

BOARD PERSPECTIVES

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VELKOMMEN

TIL DANMARKS FREMMESTE BESTYRELSESPUBLIKATION

Board Perspectives - nyheder, tendenser og holdninger



INDHOLDSFORTEGNELSE

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- DANMARKS FREMMESTE BESTYRELSESPUBLIKATION

Velkommen til 15. nummer af Board Perspectives fra Board Network, The Danish Professional Directors Association. Board Perspectives henvender sig til alle, som interesserer sig for bestyrelsesagendaen i Danmark, og er den fremmeste, danske publikation med fokus på Corporate Governance og Board Leadership.

Board Perspectives udkommer kvartårligt – og byder i hvert nummer på en række artikler, skrevet af førende, eksterne eksperter samt interviews, nyheder og meget andet. Fokus er på indhold over form – og på nyhedsvinkler og holdninger med kant.

I dette nummer har vi fået bidrag fra:

CEO for T Labs på Singularity University, Amin Toufani, Partner Claus Høyer Madsen, Deloitte Digital, Partner & Financial Lines Manager Klaus Stubkjær Andersen, RiskPoint, CEO Henrik Andersen, Hempel, samt Engagement Partner Louise Krogh og Partner Christian Sparrevohn, begge fra QVARTZ.
Mange tak for bidragene!

KUNDERNE PÅ BESTYRELSESAGENDAEN – KAN MAN NAVIGERE UDEN SØKORT?

Board Network's mission har altid været "Excellence in the Boardroom". Vægten i de fleste af vores aktiviteter er derfor lagt på værdiskabelsen gennem den fremadskuende strategiske og ledelsesmæssige opgave, og i mindre grad på den bagudrettede kontrolopgave i bestyrelsesarbejdet.

I bestyrelsens arbejde med værdiskabelsen, synes det åbenbart, at diskussionen er nødt til at inddrage kundeperspektivet – da dette jo er lig med efterspørgslen efter virksomhedens produkter eller services. Men det virker i påfaldende grad som om, at bestyrelserne kun sjældent beskæftiger sig med kundeagendaen.

Således viste bl.a. Board Network & InterSearch's egen globale bestyrelsesundersøgelse "Global Board Survey 2017 – Advancing Boards" fra marts 2017, at blandt alle 1.017 respondenter var "better understanding of the company's position and strategy" den absolutte topscorer i forhold til hvad der bedst kunne forbedre bestyrelsens generelle performance. Hele 51% nævnte dette som en af de vigtigste faktorer. Tilsvarende viste en undersøgelse fra Ridgeway Partners i UK fra marts 2017, at kun 25% af de adspurgte bestyrelsesmedlemmer føler, at de har et meget præcist billede af, hvad virksomhedens kunder ønsker.

Men hvorledes kan en bestyrelse vedtage en strategiplan, lægge budgetter, og godkende innovationstiltag i nogen virksomhed, hvis ikke man forstår, hvad kunderne vil have?

Helt dagsfriske eksempler er store og normalt stærkt positionerede virksomheder som TDC og Nordea, som begge pt. oplever kundeflugt i hidtil uset omfang. Hvad gør man for at stoppe dette? Og er bestyrelsen tæt nok på? Imens oplever virksomheder som Nemlig.com, MobilePay og LEGO en kundetilstrømning – fordi de giver kunderne dét, de vil have. Internationale eksempler på virkeligt kundefokuserede virksomheder kunne være Zappos og Whole Foods Market (som dog også begge sjovt nok er blevet opkøbt af Amazon.com).

Vi vil hævde, at det svarer til at navigere uden søkort, hvis man som bestyrelse driver virksomheden frem uden at beskæftige sig med kundeagendaen!

KOMMENDE ARRANGEMENTER

Vi er meget stolte over at kunne præsentere en perlerække af talere og nye aktuelle temaer for de kommende 18 måneder:

Onsdag d. 6. september 2017 kl. 8-12: Kunderne på Bestyrelsesagendaen

Tirsdag d. 28. november 2017 kl. 12-16: Bæredygtighed og CSR på bestyrelsesniveau

Onsdag d. 28. februar 2018 kl. 12-19: Den Store Danske Bestyrelseskonference; Leading Boards

Torsdag d. 7. juni 2018 kl. 8-12: Bestyrelsens værktøjskasse

Tirsdag d. 11. september 2018 kl. 14-18: The HeteroGENIUS Board

Tirsdag d. 27. november 2018 kl. 13-17: Internationale Corporate Governance trends på vej mod Danmark

Vi glæder os til at se alle vore medlemmer igen – næste gang onsdag d. 6. september kl. 8-12 på Hotel Marriott i København.

Hermed igen velkommen til 15. nummer af Board Perspectives. Rigtig god læselyst.

Jakob Stengel
Founder & Chairman

HVAD BETYDER RISICI FOR DIG?

INTERVIEW MED HENRIK ANDERSEN, CEO I HEMPEL OG BL.A. FORMAND FOR REVISIONSUDVALGET I VESTAS



Af Klaus Stubkjær Andersen

Partner & manager
RiskPoint

RiskPoint er et partnerejet forsikringsagentur, der repræsenterer pt. 27 forsikringselskaber, herunder flere Lloyds syndikater.

RiskPoint har 70 ansatte fordelt på 4 kontorer i hhv. Danmark, Sverige, Norge og Finland.

