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# Digital Mastery – The Board Level Challenge

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Most companies are lagging behind in embracing digital change. But the question is, “What Board level interventions are required to stimulate and lead the company’s move towards a digital future?”

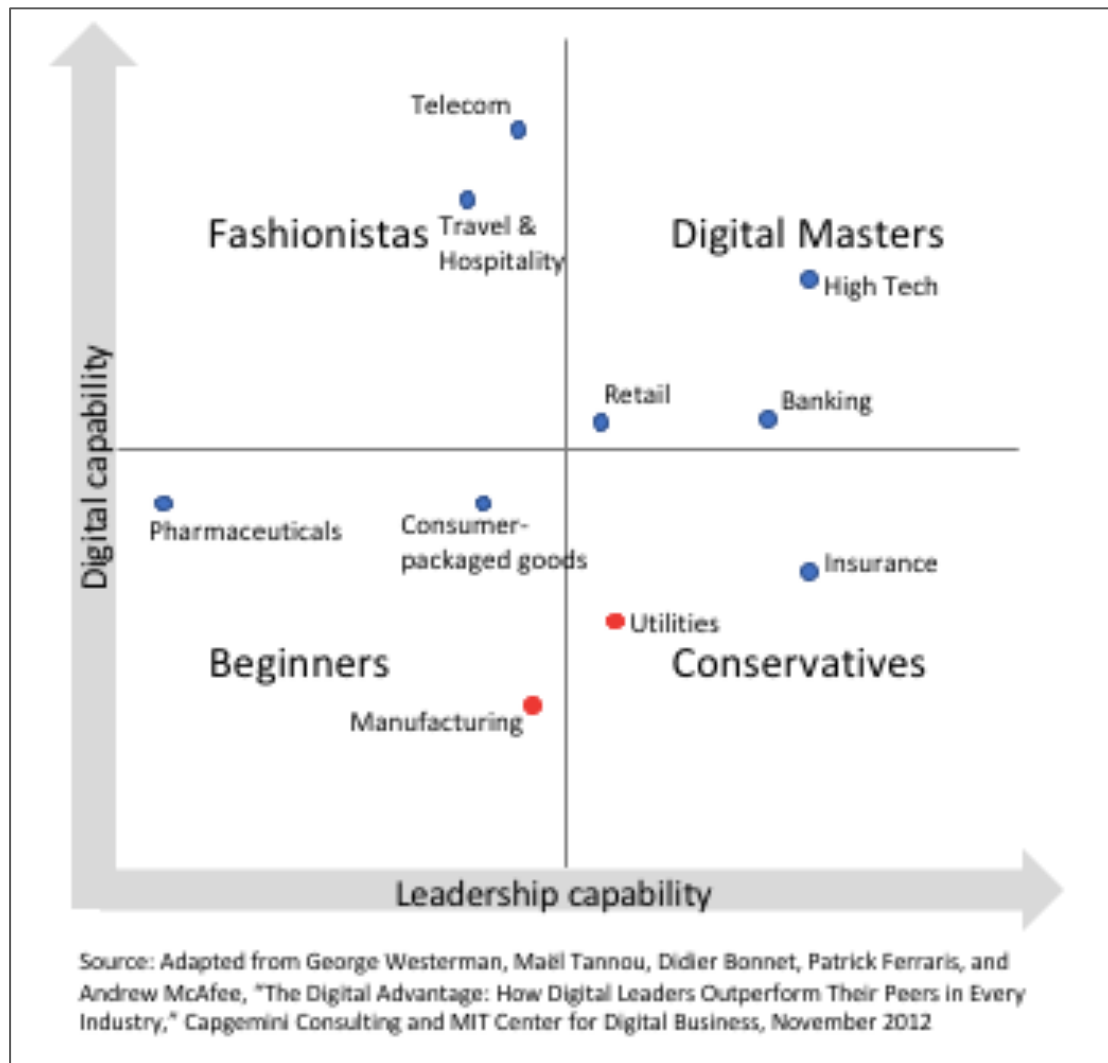
Boards of Directors are seeking tangible and practical advice that they can use to address digital change. Corporate governance is required to enable suitable technology investments to flow by having a model to align the organisational requirements and enable the Board to understand the need for those investments.

To do this, we need to step out into the digital space a bit further.

It’s one thing having older style technology requirements, which may not be needed through new ways of doing business, i.e. changing your business model to adapt to new industry challenges. However, there are so many new digital platforms, technologies and enablers that it’s difficult to keep track of which are mature enough to pursue, which are first step innovations to get a “toe-in-the-water,” and which are just mere ideas and shooting the breeze.

