



## Next Generation in Boards: Driving Digital Transformation



\*Mr. Robert Farrell

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### Introduction

Digital disruption and transformation are reshaping the business landscape, making it more important than ever for companies to have a board of directors with the right skills. In this article, we will explore the benefits of digital transformation and what to look for when appointing a digital transformation director. Whether a company is a start-up or a well-established enterprise, understanding the impact of digital disruption and having a board with the right skills is crucial for success in today's rapidly evolving business environment.

### Digital Disruption

Digital disruption refers to the way in which digital technologies and the internet are fundamentally changing the way businesses operate and compete. This can include changes to the way products and services are designed, produced, marketed, and delivered, as well as the way that companies interact with customers and partners. Digital disruption can also lead to the emergence of new business models and the displacement of established companies by digital start-ups.

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According to the Harvard Business Review, 80% of business leaders think their industry will be disrupted by Digital Transformation but less than half have a digital strategy in place.

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## Digital transformation

Digital transformation refers to the process of using digital technologies to fundamentally change how an organisation operates and delivers value to its customers. This can include changes to business models, processes, and operations, as well as the development of new digital products and services. The goal of digital transformation is often to improve efficiency, increase revenue, and enhance the customer experience.

### Why should Directors pay Attention?

Global spend on Digital Transformation will exceed \$2.3T in 2023 yet 70% of Digital Transformation projects fail to achieve their goals. Directors should care about digital transformation because it can have a significant impact on a company's competitiveness, efficiency, and overall performance. It is also important for companies to be aware of the digital transformations in their industry, as not adapting could lead to being left behind by competitors.

**My advice:** Strategy should be business-led, not technology-led. Directors should create a corporate strategy and then identify how technology can enable the strategy. According to McKinsey, organisations should be aware of the commercial applications of key emerging technology such as cloud computing, internet of things (IoT), big data, artificial intelligence, automation, block chain, augmented reality, 5G connectivity etc.

### The Benefits of Digital Transformation

Organisations that successfully adapt using digital transformation can enjoy many benefits such as:

- Improved efficiency by automating repetitive tasks, reducing errors, and streamlining processes.
- Increased revenue via new product or service innovations, using digital channels to reach new markets.
- Use data to enhance the customer experience on websites, apps or while using the product/services.
- Provide new market offers such as subscription services or on-demand offerings.
- Better decision-making by leveraging data to gain insights into customer behaviour, market trends, and other areas, leading to better decision-making.

### The Risks of Standing Still

The risks of not digitally transforming can be significant for a company. Some of the potential risks include falling behind competitors, losing customers, inability to scale, making poor decisions, retaining inefficient processes and difficulty in attracting/retaining talented staff.

**For example:** Blockbuster was a once dominant movie rental chain from north America while +9,000 stores globally. They

failed to embrace the latest technology and held onto an outdated pricing model which aggravated customers. This contributed to their downfall. Conversely, Netflix embraced cloud streaming rather than setting up a network of physical stores. Their pricing model allowed customers to pay a monthly subscription to access their entire catalogue. While Netflix embraced digital transformation and succeeded, it now faces significant competition from Amazon, Disney+, Hulu, HBO, Paramount+ and other online streaming services thus showing that digital transformation is on-going and not a single event in the organisation's history.

### Benefits of having Next-Generation Directors on Boards

41% of organisations say they lack the right digital skills and 30% say they do know which technologies to adopt. Directors with knowledge of digital transformation can help their organisation in several ways:

- Directors can help to create a clear vision and strategy for digital transformation that aligns with the overall business goals and objectives.
- Directors can be a role model and champion for digital transformation within the organisation, encouraging employees to embrace new technologies and digital ways of working.
- Directors can help to secure the resources (financial, human and technological) needed to implement digital transformation initiatives.
- Directors can help to create a culture within the organisation that encourages experimentation and risk-taking, which are essential for successful digital transformation.
- Directors can help to establish metrics to measure progress and success of digital initiatives and use this information to make adjustments as needed.
- Directors can help to identify and mitigate any risks associated with digital transformation, such as data security, compliance, and potential disruption to existing processes and systems.
- Directors can help to foster collaboration and communication across different teams and departments to ensure a smooth and successful digital transformation.
- Directors need to stay up to date with the latest digital trends and technologies, to make informed decisions and identify opportunities for the organisation.