Læs mere om RiskPoint på www.riskpoint.eu

"HVO INTET VOVER, INTET VINDER"!

Ledere fokuserer naturligvis på hvordan de, og organisationen/virksomheden, opnår de bedst mulige resultater under de givne forudsætninger og nuværende omstændigheder.

Resultater opnås ved iværksættelse af aktiviteter hvortil naturligvis knyttes risici, det være sig, bl.a. finansielle, operationelle, regulative og strategiske risici.

Risici følger udviklingen, både i organisationen/virksomheden, men også i de sammenhænge organisationen/virksomheden indgår i, det være sig interaktion med myndigheder, kunder, leverandører, konkurrenter, outsourcing partnere m.m., på tværs af geografiske, kulturelle, markedsmæssige m.fl. grænser.

Graden af positive/negative konsekvenser ved risici afhænger i vid udstrækning af hvordan ledelsen forholder sig til risici.

Risici kan håndteres på mange måder, men ledelsen bør som minimum tage stilling til, i hvilket omfang og med hvilke omkostninger risici kan:

- Undgå, og hvis ikke, så i det mindste om risici kan:
 - Begrænses (risk management)
 - Finansieres (forsikring)

"ANSVARET ER DIT"

Mediernes fokus på sager om ledelsesansvar har gjort sit til, at de færreste er i tvivl om, at bestyrelses- og direktionsmedlemmer bærer et personligt og ubegrænset ansvar i udøvelsen af deres ledelsesopgaver. Det er ikke kun medierne der har fokus på ledelsens ansvar, også politikere og lovgiver har fundet det betimeligt, at sætte ledelsesansvar på dagsordenen. Den seneste opdatering af Selskabsloven bød til eksempel på en ny bestemmelse om bestyrelsens ansvar for risikostyring, og ligeledes har den nyeste Konkurrencelov indeholder skærpede sanktionsmuligheder overfor ledelsen.

"HVAD HOLDER DIG SØVNLØS"?

RiskPoint har i de seneste år oplevet en stigning i antal anmodninger om tilbud på ledelsesansvarsforsikring. I de seneste måneder er interessen for cyberforsikring steget markant. Vi antager, at den øgede interesse for ledelsesansvarsforsikring og cyberforsikring hænger sammen med øget fokus på risici? Flere undersøgelser, bl.a. Risk.Net 2016 og World Economic Forum 2016, peger på, at cyber risici er en af de væsentligste risici virksomheder og samfundet (jf. også Beredskabsstyrelsen) står over for.

I RiskPoint ønsker vi at tilbyde forsikringer der opfylder sikredes (ledelsesmedlemmers) behov, og vi har derfor taget initiativ til en interviewrunde med erfarne bestyrelsesmedlemmer, med henblik på at afklare hvilke – om nogen – risici, der medfører søvnløshed, eller øget opmærksomhed, hos ledere.

Formålet med disse interviews er at afdække:

- Ledelsens fokus på risici generelt?
- Hvordan risk management udøves?
- Hvilke konkrete risici ledelsen fokuserer på ?
- Ledelsens syn på forsikring, og hvorledes forsikring kan gøres mere attraktiv?

RiskPoint vil efter bedste evne forsøge, at anvende svarene i vores produktudvikling. Innovation ligger os meget på sinde, og alle er altid velkomne til at henvende sig til os med ideer til nye produkter, opdatering af eksisterende produkter o.lign. ved at ringe eller ved at sende en email til: innovation@riskpoint.eu.

INTERVIEW

MED HENRIK ANDERSEN



CEO i Hempel

Bestyrelsesmedlem i Maj Invest Holding og Vestas.

Spørgsmålene er stillet til Henrik Andersen som privat person og svarene er udtryk for generelle holdninger og ikke konkrete i relation til Henrik Andersens ledelsesposter.

HVORDAN FORHOLDER DU DIG TIL RISICI, BÅDE VIRKSOMHEDENS/ORGANISATIONENS OG DIT PERSONLIGE ANSVAR SOM LEDER?

HA: Risici afhænger naturligvis af virksomhedens aktiviteter, størrelse og geografisk omfang. Risici er forskellige grundet hvad de nu engang er og afhænger af tid og sted. Kultur og geografi spiller afgørende indflydelse ikke bare på risici, men også på den måde og metode man bør forholde sig til risici. Risk management er afgørende for, om risici materialiserer sig til noget negativt eller positivt, i tråd med "Hvo intet vover, intet vinder", men jeg mener at det skal tage udgangspunkt i en aktiv stillingtagen i en åben virksomhedskultur.

I min optik er det vigtigste, at man som leder og virksomhed, gør det som man, i den givne situation og på det foreliggende beslutningsgrundlag finder mest optimalt. Der vil over tid og dermed "i bagklogskabens ulidelige klare lys" altid være alternative løsninger. Ledelse handler om at gennemarbejde og vedtage en strategi og dernæst at udleve strategien i et tempo hvor de strategiske tiltag gradvist implementeres således, at alle stakeholders kan absorbere og se forandringerne. Ting tager tid og

hver sin ting til sin tid.

Jeg gør meget ud af – og bruger meget tid på – at være synlig i organisationen ved til eksempel at besøge vores kontorer og fabrikker i hele verden. Jeg vil gerne se og høre fra alle niveauer i virksomheden, så jeg får så bredt spektrum af virkeligheden som overhovedet muligt.