A number of industries – including utilities, manufacturing (oil & gas and mining fall into this category) – lag other sectors in adopting new digital ways of working. This message is coming through loud and clear in many publications, analyst reports and industry research. It shows up most starkly in the capital markets – the top six largest companies in the world by market capitalisation are all digital businesses (Amazon, Apple, Facebook, Google, Microsoft and Tencent). The futures of utility companies are probably some of the most threatened due to changing technology and disruption from the customer end.

The following two-by-two gives an indication of the relative digital maturity comparing various industries.



It's concerning that a lot of Boards are not well positioned to understand, let alone endorse digital strategies and investments. Digital, blockchain, augmented and virtual reality (now termed "mixed reality"), industrial internet of things, 3D printing and additive manufacturing, machine learning, crowd sourcing, social media – these are all modern inventions.

Board selection committees sensibly seek experience for their ranks, and the digital industry is too young to have created enough mature and experienced, Board-quality heads in anything like the number needed to meet current demand. Boards need to take different steps.

Firstly, you need to look for ways that challenge the norm and the way that Boards traditionally think.

Secondly, you need to find a way to access thinkers that are from the digital industry, and not your business sector.

Thirdly, you need to find a way to learn together, and then address the challenges together.

Here are 9 practical things that you can do to help your organisation position itself to “grasp the digital opportunity with both hands.”

#### 1) Engage external digital expertise

The best way to kickstart building knowledge and understanding what digital has to offer is to approach some of the “big guns” in the digital business. Approach Apple, Google, Amazon, etc. Make contact with one of the senior executives in your local region and ask them to come and share some insights at your next board meeting. But make sure to tell them it’s not about bringing a salesman to do a sales pitch. It’s to understand the “how and why.”

#### 2) Chat with global subject matter experts

We recently undertook an assignment to design a future business model for a client and we set up a number of conference calls on various topics, from inspirational leadership down to specific aspects of data & analytics. The objective was to “open minds” about the possible, and we invited all board members and senior executives to weave in one, two or a few of these calls into their calendars. The SMEs were hand-picked and given a specific topic to prepare and by all accounts, it was exceptionally well received by our client.

#### 3) Embrace start-ups

If you have some spare office space, take some time to find a local start-up and bring them inside your organisation. Task them with sharing some of their blue-sky thinking and the “art-of-the-possible” with your team. The energy and knowledge of entrepreneurs will rub-off for a win-win. You may even let them have free access to your coffee machine.

#### 4) Challenge local university think-tanks

Think about a “hackathon” where the board and executives throw out a specific challenge, or a problem that has been getting the better of the operation and get these students to understand the issue and pitch a solution. Today’s students are much more tech savvy and they have a different way of thinking about challenges and innovation. You’ll gain some really good insights, and they’ll get to take away some cash to fund their new higher spec laptop.

## 5) Conduct a Silicon Valley study tour

Another option is to call in some contacts, like VCI, and get them to share their network of global experts, including research centres and universities that focus on innovation. Once you have defined the problem or framed the challenge, undertake the study tour. It also has a way of galvanising the team to find a way to solve the problem as a unit, and in this way, you'll be able to kill two birds with one stone.

## 6) Reconstitute your board membership

When one of your board members comes up to the end of their term, consider bringing in someone that has a senior executive role at one of the big technology companies. Their knowledge of the industry, the opportunities, and how to get digital done will provide you with more capability to govern this space than training up the current board members. Setup a relevant advisory council or sub-committee and let the board member engage with the executives and help them to navigate what's really required to move the organisation forward; rather than the constant focus on technology needed to keep the status-quo. There is truth in the old adage – If you can't beat them, join them.

## 7) Sponsor an incubator

Incubators and accelerators are popping up everywhere these days. Do some homework by scanning and choose one that you can exercise some influence over. You can usually become a member for a fairly modest subscription. That's the beauty of digital.

