



NACD Minnesota Chapter

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“Disrupting Your Organization: Why It's Not Optional

Guest Panel:

Linda Hall

Cathy Smith

Dominic Venturo

Dan Forbes, Moderator

Disruptive forces impact every industry. According to *Fortune*, 89% of Fortune 500 companies from 60 years ago have either gone bankrupt, merged with (or were acquired by) another firm, or still exist but have fallen off the list.

Navigating the fast-paced transformation of market demands and technological innovation is essential to sustaining market relevancy. How can the board and management engage disruption as an opportunity to evolve business strategies and accelerate growth, rather than as a threat to be managed?

Dan Forbes

Two examples of industry disruption:

- Polaroid: they held fast to their traditions and were not willing to move to technology. The company had amazing capabilities but missed the turn in the road.
- Swatch: Swiss watch maker that made the decision to change their methods. Watches became disposable – an everyday object – and there was not the demand for the precision Swiss watch. They switched up their product to plastic colored watches with a contemporary design and saved their company by changing with the times.

Thoughts on disruption:

- Cathy Smith – Target
 - They have continually dealt with the threat of Amazon. Amazon didn't need to make money and paid attention to long term consumer trends. They held a more objective view of the situation.
- Linda Hall – Professional Board Member/Former CEO
 - Directors tend to push management about market share. Instead they should focus on who is using your product! And why! What experiences do customers have? Not only in the purchase, but also the use? What job are you trying to get done?

- Dominic Venturo - US Bank
 - Changes have made it difficult for customers to do business with them (logins, passwords, etc.) They are necessary for risk prevention but often cumbersome.
 - Company needs to take a look at the customer experience. Their last amazing experience determines the next one.
 - Consider scenario planning – usually the first reaction is to dismiss this, but it can make a significant difference.
 - PayPal is an excellent example of a company that evolved their products/services over the years to achieve their success today.

Agility in a mature organization

- Consider agile development. If you wait for a perfect product, it could be too late. Sometimes it is necessary to put out a less perfect product and then continually improve it.
- Strategic planning is integral to scenario planning. Are you tooled for this?
- Look at others outside your industry.

Strategy for change

- Sometimes companies need to be bolder in a response. How long does the board stay with management?
- The CEO needs to take time to review accomplishments with the board and then look forward. Management lives it every day, the board does not.
- Outside of R&D, the best way to develop strategy is:
 - Rolling dialogue
 - Collaboration, pressure testing, risk reviews
 - Crazy scenario planning is very useful

What is the proper board composition?

- How do boards assemble the skills needed?
 - There needs to be a diverse set of perspectives – not just gender, but of thought and opinion.
 - Try to imagine a different future than what we see now.
 - Participate in social listening.
 - Engage in technology
 - How we engage has changed.
 - There is a push towards digital (AI, Quantum Security, machine learning).
 - The quality of data has changed and what we do with it is a major concern.