

3 steps to accelerating digital literacy in the boardroom

Discover the benefits for boards, leadership teams and secretaries





Quick overview

For years, there has been a gap in digital literacy in boards that directors themselves have recognised.

Now this issue is under the spotlight like never before. The pandemic has pushed digital transformation years ahead of schedule – leaving boards needing to catch up quickly and provide the relevant insights their organisations need to adapt and thrive.

In the eBook we take a closer look at this challenge, examining:

- Why there is a need for more digital literacy at board level
- What boards really need to know
- Options for educating and supporting board members
- Why boards should be using digital systems for their own work

Where we are now: the growing need for digital literacy

Five years ago, McKinsey published research in this area that illustrated the depth of the problem¹. The research showed that only 17 percent of board directors said their boards were sponsoring digital initiatives. Just 16 percent said they fully understood how the industry dynamics their companies operated were evolving.

Fast forward to today and it seems there has been little or no progress. Accenture recently revealed that only 10% of all board directors in the banking sector, for example, have any professional technology experience². The technology and software industry aside – the picture is the same across all sectors today.

Something needs to change, and soon. The events of the last 18 months have pushed digital investments forward with a new sense of urgency.

There is also a growing recognition that digital transformation isn't just about technology or efficiency; it's about creating added business value that secures long-term viability. This ties in with one of the board's most important remits and it's a realisation that can only lead to one conclusion: not understanding digital is no longer an option.

To be effective partners, today's boards must make sure they:

- ✓ Are close to digital issues
- ✓ Understand the business impacts on their companies
- ✓ And are fully involved in shaping and advising on future direction

This begs a question though.

Exactly what level of detail do boards need to reach this goal, and how much support do they need to get there?



Only 17 percent of board directors said their boards were supporting digital initiatives



1. Define what your board really needs to know

The first thing to recognise is that developing your board's digital literacy isn't about turning board members into technologists.

Your objective should be to help your board understand the full implications of digital for the business – and just as importantly, the opportunities for the value chain as a whole.

Take the Internet of Things (IoT), which is a key part of many digital transformation strategies. Currently, many IoT deployments are focused on improving efficiency in an isolated way and don't integrate with existing workflows³. The most advanced and digitally competent boards will know that this is a missed opportunity. They will realise that if investments extend into areas like analytics, for instance, it becomes possible for their businesses to create valuable insights, share those insights with supply chains, and introduce new, more innovative ways of working across the organisation.

Board members don't need to understand how IoT operates on a technical level. What's more important is that they understand the full scope of this business potential. The same is true of other technologies that are central to digital transformations.



Recent research into cloud economics has shown that 75% of the value of the \$1 trillion being invested in cloud will come from business innovation and new, revenue-generating ideas rather than replacing inflexible old legacy infrastructure⁴.

The message is clear. Boards need to fully understand these issues and value-creation opportunities to provide sound governance and effective strategic insight.

To make that happen, you need to tailor any efforts to support their understanding accordingly.

2. Get serious about training and education

The most obvious way to improve insight at board level is to recruit new digital-savvy board members.

The problem that many organisations find though is that the most viable candidates are in exceptionally high demand and difficult to appoint.

However, it is not enough to recruit one or two new directors and hope that their knowledge disseminates throughout the board. Generational differences between new, digitally literate directors and more established non-digital natives mean this is unlikely to happen naturally.

So, what's the real solution?

The best way to start is by investing in ongoing training for existing board members. Ideally, this should start with creating a matrix of the knowledge and experience that is really needed – focusing in particular on the business implications of key technologies and the value they can create. This will help you identify exactly what board members need to know about the digital business issues that matter most to your business.

Once you have established the key requirements, you should think about putting board members through training programmes led by either (a) external experts, or (b) digital and technology experts from within the business.

There is compelling evidence that this approach delivers the right results. [McKinsey recently reported](#) that it spoke to 75 board members who completed this kind of immersive training and found that more than 50% insisted on making digital transformation the top agenda item for the business as a direct result⁵.

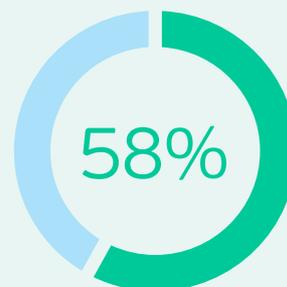
There are other solutions for addressing gaps in digital literacy. These include creating specialist advisory councils made up of independent third-party digital expertise. This is often only a temporary fix, and can lead to significant investment if you need the council long-term. It can also limit the motivation of the board to develop its own knowledge.

