



# **National Director Conference 2017**

**“Steering Governance in a Changing World”**

14<sup>th</sup> June 2017

**“How might boards disrupt  
the disruption?”**

Robert Gordon CEO Board Accord

# A Consultant's Perspective

Q. How might the board proactively disrupt ITSELF to optimise performance and outcomes?

Q. How might the BOARD REVIEW be a vehicle to disrupt the Disruption?



# What is Technological Disruption?

A disruptive technology is one that displaces an established technology and shakes up the industry

or

a ground-breaking product that creates a completely new industry.

- Christensen – ‘The Innovator's Dilemma’
- ‘Kodak Moment’
- Tsunami on the horizon



# Leadership Struggling in the VUCAD World

- “Leadership crisis in the world today.” (86% WEF 2016)
- IBM - 1,500 CEOs - business complexity is increasing and 50% doubt ability to manage
- CWL (Melb Uni) 2015 – concerned about leadership and management capability



# The Fourth Industrial Revolution

*“There has never been a time of greater promise or potential peril. Decision-makers are too caught up in traditional linear, non-disruptive thinking*

***or***

*too absorbed to think strategically about the forces of disruption and Innovation shaping our future.”*

Klaus Schwab - “The Fourth Industrial Revolution”

- Disruptive Stress or Disruptive Opportunity?

# The Cost of Leadership Failure

- 40% of Fortune 500 Companies gone by 2020
- Mega Oil and Gas projects - 65% failure (AmCham)
- Serial Banking crises
- BHP in Brazil and VW emissions in Europe
- Ford CEO in USA
- The Future of Capitalism



# The Challenge

## The Complexity Gap

Failure of cognitive and emotional ability to process information and coordinate multiple variables that overwhelm comprehension and minimise the ability to act with power, presence and agility.

## The Age of Acceleration (Thomas Freidman)

- Moore's Law in Tech, data and automation
- Globalisation - trade, information, communication and travel
- Climate Change and Population



# Is the board 'Disruption-Ready'?

- An artifact from the Industrial Revolution
- Deloitte Global Board Survey April 2016 -

*“Boards stand unarmed to enter the battlefield of future business creation in a disrupted world”*





# Is the Board heading for a Kodak Moment?

- Virtual & Augmented Reality
- Real Time Voice Translation
- Deep Learning / AI
- EdTek, MedTek, FinTek, GovTek
- Blockchain – DAO, Ethereum

## Is that enough?

The pace of technological advancement must be met by maximising human 'operating systems' to 'Govern' -

- Thinking
- Behaving
- Collaborating

# Psychological and Sociological Disruption

*“The key is social. Exemplary boards are robust, effective social systems”.*

- J Sonnenfeld

- Board as incubator of disruptive thinking.
- Directors and management must ‘self-disrupt’ thinking and behaviours of self and others, as well as processes, procedures, protocols and technology.
- Darwinian



# Human Potential - Developmental Theory

Graves, Kegan, Torbert, Wilber, Spiral Dynamics, Cook-Greuter, Laloux

## **Optimising ability to –**

- Comprehend complex systems and conflicting multi-stakeholder perspectives
- Engage in emergent organizing
- Demonstrate emotional awareness
- Adapt as fast as change itself

## **Amplify wisdom -**

- through profound reflection and dialogue
- to engage in transformational interactions and
- balance global and local perspectives.



# Three Board Space Engagements to Ignite Developmental Shift

1. Externally-led board reviews
2. Professional Development
3. Mentoring and Coaching



# 1. Board Review as a Strategic Engagement

*“Self-evaluations can be used to rethink board composition and address a director’s poor performance. But 51 percent of directors say their board didn’t make any changes as a result of their last self-evaluation process”. PwC*

- Annual, self and peer, externally-led – No ‘box-ticker’
- KEY – Embed in an architecture of PD
- A disruptive engagement that exposes conscious and unconscious cognitive bias and builds capacity
- Elite Athletes – Why not elite Directors?



## 2. Personal and Professional Development

*“There is a consensus that improved education of our polity will result in better leadership” WEF*

Targeted, transformational PD –

- customised
- provokes reflective thinking
- raises self awareness
- ‘soft’ skill literacy to interrogate, articulate, evaluate and execute ‘hard’ skills.
- assists developmental growth as people *and* practitioners
- IOD’s Role



# 3. Mentoring and Coaching

*“Leadership qualities have to be cultivated. Respondents prioritised **training, coaching and mentoring** as the best way to develop tomorrow’s leaders” WEF*

Every significant and successful disruption, innovation, strategy or initiative began with a QUESTION.

- Master listening, questioning and curiosity.
- Skillful, respectful questioning of self and others to move beyond ‘cognitive software failures’, (conscious and unconscious bias), embedded in board culture.
- Insightful, targeted Mentoring and/or Coaching engages both challenge and support.

# Director Disruption begins with a Question

*“All disruption starts with introspection. Self-disruption is like undergoing major surgery, but you are the one holding the scalpel”.*

- Robin Sharma

- Anchoring bias – the lies we tell others
- Optimism bias – the lies we tell ourselves

*“Why am I sitting around this boardroom table?”*

**Purpose**



# Cohort Disruption begins with a Question

*“The highest-performing companies have extremely contentious boards that regard dissent as an obligation and that treat no subject as undiscussable.”*

J Sonnenfeld

- A board’s performance is determined by the quality of its questioning.
- All risk analysis and strategic decisions need to pass through a gauntlet of divergent ‘devil’s advocacy’ to avoid strategic error and operational failure.



# Culture creates the Tech and Tech creates the Culture

Technological Disruption doesn't evolve in a vacuum

- Culture is the software with which we negotiate the Social world.
- Technology is a tool – Culture is the operating system that determines whether the tech will crash or run.
- The 'command & control' model of industrial revolution profit-driven governance is exhausted.
- We'll evolve an operating system for a new type of organisation.
- GovTek will enable a shared and distributed governance model.



# We need a Brave New Board

- Is The Fourth Industrial Revolution also The Sixth Great Extinction?
- Boards need to proactively ensure their PEOPLE and ORGANISATION are accelerating developmentally to manage the Age of Acceleration
- The Age of the Transhuman, Cyborg ?



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*While the review process may not necessarily be comfortable, Gordon believes 'it should always leave the directors feeling reinvigorated, more purposeful, more committed and more capable'.*

*'A good review will be one that re-energises the people around the table,' says Gordon, Director of Programs at Board Accord. 'That's why it's crucial to get buy-in from all participants, for the process itself and for following up on recommendations.'*

**AICD Company Director Magazine Oct 2013**