I bund og grund forsøger jeg i videst muligt omfang at have indhentet relevant information fra forskellige vinkler og dermed at træffe beslutninger på det bedst mulige grundlag. Når jeg er overbevist om, at virksomheden og dermed ledelsen gør alt hvad vi kan, så ligger jeg ikke søvnløs om natten over ledelsesansvaret, for vi har gjort vores bedste.

I min tilgang til risici og risk management sørger jeg for, at vi starter med at identificere og analysere risici og derefter kondensere risici til "worst case" scenarier. Det giver os et sted at starte med optimering af risici og har i tillæg den fordel, at det giver et bedre grundlag for at drøfte risikofinansiering i form af eventuel forsikring contra det at bruge sin egenkapital som selvrisiko. Det er notorisk svært, og i bedste fald prohibitivt dyrt, at forsikre ukendte eller udefinerbare risici.

HVORDAN MENER DU AT RISK MANAGEMENT BEDST PLANLÆGGES, ORGANISERES OG UDØVES I PRAKSIS?

Generelt har jeg en "no nonsense" tilgang til risk management og måden at arbejde med dette.

Mit fokus er på kulturen i virksomheden, med henvisning til "culture eats strategy for breakfast"! En virksomhed kan have et såkaldt "årshjul", eller lignende politik som ser flot ud på papir, men hvis ikke "hjulet" løbende tilpasses udviklingen i samfundet, lovgivningen, markedet, økonomien, organisationen osv., så er sådanne teoretiske tanker ikke meget bevendt i praksis. Virksomheden, ledelsen og medarbejderne skal informeres om og arbejde i en åben og tilgængelig virksomhedskultur: alle må være beredt på løbende at omstille sig de foreliggende omstændigheder for at imødegå og udvikle sig positivt i forhold til risici.

Konkret mener jeg, at risk management indsatsen skal iværksættes med respekt for virksomhedens kompleksitet. Strategiske tiltag skal gøres operationelle. Jo flere geografiske -, kulturelle – og sproglige samt produktmæssige og markeds-mæssige forskelligheder, desto mere kompleks er organisationen sandsynligvis. Unødigt kompleksitet mv. skal naturligvis fjernes om muligt. Men forandringer tager tid, og jeg mener man skal tage sig



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den tid det tager; at – som vi talte om tidligere – se, lytte og lære, så man kan træffe de bedst mulige beslutninger om fremtiden og for fremtiden. Afhængigt af virksomhedens parathedsniveau kan man så implementere tilpassede tiltag forskellige steder i organisationen.

Ledelse skal udøves kollektivt i bestyrelsen og direktionen. Fælles for begge organer; Ledelsesansvaret er som udgangspunkt individuelt men ansvaret kan ifaldes solidarisk, altså således at en eller flere ledere bliver ansvarlige for andre leders fejl eller forsømmelse. Jeg er derfor meget opmærksom på sammensætningen af kompetencer i de fora (bestyrelse, komiteer og direktion) jeg deltager i. Kompetencerne bør sammensættes sådan, at personerne komplementerer hinanden, så der i forbindelse med tilvejebringelse af beslutningsgrundlag opnås bredest mulige perspektiv, hvorved risikoen for at overse væsentlige risici eller deciderede fejlbeslutninger reduceres.

og deraf følgende risici, såsom 2) cyberangreb og 3) overholdelse af lokal lovgivning.

1) Det globale leadership team er afgørende for en eksekvering af strategien som bliver genkendelig for virksomhedens stakeholders – specielt kunder og medarbejdere – på tværs af geografier. Det er derfor helt essentielt, at teamet kan skalere og kulturen er åben og understøtter denne strategi eksekvering. Risikoen er oftest på individ og senere på hele team niveau, såfremt dette ikke sker i takt eller hvad værre er materielt anderledes end intentionen.

2) Cyber

HA: Risikoen for cyberangreb er stigende. Alle der er koblet på en internetforbindelse er eksponerede for cyberangreb. Jeg bruger meget tid på at sikre mig, at vi gør hvad vi kan for at forhindre, reducere og minimere negative konsekvenser af cyberangreb. Der udarbejdes politikker og beredskabsplaner, medarbejdere trænes



HVAD ER I DIN OPTIK DE STØRSTE RISICI FOR VIRKSOMHEDER OG LEDELSERNE LIGE NU, OG KAN RISK MANAGEMENT OG FORSIKRING IMØDEGÅ DISSE RISICI I TILFREDSSTILLENDE OMFANG?

HA: De største risici for virksomheder udspringer af den stadigt stigende globalisering og dermed udfordringen med at få det 1) globale leadership team til at eksekvere strategien i takt. Vi skal som ledere konstant forholde os til et både bredt og dybt katalog af risici, der bundes i den omfattende digitalisering (Internet of Things)

og testes, der følges op og justeres kontinuerligt. Den menneskelige faktor udgør en ikke ubetydelig del af eksponeringen, så hvis vi kan uddanne medarbejderne til at være det første og bedste værn mod cyberangreb er vi kommet langt. I det omfang vi kan kvantificere cyber risici vil det være relevant at overveje forsikring for tab ved cyberangreb, men igen; du kan ikke forsikre dig imod enhver fuldstændig ukendt problemstilling.

