

AGENDA

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Opinion

Advisory Boards Create Fast Track for Digital Transformation

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Digital transformation is the defining challenge facing industries such as banking and retail. But the board of directors and the executive committee of companies undergoing such change must remember that they cannot transform their organization on their own.

Even if the board and the executive committee believe radical change is necessary, the path to a consensus on what that change should look like is fraught with roadblocks. The enormity of the task makes it difficult to know where to begin, and the already full agendas of both groups make it difficult to give the unwieldy topic of transformation the time it needs. Plus, few if any members of the board or executive committee are likely to have direct experience with managing change on this scale. In this light, it seems ineffective, if not counterproductive, to expect either the board or the executive committee to be able to set a transformation strategy through sheer force of will.

Companies need a temporary but nimble body that gives key decision makers both the room and the resources necessary to work through the range of issues involved. This need has given rise to the digital advisory board, a resource that several organizations have used to powerful effect.

Creating Room for Candid Discussion

There is no one-size-fits-all template, but the typical digital advisory board starts with three or so key members of the executive committee, chosen by the CEO and the board chair. These core advisory board members should be among the likely leaders of the reshaped organization and thus should also possess exceptional communication and influencing capabilities.

An equal number of outside experts who can provide experienced perspective on the transformation process should then be added to the board. The outside members can come from any sector, as they are not there for their domain expertise but rather to provide insight from the experience of having conducted successful transformations themselves. It is important, however, that the particular experiences of the outside advisors align with the issues facing the company.

Notably, the CEO is not a member of the digital advisory board. This makes it easier for the other executive committee members to talk candidly about the many issues that transformation raises. Even if those members are likely to play key roles in the transformed organization, their position relative to each other may change



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substantially as the plans for transformation are refined. Being in a room with other senior executives who have faced similar experiences allows sensitive issues to be honestly confronted and worked out.

Focus on Questions, Not Answers

In addition to its composition, the digital advisory board is also defined by its remit, which is to reframe questions rather than provide answers. Asking the right questions is at the core of leading transformation, which, after all, is not about conducting the same business better, but realizing that you are in a different business altogether. The members of the executive committee have spent most of their career asking questions like “How can we be the leading player in our industry?” The critical job of the digital advisory board is to shift the discussion to questions such as “How are our customers’ needs and expectations changing, and what are the roles we could play in that process?”

Once the questions have been defined, the executive committee members of the advisory board then return to the rest of the executive committee and begin crafting, with oversight from the board of directors, the transformation strategy that will carry the organization forward. Having the digital advisory board meet quarterly makes the process iterative, allowing the advisory board to critique strategy periodically as it is being developed. And once an organization forms a digital advisory board, its charter can continue indefinitely. However, the board’s focus will change, as one disruption eventually gives way to another.

Meeting the challenge of transformation calls for new approaches. A well-crafted digital advisory board is one such resource that can provide a solid foundation for everything that follows.

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