ask those? Even if there is evidence suggesting that the business case for diversity might not be as strong as many would suggest, the value of different perspectives around a table is uncontested. And since 2020, we see a resurgence of viewing diversity as a question of equity. Despite our

best intentions, we will still fall prey to our biases, which are a lot more conscious than we would like to believe. Diversity and, crucially, diversity of thought must be on every director's "digital" checklist and repeat the questions: What else is out there? What else could we do? What other questions could we be asking? Digital is not about technology. It is about thinking. It is also about culture.