3) Lokal lovgivning

HA: Lovgivning skal selvfølgelig overholdes. Alle medarbejdere skal kende den lovgivning der er relevant for deres virke. Jeg forstår

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godt du spørger konkret til korrupsion. Min holdning er klar; vi og jeg tolererer ikke korrupsion i nogen form. Der findes lovgivning som ulovliggør bestikkelse og mange lignende handle måder og retningen er hastigt mod strammere og mere direkte strafansvar for den enkelte og virksomheden. Virksomheder skal tage dette ansvar igennem bl.a. en forståelig Code of Conduct med tilhørende træningsmateriale og huske også at have et værktøj under en whistleblower ordning, som gør afvigelsesrapportering mulig for såvel interne som eksterne personer. En konstant rejse i god opførsel.

HVILKEN INFORMATION OM RISK MANAGEMENT OG FORSIKRING KUNNE VÆRE RELEVANT FOR DIG SOM LEDER, AT FÅ ENDNU BEDRE BELYST?

HA: Risici er mangfoldige. Jeg ved ikke alt og jeg har en meget ydmyg tilgang til, at jeg kan lære nyt.

Jeg hylder ordsproget "Man skal behandle andre, som man selv ønsker at blive behandlet", hvilket er naturligt, når man deltager og har erfaring fra direktion og kan overføre dette i bestyrelsesarbejdet. Jeg ønsker at lære. Jeg tror på, at man ved dialog og drøftelse af ideer og løsningsforslag både lærer mere og får en bedre forståelse for andre virksomheder, mennesker og situationer, jf. det med at få et bredt spektrum og dermed dybere perspektiv, hvorved sandsynligheden for at træffe den optimale beslutning forøges. Det betyder også, at funktionelle ledere skal deltage i komite arbejde under bestyrelsen, således at problemstillinger belyses bedre og du som leder får et aktivt indblik i virksomhedens beslutningsprocesser og kultur.

Jeg ønsker at have dette overblik over aktuelle og ofte også tænkte risici, men anerkender også at vi som ledelsespersoner ikke kan spørge til eller bede kolleger kvantificere det ukendte.

Tak til Henrik Andersen for tid og tanker. Vi vender tilbage med et nyt interview i næste udgave.



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PUTTING PEOPLE AT THE TOP OF THE AGENDA - WHY BOARDS MUST STEP UP



By Louise Krogh
Engagement Partner
QVARTZ



& Christian Sparrevohn
Partner
QVARTZ

People – the employees and managers of any organisation – are key. We all know it, but we often do not act accordingly in a structured and strategic way. Strategic workforce planning is a way to get started and truly link the corporate strategy to people practices. Boards can be the driving force that puts people at the top of the corporate agenda.

KEEPING UP IN AN EVER-CHANGING WORLD

Across industries, companies find themselves disrupted every day. It is increasingly difficult to stay ahead of the competition. According to a study conducted by Innosight¹, the average lifespan of companies on the S&P 500 index is decreasing; It went from 33 years in 1965 to 20 years in 1990, and the forecast predicts an average of only 14 years by 2026. At the very top, the turbulence is even stronger. Only three of the top-12 S&P 500 companies (based on market cap) in 2000 are still on the list in 2017². Of the nine new ones, four did not even figure on the index in 2000³. If we look at the bigger picture, the lifespan chart serves as a barometer for marketplace change and indicates that companies will only remain independent and competitive if they are at the forefront of understanding how their markets are developing and thus capable of adjusting accordingly.

Even though this is old news by now, many incumbents still need to find sustainable ways to work with ever-changing customer demands, to prevent new agile competitors from gaining traction and to understand how to navigate more unstable macro conditions. In KPMG's US CEO Outlook 2017, approximately 60% of the respondents stated that their organisations do not possess the capabilities necessary to respond to rapid market disruption⁴. As the requirements for responsiveness and adoptability increase, companies must adjust both their business models and operating models to react in an expedient manner.

Furthermore, technology development and digitalisation is opening up new avenues that present opportunities as well as challenges. This will affect company strategies tremendously and have far-reaching implications for how to run an optimised organisation. However, according to QVARTZ and Microsoft's 2017 Digital Transformation report⁵, most companies still focus their digital efforts on engaging customers and end-users (typically through marketing) and stop short of transforming products and services, optimising operations and empowering employees. They thus only scratch the surface in terms of testing what digitalisation

¹ "Corporate Longevity: Turbulence Ahead for Large Organisations", Innosight Executive Briefing, Spring 2016

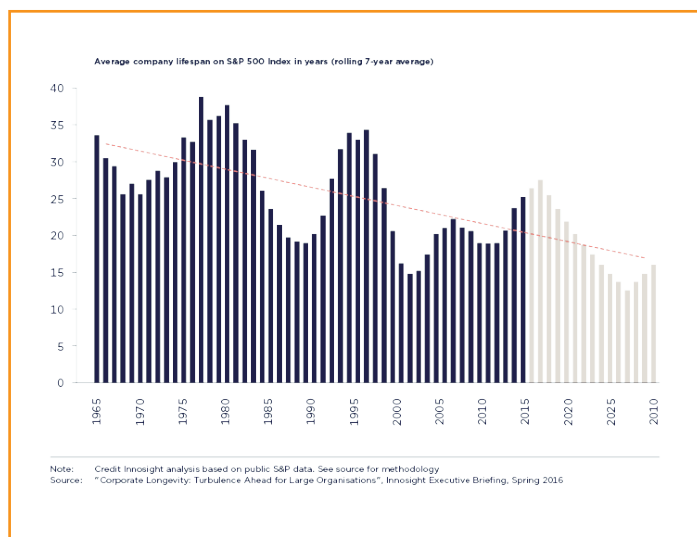
² Bloomberg

³ Bloomberg

⁴ "Disrupt & Grow", U.S. CEO Outlook 2017, KPMG

⁵ <https://qvartz.com>

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can do for them and which potential implications it has for their competitiveness going forward.

