

Are Nordic boards ready for digitalization and disruptive business models?

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There are many indications that a new major group of business sectors will be challenged by digitalization and disruptive business models. Players in transportation, financial services, insurance, healthcare, and many actors in the B-B segments are already, or will soon be, confronted with a totally different business reality. Are the current boards ready for these challenges, and how can they insure the shareholders that their investments are in safe hands during such draconian shifts in business models?

Historically, the discussion about board selection circulated in the Nordic countries focused on age, gender, and nationality. But is this the right focus today? Would a nomination committee or a larger share holder dare to appoint a new 32 year old board member because he or she had unique competencies in the cross field of understanding disruptive business models and digitalization or global brand building? Or would they turn to a more traditional selection model, when the financial choice would have to be made?

Many of the companies within the industries mentioned in the introduction are built on a culture of control, regulation, and low risk taking. Frequently, disruptive innovation is described as a process by which a product or service takes root in simple applications at the bottom of the market and then relentlessly moves up, eventually displacing established competitors or completely removing competition (as among other described by Shumpeter and Christensen). Hence, it is essential if your industry is changing that not only management competencies but, perhaps even more important, that also (strategic) board competencies are critically reviewed and the necessary consequences of this situation are taken into consideration. Unfortunately, research is frequently pointing at the most frequent reason why companies are failing: Denial of facts and grossly miscalculation from current market leaders on how rapidly disruptive models are fundamentally changing entire industries. Nordic companies and consumers are in general early adopters, so with the right board, a disruptive strategy, and a dynamic team it might be an opportunity for many Nordic companies to become real global players (like Skype, Vivino, and Spotify).