

INSEAD

Alumni Association
Belgium

IN-Board Academy

BOARD LEADERSHIP FOR THE AGE OF DISRUPTION

How can non-executive board members prevent the board from lapsing into inertia and risk avoidance ?



April 2015

Our Participants

- **Brigitte de Vet-Veithen**
- **Jean-Charles Uyttenhove**
- **Danny Van D'huynslager**
- **Luc Vanbecelaere**
- **Diane de Spoelberch**
- **Herbert Kontges**
- **Philippe Lambrecht**
- **Willem Prinselaar**
- **Paolo Senes**
- **Kenneth Bonheure**
- **Sylvie Vercruysse**
- **Sophie Velge**
- **Viviane Doguet**
- **Gesine Holschuh**
- **Jo Robrechts**

Our Journey

IN-Board weekend
at Fontainebleau

nov 2013

IN-Board Modules

jan – dec 2014

Whitepaper

jan – may 2015



6 modules

1. **LEGAL & CORPORATE FRAMEWORK**
2. **CONTROL, AUDIT & RISK MANAGEMENT**
3. **HUMAN DYNAMICS FOR BOARD EXCELLENCE**
4. **DECISION MAKING IN CRISIS SITUATIONS**
5. **FAMILY GOVERNANCE & ENTREPRENEURIAL BOARDS**
6. **IN-BOARD WHITE PAPER**

speakers

- **A. BERGEN, D. LYBAERT, T. L'HOMME, PH. LAMBRECHT**
- **X. BEDORET, C. JOURQUIN, D. DU MONCEAU, E. VAN HOOF**
- **D. SICKINGHE, H. DAEMS, B. KUYPERS**
- **P. GURDJIAN, T. DEBUSSCHERE**
- **P. VLERICK, M. REYNAERS, J. LIEVENS**

Our White Paper

Topic

- BOARD LEADERSHIP FOR THE AGE OF DISRUPTION

Hypothesis

- PACE OF CHANGE IS ACCELERATING
- BOARDS CAN BE MORE EFFECTIVE IN DEALING WITH DISRUPTIVE CHANGE

Methodology

- INTERVIEWS OF 16 BOARD MEMBERS OF ESTABLISHED, INTERNATIONAL COMPANIES BASED IN BELGIUM
- INTERVIEWS OF 5 BOARD MEMBERS OF START-UPS
- SOUNDING BOARD OF IN-BOARD FACULTY

Our Findings

- **Six main categories of disruptive forces affect business and society. The 3 most important ones are globalization, digitalization and acceleration.**
- **Most Boards tend to underestimate the pace of change but not all board members are convinced that boards are the primary governance body to identify and address disruptive change.**