So, who will be the winners and why? The answer will vary greatly from industry to industry. However, some general differentiators seem to set winners apart from losers. One is customer connectivity – if you understand your customers better than the competition does, you have a head start. Others are your ability to rethink strategy, to adopt an effective approach to business model innovation and your agility in deploying resources. In addition, speed in execution plays an important part. A company which is close to its customers, agile and speedy stands a greater chance of staying ahead. The one common denominator for these differentiators is that they are anchored with people.

THE PEOPLE AGENDA – AND WHY IT IS MORE IMPORTANT THAN EVER

Considering the above, it is clear that people matter and are imperative to either success or failure.

Assuming that companies continue to automate and that digitalisation becomes "the new norm", more and more, people will be the defining key differentiator. Also, as fewer people are necessary relative to revenue (given increased automation), each individual person matters even more.

Last, but not least, as companies change their business and operating models, the skillset of their people will also need to change. Looking 3-5 years ahead, a workforce with a radically different skillset compared to what is present today will be a prerequisite for success in many companies. In many industries, the competencies most in-demand at present did not even exist five years ago, and the pace of change is predicted to accelerate further⁶.

The people agenda has thus never been more important, which is why it should be at the very top of the strategic agenda in every company.

Top-12 in 2000	Market cap. (USD billion)	Top-12 in 2017	Market cap. (USD billion)
General Electric	511	Apple	775
Cisco	459	Alphabet (Google)	649
Intel	447	Microsoft	560
Microsoft	367	Facebook	491
Exxon Mobil	279	Amazon	475
Pfizer	273	Berkshire Hathaway	431
Wal-Mart Stores	247	Johnson & Johnson	357
Citigroup	238	Exxon Mobil	339
Nortel Networks	221	JP Morgan Chase	326
Oracle	213	Wells Fargo	267
AIG	203	Wal-Mart Stores	241
IBM	199	AT&T	239

○ New on top-12

Source: Bloomberg (August 2017 and 2000)

Tomorrow's companies already put people at the top of their agenda and test new ways of working to unleash the full people potential. They recognise that people are their most important asset and act accordingly. Facebook has worked extensively with strategic workforce planning to attain the optimal workforce, effectively enabling them to grow from ~1.2 billion users in 2013 to ~2 billion users in 2017. Strategic workforce discussions are an integral component of top management's strategy discussions, and they have strategic people plans in place as a key means to implementing strategies as well as a dedicated strategic workforce planning unit⁷. Netflix applies a truly exceptional focus on creating a unique performance culture aimed at attracting and keeping only "A" talents. According to their talent philosophy, this is the best thing you can do for your employees, and it trumps all other benefits⁸. Airbnb has implemented "workplace as an experience"; All elements of work – physical, emotional, intellectual, virtual and aspirational – are orchestrated to inspire employees⁹. And ING is adopting new ways of working and going agile at scale to improve speed of innovation, increase efficiency and flexibility and become a more attractive employer¹⁰.

However, many companies still do not drive a strategic people agenda. They do not discuss workforce implications of a new strategy and what organisational capabilities and people competencies it will be key to secure. They do not have a clear people strategy, nor do they allocate clear responsibilities for how to implement it. Consequently, they do not take timely and qualified action.

Only a few companies treat their people as true strategic assets on par with the importance of the company's financial assets. Consider how many companies have a CFO on the Executive Board, but how few chose to have a dedicated "Chief People Officer" there. Moreover, most companies rely mainly on financial metrics to describe their current performance and predict their future performance. Only rarely, do you hear a company's talent programme mentioned in investor calls to help explain how the company will achieve its corporate strategy.

⁶ "The Future of Jobs – Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution", Global Challenge Insight Report, World Economic Forum, 2016

⁷ "Strategic Workforce Planning in Times of High Growth or Downsizing – The Facebook Approach and Story", Tucana People Analytics Podcast, 2017

⁸ "How Netflix reinvented HR", Harvard Business Review, 2014

⁹ "The Future of Work: Airbnb CHRO becomes Chief Employee Experience Officer", Forbes, 2015

