

Resident expertise: Digital directors at the board table

A look at the boards of commercially-focused companies shows how they are embracing the win-win of recruiting members with digital expertise.

BY NORBERT GOTTENBERG

A commercial company's long-term viability could be threatened if there isn't any digital expertise resident at the board table.

With volumes of real-time information available, on a global scale, board members must know what it takes to capture, digest and analyze all that information in order to make fully-informed and timely strategic decisions. In addition, there are current areas, such as cybersecurity, which need to be understood and dealt with at the board level, if one of the company's most important assets, namely its information, is to be protected.

With so much at stake, there should be at least one board member with the requisite 'digital expertise' to guide the other board members so that strategic decision making is optimized and potential threats are minimized.

Loss of standing

With the advent of Big Data, international communication networks, and analytical software, all operating in a real-time environment, there has been a radical change, occurring at lightning speed, in how market information is being gathered and analyzed. Competitive forces will continue to accelerate this process, and those companies that do not recognize and adapt to what is happening will face immeasurable consequences and, in the long term, could lose their standing in whatever commercial arena they operate in.

In 2013 *DIRECTORS & BOARDS* published my article titled "Digital Directors Can Be the Deciding Factor." That article covered the need for digital and social media expertise at consumer-focused companies, since two-thirds of GDP is driven by consumer spending. As a follow-on, this article covers the remaining third of companies associated with GDP, specifically, commercially-focused companies.

While the common need for both types of companies is digital expertise, there is, perhaps for now, less emphasis for social media expertise at the board table.

Recruiting a board member with digital expertise should be viewed as a win-win situation. Of course the board would have resident expertise at



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the table, but equally important, the new board member would have an opportunity to:

- Guide and mentor fellow board members regarding current and anticipated technology trends and how those trends will impact the company.
- Have an *a priori* platform to see what digital technology works and what doesn't and integrating relevant digital technologies to provide the company with some uniqueness in order to gain a competitive advantage.
- Serve as a change agent at the highest level.
- Ensure that the company is not susceptible to external, digital threats.
- Send a strong message to internal and external constituencies that the company is not behind the times.

While there might be more of a demand than a supply of potential board members with the requisite digital expertise, it is critical to keep in mind that during the recruiting process a candidate will seek assurance that all the board members are on the same page regarding the need for digital expertise; that there is receptivity to new ideas and approaches to conduct business with a digital underpinning; and that there is acceptance that

the company's long-term viability is at stake if the company cannot operate in a digital world.

The flow of talent

In most instances, board members with the requisite digital expertise will come from the high-tech industry. With that said, however, there are exceptions to that flow. Last year, I assisted in recruiting former Ford Motor CEO Alan Mulally to the Google board. What was attractive and valued by the other Google board members was his: (1) passion for Google's long-term plans to disrupt staid industries; (2) understanding of and significant experience in applying advanced digital technologies at both Ford and Boeing; and (3) ability, from the get-go, to be an active participant in strategic discussions and decision making. Again, it was an exception to the flow, but certainly a compelling strategy for recruiting a new board member.

With that in mind, the accompanying exhibit is based on a review of board member backgrounds at commercially-focused companies appearing in the most recent Fortune 500 list. ■

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Fortune 500 commercial companies with digital expertise on their boards

Company	Board Member	Digital Expertise
Abbott Laboratories	Roxanne Austin	MovieNetworks/DIRECTV
	Nancy McKinstry	Wolters Kluwer/LM Ericsson
ADP	Michael Gregoire	CA Technologies
Air Products	David Ho	Nokia Siemens Networks/Nortel/Motorola
Alcoa	L. Rafael Reif	MIT
	Patricia Russo	H-P/Alcatel-Lucent
AmerisourceBergen	Henry McGee	HBO
Arrow Electronics	Gail Hamilton	Symantec/H-P/Ixia/Open Text
	Richard Hill	Novellus Systems/Tessera Technologies
Boston Scientific	David Roux	Silver Lake Partners/Liberate Technologies/Oracle
Cardinal Health	Colleen Arnold	IBM
Cisco Systems	Carol Bartz	Autodesk/Yahoo!/Sun Microsystems/Intel/NetApp
	Brian Halla	Intel/National Semiconductor/LSI
	John Hennessy	Stanford University
	Arun Sarin	Vodafone/Air Touch
Cognizant Technology Solutions	John Klein	Polarex/MDIS Group/IBM
Corning	Deborah Rieman	Adobe/Sun/MetaMarkets/Check Point Software
CSC	Bruce Churchill	DIRECTV/Star
Danaher	Alan Spoon	IAC/Polaris Ventures
Dow Chemical	James Ringler	Teradata

Fortune 500 commercial companies with digital expertise on their boards <i>(continued)</i>		
Company	Board Member	Digital Expertise
EMC	Michael Brown	Microsoft
	John Egan	Net Scout Systems/Progress Software/Verint Systems
	Paul Sagan	Akamai/iRobot
	David Strohm	Greylock Partners/Imperva/SuccessFactors
Emerson Electric	Randall Stephenson	AT&T
FMC Technologies	James Ringler	Teradata
General Electric	Francisco D'Souza	Cognizant Technology Solutions
	Susan Hockfield	MIT
IBM	Shirley Ann Jackson	Rensselaer Polytechnic Institute
Illinois Tool Works	Richard Lenny	Information Resources
Ingram Micro	Scott McGregor	Broadcom/Philips Semiconductor
	Carol Mills	H-P/Juniper Networks/Adobe/Xactly
Intel	Anel Bhusri	Cloudera/Greylock Partners/Workday
	Sue Decker	Yahoo!
	John Donohoe	eBay
	Reed Hunt	Smart Sky Networks/Level Money/ASSIA
KKR	David Drummond	Google/SmartForce
	Pat Russo	H-P/Alcatel-Lucent
Marsh McLennan	Steven Mills	IBM
McGraw Hill Financial	Rebecca Jacoby	Cisco/UB Networks
McKesson	Andy Bryant	Intel/Synopsys
	Edward Mueller	Quest Communications/Verisign/SBC
Monsanto	Laura Ipsen	Oracle/Microsoft/Cisco
National Oilwell	Bob Beauchamp	BMC Software
NCR	Peter Boykin	CSC
	Gary Daichendt	Cisco
	Robert DeRodes	First Data/Delta Technology
NetApp	Jerry Held	Oracle/Kleiner Perkins
	Kathy Hill	Cisco
	Mike Nevins	Ciena/Altera
Owens Corning	Cesar Conde	NBCUniversal/Univision Communications
Qualcomm	Jonathan Rubinstein	H-P/Apple/Amazon.com
SanDisk	Irwin Federman	US Venture Partners
	Eddy Hartenstein	Broadcom/Tribune Publishing/DIRECTV
Thermo Fisher Scientific	Scott Sperling	Thomas H. Lee/CC Media Holdings
United Stationers	Alex Schmelkin	Alexander Interactive
	Alex Zoghlin	neoVentures/Orbitz
Western Digital	Kathleen Cote	Verisign/3Com/Worldport Communications
	Michael Lambert	Dell
	Len Lauer	Qualcom/Verisign/Sprint
Whirlpool	Mike White	DIRECTV
Xerox	Maggie Wilderotter	Yahoo/Microsoft

Source: Gottenberg Associates (www.gottenberg.net)