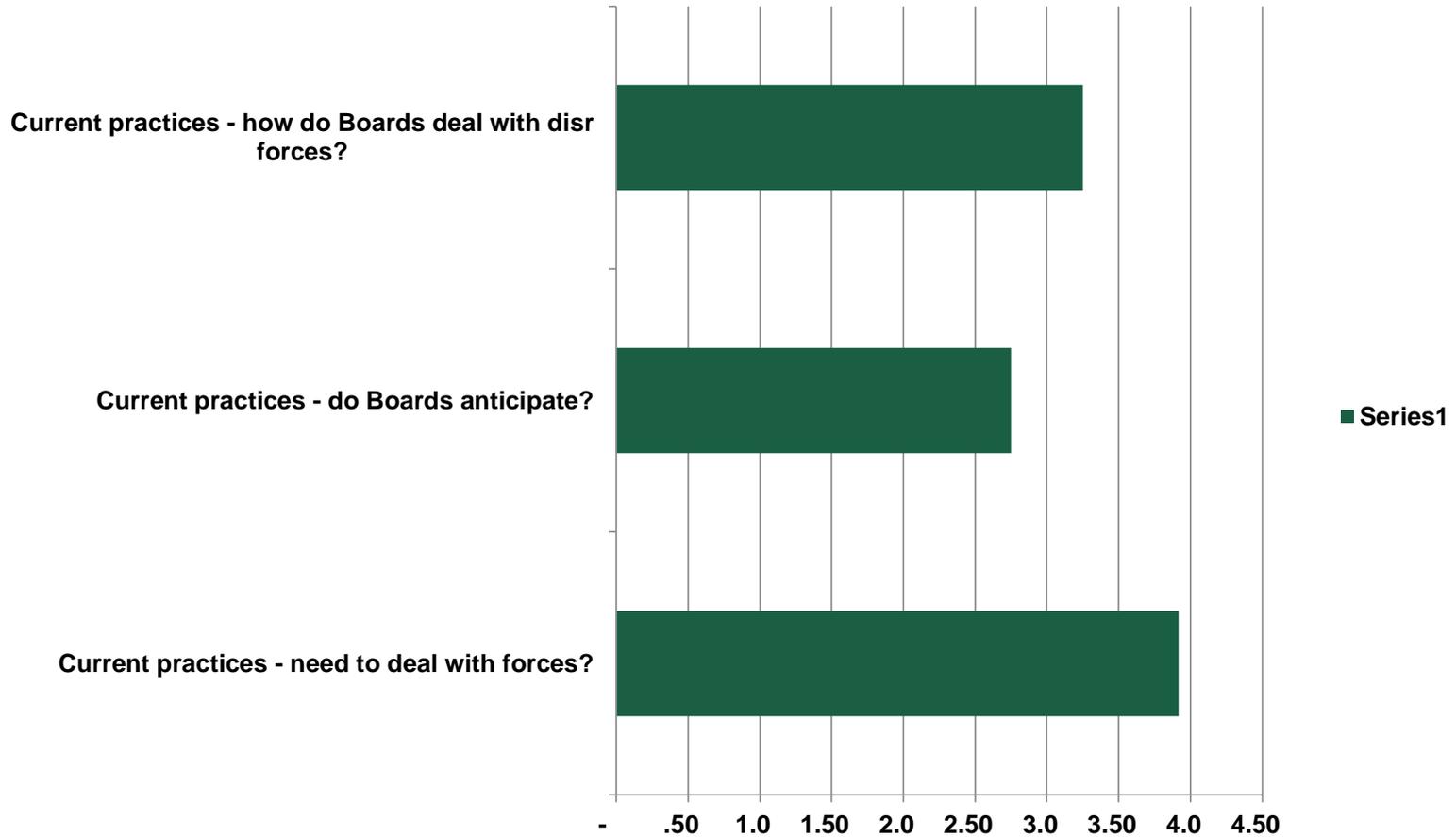
Our Findings

- **Boards can become more effective in dealing with speed and global scale of disruptive change by:**
 - **Adapting Board composition** (i.e. more diversity, younger members, shorter mandates)
 - **Reinforcing specific behaviors** (i.e. curiosity, independent thinking, eagerness)
 - **Clarifying roles and responsibilities and encouraging a culture of experimentation and readiness for disruption**
 - **Embedding reflection on disruptive challenges and opportunities in Board Agenda**

3 disruptive forces stand out as most important drivers of change

	Key challenge	Opportunity
1 Scarcity	<ul style="list-style-type: none">• Shortage of critical resources like water, energy, and food	<ul style="list-style-type: none">• Prepare for post carbonic era and explore new forms of energy
2 Fragmentation	<ul style="list-style-type: none">• Traditional institutions and values are breaking down• Power becomes diffused	<ul style="list-style-type: none">• Multi-stakeholder initiatives will incorporate corporate and societal goals
3 Globalization	<ul style="list-style-type: none">• World becomes flat• Migration flows	<ul style="list-style-type: none">• Emergence of new global ecosystems
4 Digitalization	<ul style="list-style-type: none">• Digital is the new norm• Brick and mortar is challenged and so is our privacy	<ul style="list-style-type: none">• New business models are created• Internet of Things creates networked business environments
5 Acceleration	<ul style="list-style-type: none">• Speed of innovation is disrupting industries• Shorter shelf life of strategy	<ul style="list-style-type: none">• Be part of the innovation• Business model innovation
6 Rising Middle Class	<ul style="list-style-type: none">• Access to Education , technology & resources	<ul style="list-style-type: none">• Rise in living standards• New consumer behavior