¹⁰ <https://www.ing.com>



QVARTZ goes VERTICAL

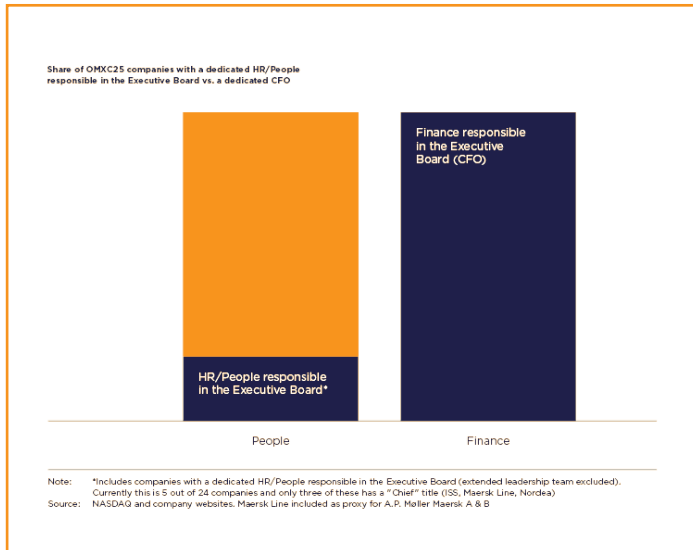
Adding **NEW CORE COMPETENCES** as well
as offices in **NEW YORK** and **HAMBURG**

QVARTZ has acquired a majority stake in Vertical Strategy, an innovative consultancy specialised in creating new (digital) business models, incubation and customer experiences. Furthermore, we have merged with the Hamburg-based strategy consulting firm Bülow & Consorten and opened a new office in New York.

QVARTZ



BOARD PERSPECTIVES



HOW TO GET STARTED

To drive a strategic people agenda, a company must understand which competencies and skills will be critical going forward and how many people will be needed:

- How will changing customer demands, the business model and/or any external trends, such as digitalisation, affect which critical competencies are required?
- Will automation and digitisation reduce the number of people required relative to revenue and how?
- How will external trends, new strategies and/or a changed business model affect the ideal geographic location of the people?

Next, an understanding of the most effective means to obtaining the ideal workforce is necessary. This is key input to the people plan, which links corporate strategy and people practices.

A leading Nordic financial company works determinedly with strategic workforce planning to drive an accelerated digital transformation, critical to deliver on its strategy. The company has recognised that a significantly different composition of its workforce is needed to succeed going forward. The people agenda is anchored with the Board of Directors, and the initial focus is to understand what critical people segments are required for the future and to size the gap to the existing workforce. Top management will then be able to have an informed discussion on what will be required from a people perspective to implement the strategy, and which people-sourcing strategy (build/buy/borrow) will be most effective. Subsequently, a people plan – including an assessment of which HR and/or leadership means to pull as key levers – will be developed and operationalised.

WHY AND HOW THE BOARD OF DIRECTORS NEEDS TO SET THE PEOPLE AGENDA

Too often, the mention of people comes much too late in the

strategy discussions. Or perhaps they are never really mentioned at all, but merely become a topic the Executive Management delegates to lower-level managers and HR partners to engage in – often in silos and without having the full picture of which people choices will be necessary to make today to be able to deliver in the future.

Typically, this approach also results in people and HR initiatives becoming too operational and short-sighted. When there is no link to the overall strategy, it is difficult to achieve the alignment and commitment required to follow through. For instance, a true commitment to understanding which People segments will be critical for the company in the future requires considerable efforts, not only from HR, but also from the entire management. This is a critical component in developing an overall people strategy, but it will only be achievable if the entire company management understands and commits to why it is crucial and actively supports it.

To treat people as true strategic assets, companies need to drive the people agenda from the top and engage in strategic people discussions whenever company strategy is discussed. The people agenda must thus be firmly rooted in the Board of Directors and Executive Management, who should be able to answer the following questions:

- What are the critical people segments and talents we will need going forward, and are they different from today?
- How many people should we be 3-5 years from now?
- Where should our people be located?
- What is our sourcing strategy (build/buy/borrow)?
- What are the important HR and leadership means to focus on (e.g. talent management, employee value proposition, new ways of working and transformational leadership)?

Elevating people to the top of the agenda could also be a central component in transforming the HR function into a real strategic sparring partner to the business. With people agendas as a more visible item on the top management agenda, it will become legitimate and even necessary for the "Chief People Officer" to transform his or her area in a more strategic direction.



5 SKARPE TIL AMIN TOUFANI



Af Jakob Stengel med Amin Toufani

CEO of T Labs

Finance & Economics Faculty member at Singularity University where he previously served as the Director of Strategy and Vice President of Strategic Relations. He brings a unique set of technological, entrepreneurial and policy perspectives to the dialogue of innovation on campus.

1) Which global megatrends do you see having the greatest impact on businesses and society over the next 2 years?

Our conversation around autonomous cars will gain momentum, but will promptly switch to autonomous business models, and subsequently, autonomous economies. Blockchain technologies and cryptocurrencies will gain further prominence as the potential operating system for this new autonomous economy where total transaction volume will need to increase exponentially and minimum transaction size will need to decrease exponentially. We will also likely see the first viable offchain applications of blockchain technology in the next two years.

I anticipate extreme urgency around information summarization. We are at the knee of the exponential curve of information overload. As more people and businesses feel the pressure of time against a backdrop of ever more valuable and accessible information, we will see massive latent demand for technologies that can summarize data and package knowledge with economy of expression. Look out for breakthroughs from startups utilizing AI in this space.

AI will continue its hyper-exponential growth fueled by new deep

learning architectures. Advancements in unsupervised algorithms like reinforcement learning and generative adversarial networks will likely result in the most shocking public displays yet of the power of AI. We can also expect a gradual shift from episodic AI towards continuous AI where training never stops. Fear of AI will grow in tandem.