The most important thing is to put in place the education and long-term training that will help to develop the right level of expertise within your board's own ranks.

The digital training gap



94% of global board directors say they need more training on modern technology and governance best practices...



... but just 58% report receiving that training

Survey by Tricor Group and the Financial Times Board Director Programme, 2021

3. Drive more effective digital working at board level

To complete the picture, it's also important to encourage board members to lead by example and adopt digital technologies themselves – specifically, in the form of board portals that enable secure collaboration between the board and other stakeholders

This will deliver an improvement in both efficiency and data protection. Just as importantly, it will help to enhance your board's understanding of digital working and facilitate better information sharing on key digital transformation issues.

As you continue on your journey to a fully rounded digital transformation, there are also benefits for managers that interact with the board, support functions and the organisation as a whole.

Digital board portals at a glance

Benefit for board members and board chairs:

- ✓ The ability to work paperless and efficiently
- ✓ All information is easily searchable in one place
- ✓ Permanent access to board papers on the go
- ✓ Shared login for positions in different companies
- ✓ The ability to sign documents anytime, anywhere using electronic signing

Benefits for administrators and management teams:

- ✓ User-friendly collaboration with the board and other stakeholders
- ✓ Full control and protection of confidential information
- ✓ Easy extension of communication to subsidiaries, committees and shareholders
- ✓ Secure distribution and storage of sensitive documents
- ✓ Common digital archive for board and management documentation



Benefits for board directors

By using a board portal, directors can work faster, more confidently and more securely. For instance, they can get easy access to both historical and current information from wherever they are located. If they sit on multiple boards, they can also access all the information they need using a single login.

All information is digital and searchable, so board members can research issues and make better and more informed decisions at speed. Working within the portal also makes it easier for them to communicate with other directors, sign off minutes, and agree actions on the go.

By working this way, board members can work more efficiently and get a more rapid understanding of the issues they need to address – including digital strategies and investments. Board portals also support and comply with company security policies and EU data privacy regulations, ensuring that all information and communication stays within a single secure channel.



Benefits for board secretaries and onboarding new directors

There are significant benefits for secretaries and admin functions that support the board. For example, secretaries can easily extend the use of board portals to aid secure communication and collaboration between digital advisory councils, consultants, C level leaders and the board.

Board portals also help secretaries to onboard new directors – which is particularly useful if you are appointing directors to add digital expertise and knowledge. Secretaries can hand over a complete digital board archive with just a few clicks, and new board members can get up to speed with the key issues the organisation needs to address rapidly.



Benefits for CEOs and other leaders

There are further benefits for CEOs and leadership teams. They can easily share knowledge securely with board members, for example, making it much easier to educate them on the digital challenges they are facing day-to-day.

Ultimately, this way of working helps C-level executives to encourage greater contribution from boards to strategies that will define how they run the business in a digital world.

Next steps

The next few years will be critical for both boards and leadership teams as they solidify digital plans and drive further transformation. Find out how Admincontrol can help your board work faster, more confidently and more securely on the digital issues that matter most. Visit admincontrol.com

Further reading

You may also be interested in our guide to **Reviewing your technology investments**, which you can use to assess how your board is using technologies like board portals and other tools to drive efficiency, run successful digital board meetings and work safely and securely

[DOWNLOAD THE EBOOK](#)



Admincontrol's mission is to provide the ultimate solution for decision-makers. The company offers a smart and secure collaboration platform for boards, management and other stakeholders, where they can access, share, discuss and process information efficiently. Admincontrol has over 115,000 active users worldwide.

The company is growing rapidly and is headquartered in Norway with local offices in the UK, Denmark, Sweden, Finland and the Netherlands. Admincontrol is part of the successful Visma Group, a leading European software company.

If you would like to explore any of the areas highlighted in this guide in more detail, we'd be happy to help you review your set up.

We'll help you look at where you might be able to make gains – and how you make sure your board can work effectively remotely for a long time to come.

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→ www.admincontrol.com

Sources:

¹ McKinsey Quarterly, Adapting your board to the digital age, 2016

² Accenture, Boosting the boardroom's technology expertise, 2021

³ Software AG and Beecham Research, Why IoT Projects Fail, 2020

⁴ McKinsey Quarterly, Cloud's trillion dollar prize, 2021

⁵ Harvard Business Review article, 5 questions boards should be asking about digital transformation, 2021