### Nurturing the Next-Generation of Directors

To remain competitive, organisations must attract, promote and retain directors with the right skills and experience in a wide

range of areas including corporate governance, financial management and digital transformation. Here are some ways to achieve this:

- **Promote from within:** Look out for staff that are already showing extensive knowledge of digital technology and its link to strategy. Create a short list of potential directors and offer them training, mentorship programs and even use junior boards/committees to build their skills.
- **Clearly communicate the organisation's digital transformation goals and strategies:** Organisations can be more successful in attracting digital talent by being transparent about their digital vision, goals, and strategies.
- **Offer training and development opportunities:** Organisations can attract, promote, and retain directors with digital skills by offering training and development opportunities, such as digital leadership programs, workshops, and mentorship.
- **Provide digital leadership roles:** Organisations can create opportunities for directors with digital skills to take on digital leadership roles, such as chief digital officer or digital transformation officer that will allow them to have a significant impact on the organisation's digital strategy.
- **Foster a culture of innovation:** Organisations can foster a culture of innovation that encourages experimentation, creativity and risk-taking, which can attract digital talent who are looking for an environment that allows them to explore new ideas and technologies.
- **Offer competitive compensation and benefits:** Organisations can make themselves more attractive to digital talent by offering competitive compensation packages and benefits, such as flexible work arrangements, remote work options and opportunities to work on cutting-edge projects.
- **Encourage networking and collaboration:** Organisations can foster an environment that encourages networking and collaboration across different teams and departments, which can help to build a community of digital experts within the organisation.
- **Emphasize on the importance of digital skills:** Organisations need to emphasize the importance of digital skills in their recruitment process, and actively seek out and promote individuals who have them.
- **Regularly review and update the current digital leadership:** Organisations should regularly assess their current digital leadership team, identify any skills gaps, and actively work to promote and retain the digital leaders they have.

## Hiring a Director with the Right Digital Skills

If your next digital transformation director is not internal, then consider hiring. Look for candidates with the following skills, experience and qualifications:

- **Strong business acumen:** The candidate should have a deep understanding of the organisation's business model, industry, and competitive landscape.
- **Digital expertise:** The candidate should have a solid understanding of digital technologies, trends, and best practices, and be able to articulate how these can be applied to the organisation's specific needs.
- **Leadership skills:** The candidate should have a proven track record of leading complex digital transformation initiatives, with the ability to engage and motivate teams across different departments and levels of the organisation.
- **Strategic thinking:** The candidate should have the ability to develop and execute a clear and compelling digital strategy that aligns with the organisation's overall goals and objectives.
- **Strong communication skills:** The candidate should be able to effectively communicate the vision and strategy for digital transformation to all stakeholders, including the board of directors, employees, and customers.
- **Technical skills:** The candidate should have the technical skills to understand the opportunities and limitations of digital technologies, and the ability to manage the implementation and integration of digital solutions.
- **Agile mind-set:** The candidate should be able to lead and manage in an agile way, and be comfortable with rapid experimentation and iterative development.
- **Data-Driven:** The candidate should have a strong understanding of data and analytics and be able to use data to inform decision-making and measure progress.
- **Risk management:** The candidate should have the ability to identify and mitigate any risks associated with digital transformation, such as data security and compliance.

## Conclusion

Digital transformation impacts countless industries. Organisations are responding by embracing new technology, adapting or reinventing their process and up skilling or hiring the right people. When successful, digital transformation can yield many benefits but also challenges.



Boards must possess the right skills to create a strategy that is enabled by technology, not led by it. Many boards have recruited a director of digital strategy to formulate the organisational strategy and help to achieve it via digital transformation. Digital transformation is not a single event, it is an on-going journey to remain relevant in your industry, and no one ever won the race by standing still. ■

***\*Mr. Robert Farrell** is a lecturer, trainer and speaker specializing in Digital Transformation. He has delivered training to audiences in North America, the Middle East and Europe including Google, HubSpot, Citibank, DocuSign, BT and many more. He holds a Masters in Strategic Management, Bachelors in Marketing management and qualifications in Digital Marketing, Cyber-psychology, Training & Education, Social Selling.*