In the next two years, we will also see rapidly growing interest in human longevity technologies. Advancements in biotech and medicine will reinforce our growing concentration on extending not only our lifespan, but also healthspan. This in turn will fuel innovation in real-time monitoring of our biological indicators. In medicine, I expect incredible developments in zero-stage cancer detection fueled not only by new tech, but also novel economic models.

Universal basic income will gain further prominence as a viable response to widespread technological unemployment in the near future. Expect lively debates and rigorous experimentation. Monetary policy will ever-so-slowly awaken to the reality of technological deflation. The accelerating pace of technological change will continue to confuse large cohorts of society as new winners and losers emerge in patterns inconsistent with historical meritocratic value systems. Inequality and xenophobia will climb. The topic of individual and organizational adaptability will dominate psychology and management science as our response to change becomes the subject of heightened scrutiny and study. Employers will start caring deeply about your AQ or 'adaptability quotient'.

2) 'Disruption' has become a colloquial term, however it remains somewhat 'fluffy' and far-fetched to a lot of people, including many board members. What, in your experience, are some of the most overlooked or underestimated facets of disruption which boards should make sure to pay more attention to in order for them and their businesses not to become obsolete?

One of the strongest predictors of disruption is the prolonged absence of disruption. But organizations tend to overestimate the short-term and underestimate the long-term effects of technology. In practice, this turns into bursts of fear (and excitement) over threats (and opportunities) which are then tampered by the immediate reality appearing tamer than thought. As a result, a lot of anti-disruptive initiatives tend to fizzle out. But the truth is 'disruption' is simply a placeholder for unexpected, rapid, techno-enabled competition. The accelerating pace of technological change points to a world where the threat of this type of competition will be ever-increasing. It also means that the outcomes of these competitive forces tend to be binary, leading

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BOARD NETWORK



Board Network – The Danish Professional Directors Association er Danmarks mest eksklusive bestyrelsesnetværk, og er det foretrukne forum for erfarne bestyrelsesmedlemmer. Organisationens formål er at sætte fokus på Board Leadership samt at øge kendskabet til bestyrelsernes betydning for værdiskabelsen i og udviklingen af virksomhederne. Desuden uddeler Board Network den årlige hæderspris, The Corporate Governance Award, samt udgiver Danmarks fremmeste bestyrelsespublikation, Board Perspectives hvert kvartal. For mere information, se www.boardnetwork.dk.

Medlemsmøder de kommende 18 måneder

- Onsdag d. 6. september 2017 kl. 8 - 12: Kunderne på Bestyrelsesagendaen
- Tirsdag d. 28. november 2017 kl. 12 - 16: Bæredygtighed og CSR på Bestyrelsesniveau
- Onsdag d. 28. februar 2018 kl. 12 - 19: Den Store Danske Bestyrelseskonference; som afholdes for syvende år i træk, denne gang under temaet "Leading Boards" - samt uddeling af The Corporate Governance Award 2018.
- Torsdag d. 7. juni 2018 kl. 8 - 12: Bestyrelsens Opdaterede Værktøjskasse
- Tirsdag d. 11. september 2018 kl. 14 - 18: The HeteroGENIUS Board
- Tirsdag d. 27. november 2018 kl. 13 - 17: Internationale Corporate Governance trends på vej mod Danmark

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BOARD NETWORK

The Danish Professional Directors Association

Det førende forum for erfarne bestyrelsesmedlemmer

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to rather abrupt obsolescence.

There is nothing inherently new about the threat of disruption. It's just that this movie is playing orders of magnitude faster than the human brain is evolved to anticipate. This in turn has major implications for business strategy. Instead of episodic treatment of disruption, its threats and opportunities should inspire a probabilistic approach to innovation that assumes an ever-increasing likelihood of somebody coming up with a better way of delivering your value proposition, at a fraction of cost, and a multiple of convenience. So, while self-disruption only rarely made economic sense in the past, it should be standard practice now.

3) How do you best embed a culture of change and innovation in an organization, and what role should the board of directors play in this?

To enable a culture of change you must first increase your institutional comfort with uncertainty. But this is counter-intuitive. Human effort is driven by a desire for certainty in an uncertain world. Once we think we have found anything resembling certainty, we tend to linger and hold on for too long. Change aversion comes from an organization's incessant search for new problems to old solutions. We are natural recyclers of ideas. But nothing motivates true innovation like an existential threat. Highlighting and amplifying the risks of standing still would be a great use of a board's time.

4) What potential dangers or threats do you foresee in a world changing exponentially? And what level of responsibility lies with the boards of directors to ensure that such dangers or threats are mitigated or minimized, without compromising the creation of growth and prosperity by continuous (radical) innovation?

On balance, technology has had a tremendously positive impact on our lives. But technology is not only amplifying the extreme

positives, but also the extreme negatives. We're entering a world where the most average outcome is no longer the most common. This is extremely counter-intuitive for executives running organizations that need to constantly respond to change. We're seeing a shift from the normal distribution of outcomes, to a trimodal distribution of outcomes where the tails are in fact pointing up. However, modern management science has only taught us how to manage the average while anticipating fat tails. Very few organizations are prepared for the amplification of the extreme negatives and positives. Reminding business leaders of the threats and opportunities within this new trimodal world is the best use of a board's time.