## 8) Pick a pilot project

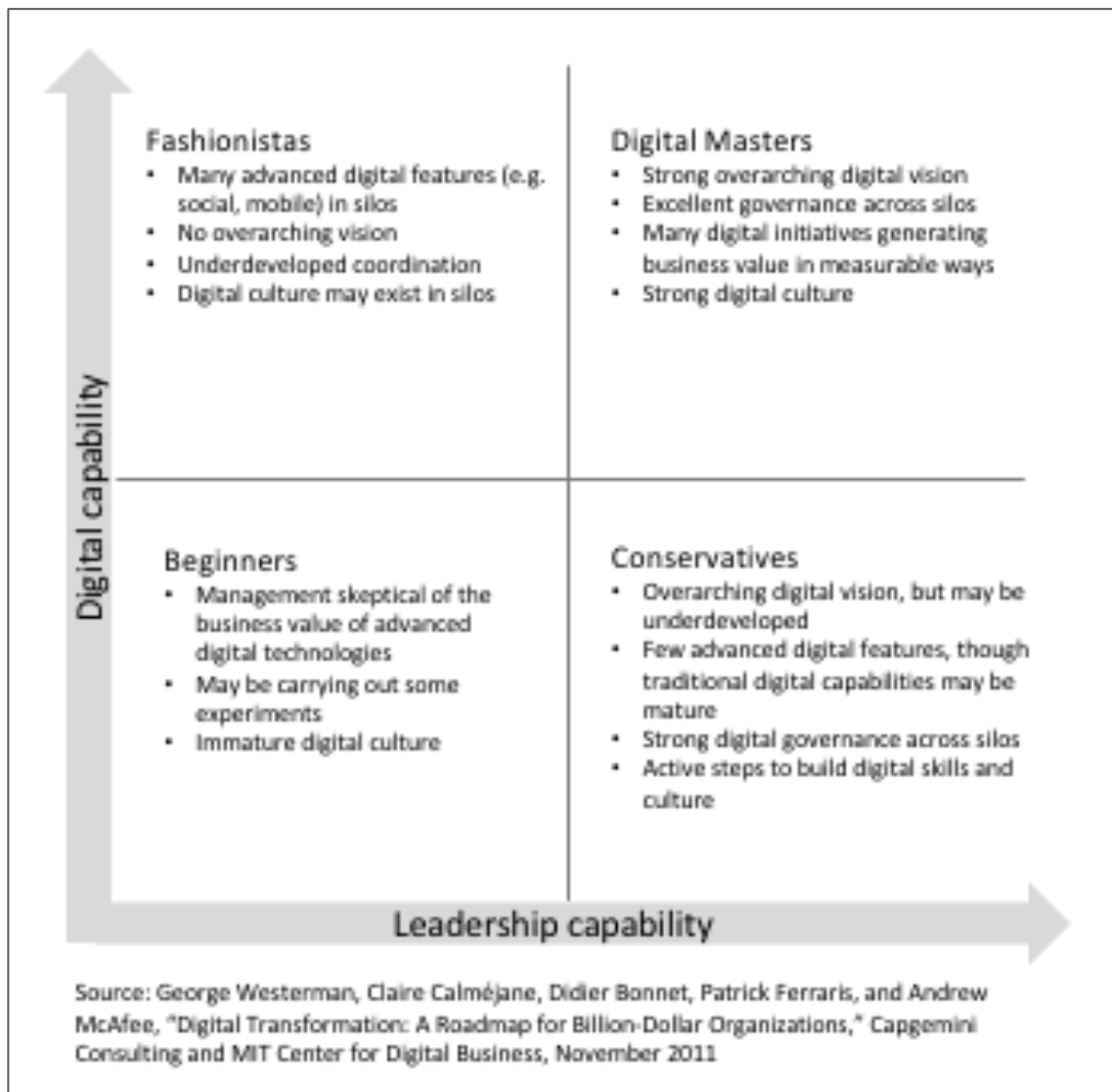
Work with your executives and identify an area that could unlock value through the use of new, pioneering technology. Ring-fence a specific area of scope, provide some funding and resources, and let them work it out. The new philosophy is to "fail fast," and don't be consumed by project management processes and principles. Accept failure, because it's about learning new ways to do things. What they learn about the technology, its application, and the way to change the organisation is invaluable. This quickly becomes "succeed fast." Bring feedback on learnings to each board meeting.

And if you're really BOLD –

## 9) Invest in a digital business

In many cases, companies invest in a new technology business and then try to apply it to their own organisation. We all know that transformation is really hard! What we're suggesting here, is to invest in a digital business and let it do what it does best. If and when your business gets truly disrupted, then you would have made a successful bet on a business of the future.

To provide context for the concept of Digital Mastery, here's more detail on the meaning of each quadrant:



VCI helps boards and senior executive teams achieve a more comprehensive understanding of the opportunities offered through digitization, including better management of the impacts on their organisation, and successful digital transformation overall.