Moast board members agree Boards are insufficiently anticipating change



Recommendation 1: Adapt Board Composition

- **More versatility in backgrounds to cover full spectrum of disruptive threats and to bring a more holistic view of the company's ecosystem (even outside the traditional industry boundaries).**

“Ce n'est pas avec une bougie que l'on a inventé l'électricité”

C. Jourquin

- **Younger age profiles, as digitalization is a primary driver of change and it is increasingly important to have 'digital natives' at the table**

“Sometimes it is a pity but for sure relying on experience only is a danger”

C. Jourquin

- **Smaller, concise boards with less committees and more time for in depth coverage of challenges and opportunities**
- **Shorter board mandates, also for chairmen, to maintain inquisitive spirit**

“3 x 3 years mandates are a maximum”

P. Delaunois

Recommendation 2: Reinforce specific Board behaviors

- **Increased focus on the right mindset and attitude in selecting directors:**

- High level of curiosity
- Eagerness to understand what is happening in the fast paced world
- Constant urge for renewal and 'go see' attitude
- Truly independent thinkers who challenge conventional wisdom

“By no means, a Director should be financially dependent. He or she should show courage to speak up in all situations. This is the only way to respect the interest of the company”

P. Bodson

- **More entrepreneurial and right brainer profiles that seek opportunities, bring in risk taking and 'out of the box' perspectives**

“Audit committees are very powerful subgroups, populated with left-brainers. In a world of disruption, should we not create a counter-power with right-brainers, the daring people, the challengers, the creative people who are focused on the future?”

P. Hinssen

Recommendation 3: Clarify Board Roles and Responsibilities

Level of Disruptive Forces Readiness

		BOARD	
		Low	High
EXECUTIVES	High	Slow Decision Making	Best Prepared to Reap Potential
	Low	Risk Of Failure	Adapt Executive Profile

“As chairman, it is always better to have to moderate the CEO in their initiatives than to constantly need to kick the management”

P. Delaunois

- **Role of the chairman is crucial to ensure disruptive forces get required agenda time**
- **Board should encourage a culture of experimentation and create openness for new « ideas from within »**

Recommendation 4: Embed reflection on disruption in Board Agenda

- **Organise « step back » sessions, inviting visionary thought leaders to open mind**
- **Participate in « Go and see » events to get ‘real life’ understanding of the buzz, the opportunities and threats in the innovative hubs around the world**
- **Organise « blank sheet » business reviews, made possible by spending less time reviewing the numbers**

“Most long range planning is based on current business portfolio using industry benchmarking as input”

M. Delloye

- **Every agenda point to reflect disruptive challenges and opportunities**

In conclusion

- **Six main categories of disruptive forces affect business and society. The 3 most important ones are globalization, digitalization and acceleration**
- **Most Boards tend to underestimate the pace of change but not all Board members are convinced Boards are primary governance body to identify and address disruptive change**
- **Boards can become more effective in dealing with speed and global scale of disruptive change by:**
 - Adapting **Board composition** (i.e. more diversity, younger members, shorter mandates)
 - Reinforcing **specific behaviors** (i.e. curiosity, independent thinking, eagerness)
 - Clarifying roles and responsibilities and encouraging a culture of **experimentation and readiness for disruption**
 - Embedding reflection on disruptive challenges & opportunities in **Board Agenda**

Thank You