5) From your experience with executives and supervisory boards, to which topics / competencies would you like to draw more attention?

If the world is changing exponentially fast, then your ability to respond to change is the strongest predictor of your success. More executives and boards should focus on their institutional capacity for responding to change. One of our research efforts at T Labs is aimed at measuring an individual's adaptability quotient, or AQ. What we're seeing is that unlike IQ, AQ is highly coachable. That means that we should invest in nurturing team members to help them become more adaptable. In our research, we are also finding that the strongest predictor of adaptive behavior is your ability to unlearn. Unlearning is emerging as a new core competency for the post-modern organization.

Ultimately, our reach exceeds our imagination. The biggest risk is not thinking big enough.



CUSTOMER ENGAGEMENT



Af Claus Høyer Madsen

Partner and Head of

Deloitte Digital, Denmark

Customer engagement has evolved significantly in the last half-decade. The evolution of digitally connected customers lies at the core, reflecting the dramatic change in the dynamic between relationships and transactions. A new vision for customer engagement is being formed as organisations invest in technology for marketing automation, next-generation omnichannel approaches, content development, customer analytics, and commerce initiatives. This modern era for customer engagement is likely to bring new challenges in the dimensions of customer interaction, connectivity, data, and insight.

Customer awareness, acquisition, conversion, and retention are top priorities and require attention and investment. It is still about choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. This core mission hasn't changed. However, customer engagement has evolved significantly in the last five years, driven by the rapid convergence of customer, digital, and marketing technologies. Marketers have access to an unprecedented amount of data to inform targeted marketing

campaigns. Channel access is ubiquitous, as are touchpoints of all kinds—offline and online. Consumer messaging has morphed into social engagement, allowing companies to view their brands from the outside in.

The result is a magnification of customer expectations in terms of relevancy, intimacy, delight, privacy, and personal connections. Increasingly, organizations no longer market to masses. They are marketing to individuals and their social networks. Indeed, marketing itself has shifted from the broadcast of messages to engagement in conversations, and now to the ability to predict and rapidly respond to individual requests. Organizations are increasingly able to engage audiences on their terms and through their interests, wherever and whatever they are. And customers are learning to expect nothing less, from both B2C and B2B enterprises.

EXPERIENCE IS ALL: THE ENGAGEMENT REVOLUTION

The customer experience now demands a balance of form and function. Experiences should be personalized, contextual, and real-time to “me” in the environment and with the method that makes the most sense in the moment. Every experience reflects the brand, transcending campaigns, products, sales, service, and support across channels. User experience and great design should be cornerstones of every solution, which requires new skill sets, delivery models, and interactions between the business and IT. Behind the scenes, content and digital access management are critical to a seamless integration of campaigns, sales, services, supply chains, and CRM systems.

RELATIONSHIPS ARE INTERACTIONS: THE CONNECTIVITY REVOLUTION

Marketers should build sustained relationships through a deep and meaningful understanding of individual customers. After all, effective relationships drive loyalty, build communities, and cultivate influencers. Meaningful relationships also require dialogue. The shift from omni-channel to omni-directional communication across channels is giving communities and individuals the opportunity to create new levels of engagement. A recent Deloitte study commissioned by eBay found that being

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broadly present across channels, and enabling each channel to serve the customer at any point through the purchase journey, raised brand awareness and drove loyalty.

INTELLIGENCE IS TARGETED: THE INFORMATION REVOLUTION

Deriving meaningful customer, sales, and product insights requires an appetite for enormous amounts of data and analytics. Better targeting and visibility across the full customer life cycle enhances the use of standalone tools in areas such as campaign automation and bid management systems—indicative of the trend to understand individuals versus broad segments.

CHANNEL ORCHESTRATION IS MULTIDIMENSIONAL: THE TECHNOLOGY REVOLUTION

Channels and customer touchpoints are constantly multiplying. Marketers now own or manage the marketing platforms, architecture, and integration required to provide a consistent experience across channels. Contextual architecture should provide data, images, video, and transactions dynamically—and be based not just on who the customers are, but where they are, what they've done, and what they're likely to want next.

THE ROLE OF THE BOARD

The board should be prepared for a sizeable increase in digital customer engagement platform initiatives (akin to the wave of automation in the worlds of finance and supply chain) that foster integration into CRM and ERP systems in areas such as pricing, inventory, order management, and product R&D. And, as analytics, mobile, social, and the Web become the digital battleground, the board should expect aggressive pushes in these areas. These forays could affect the organization's enterprise strategy in each domain. The board should not settle for being a responsive, informed party as the revolution unfolds; the board should be seen as a strategist and act as a catalyst. The stage is set. It is time for the next wave of leaders to deliver.



BOARD PERSPECTIVES

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Jakob Stengel, *cand.jur.*, har i 20 år beskæftiget sig med *Corporate Governance* samt *ledelsesrådgivning*, først 10 år i den finansielle sektor, og de seneste 10 år som konsulent og partner hos flere af headhunterbranchens mest fremtrædende, internationale aktører, i dag i regi af *Case Rose / InterSearch* (www.caseroose.com), hvor han er *Managing Partner* og *Global Head of Board Practice*. Jakob er grundlægger af og formand for *Board Network - The Danish Professional Directors Association*, og virker tillige som *bestyrelsesformand* og *-medlem* i en række danske bestyrelser.