

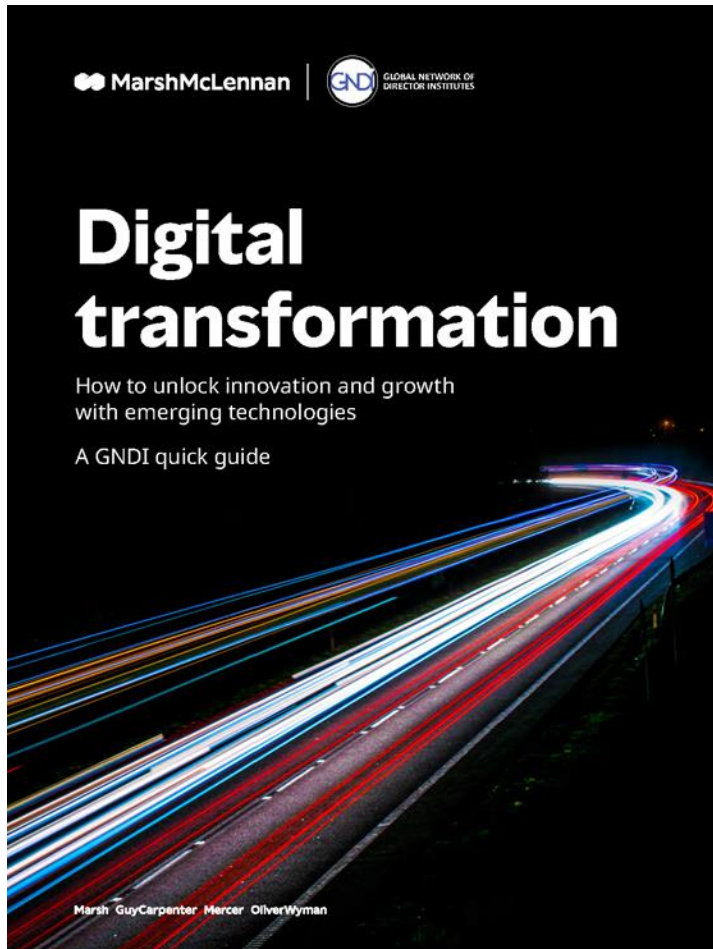


# DIGITAL TRANSFORMATION

How to unlock innovation and growth with emerging technologies

Overview of GNDI and Marsh McLennan Quick Guide for Directors

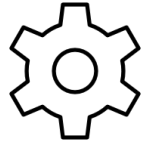
# Are you on the right track towards digital transformation?



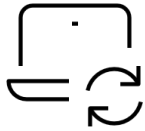
## Report overview

- A quick guide for members of boards of directors.
- Sets out five major digital governance principles and associated pitfalls and tips.
- Based on [Governing Digital Transformation and Emerging Technologies: A Practical Guide](#), developed by National Association of Corporate Directors (US) and Marsh McLennan.
- Additional insights garnered from among the resources from 24 member institutes of the [Global Network of Director Institutes \(GNDI\)](#)

# Five major principles to help boards successfully govern the digital transformation journey



Approach emerging technology as a strategic imperative, not just an operational issue



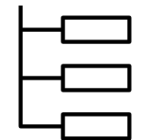
Develop collective, continuous technology-specific learning and development goals



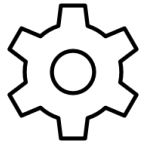
(Re-)align board structure and composition to reflect the growing significance of technology as a driver of both growth and risk



Demand frequent and forward-looking reporting on technology-related initiatives



Periodically assess the organization's leadership, talent and culture readiness for technological change



# Principle 1: Approach emerging technology as a strategic imperative, not just an operational issue



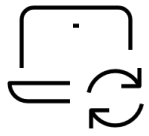
## Pitfalls

- Fixation on the technology, not value to customer
- Working with an incoherent vision
- Technology governance equals risk governance
- Random acts of digital innovation
- Existing capabilities trap



## Tips

- Focus oversight on customer needs and business model change
- Ensure a common understanding about what “going digital” means
- Ensure that critical technology-related risk and strategy reviews are integrated and at full-board level
- Assess if management is building necessary conditions to drive successful and ongoing digital transformation
- Pressure-test management’s rationale for abandoning or protecting core businesses and capabilities.



# Principle 2: Develop collective, continuous technology-specific learning and development goals



## Pitfalls

- A board mindset that does not value continuous education or takes a one-size-fits-all approach to learning about technology



## Tips

- Assess collective and individual technology knowledge and skills gaps to inform learning objectives and future recruitment needs
- Develop a multifaceted technology learning plan for full board and individual board members
- Ensure directors present back new information to full board to distribute knowledge



**43%** of directors have participated in individual director education activities to learn more about how cyber-related issues could affect their business

Source: NACD 2021 Board Practices and Oversight Survey



# Principle 3: (Re)align board structure and composition to reflect the growing significance of technology as a driver of both growth and risk



## Pitfalls

- Limiting recruitment of digital directors solely to technology experts
- Fragmented board oversight of technology-related matters



## Tips

- Ensure recruitment of a tech-savvy director (s) focuses on both technical expertise and governance ability.
- Carefully weigh merits of establishing a dedicated board-level technology committee, an ad hoc committee, or a technology advisory board



**35%** of incoming directors have technology skill sets

Source: 2021 Inside Public Company Boardroom, NACD





# Principle 4: Demand frequent and forward-looking reporting on technology-related initiatives



## Pitfalls

- Reporting that is static, focused on the past and present
- Too much information, too little insight
- Fixation on short-term return on investment (ROI) metrics



## Tips

- Improve forward-looking visibility about technological disruptors in board-management discussions
- Collaborate with senior management to establish appropriate board reporting guidelines
- Focus on early leading indicators of digital transformation success or failure



**62%** of directors view Information flow issues between board and management as key barrier to higher board performance

Source: NACD 2021 Board Practices and Oversight Survey

# Principle 5: Periodically assess organization's leadership, talent, and culture readiness for technological change



## Pitfalls

- Failure to embed digital fluency and track record into recruitment, succession planning, and evaluation of CEO and executive team
- Underestimating importance of a change-ready culture that is open to innovation
- Talent oversight focused mostly on present needs and past problems



## Tips

- Ensure both C-suite evaluations and succession planning formally assess current performance and future ability as a digital leader
- Ensure an organizational culture that embraces change and promotes innovation and experimentation
- Ask for forward-looking assessments of talent, aligning metrics with the broader company strategy

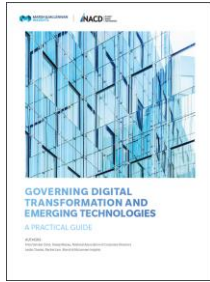


**25%** of organizations have a good sense of the skills in their workplace

Source: Global Talents Trends 2022 Study, Mecer



# To learn more visit [member institute] and Marsh McLennan



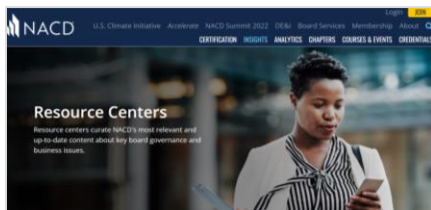
## Visit MMC.com/Insights

- Download ***Governing Digital Transformation and Emerging Technologies*** for the full guide on digital transformation.



## Visit gndi.org

- To learn more and access GNDI reports
- Download the Quick Guide - <https://bit.ly/3zQ9dUg>
- Access the reference links - <https://bit.ly/3y62kqc>



## Visit [member director institute]

- To access \_\_\_\_\_