

**ORGANIZATIONAL FUTURE-PREPAREDNESS AFTER COVID-19:**

# **A Clearer Role for the Board?**

**Findings from an academic research project**

Conducted in 2021

**COPENHAGEN  
INSTITUTE  
FOR FUTURES  
STUDIES**



*In collaboration with*



**SCHOOL OF BUSINESS AND SOCIAL SCIENCES  
AARHUS UNIVERSITY**

## **Contributors**

---

Associate Professor, School of Management

A D A M V I G D O R G O R D O N

*Aarhus University*

Director

L A S S E J O N A S S O N

*Copenhagen Institute for Futures Studies*

Senior Advisor

N I C K L A S L A R S E N

*Copenhagen Institute for Futures Studies*

Art Director

S A R A F R O S T I G

# Executive summary

This report analyzes the role of board directors in achieving and maintaining organizational future-preparedness. It uncovers current practices, investigates the extent to which board members think these are adequate, or what else may be done, and where the balance lies between directors and management executives in this matter.

The findings are based on an academic research project by the Aarhus University Strategic Foresight Research Network, in association with the Copenhagen Institute for Futures Studies. During the first half of 2021, the authors conducted in-depth interviews with 25 non-executive directors and board Chairs currently in post at listed European companies across sectors such as aviation, hospitality, software, logistics, energy, banking, engineering, medical supplies and insurance, with more than half of the respondents representing companies with 5000+ employees or more than €1bn annual turnover.

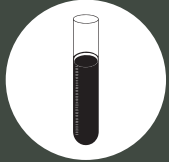
Key findings are that board members perceive ongoing high levels of external change and uncertainty in their industry environment, and in this context, they are aware that they have a role to play in readying the enterprise for change. Board members see their role, in part but not least, as one of being the long-term stewards of organizational value, particularly where executive management attention is inevitably drawn to daily struggles. To this, directors are spending considerably more board time on big-picture strategy and on some forms of future-preparation, for example through enterprise risk management, succession planning, and M&A prospecting.

However, the overwhelming majority of respondents felt that their activities and those of their fellow board members only achieved merely adequate future-readiness (just above 3 on a 5-point scale), not least in the light of Covid-19 for which their companies were, without exception, unprepared. While the pandemic was a wildcard (low-probability high-impact) event, directors anticipate it will give new impetus to boards addressing external uncertainty, both threats and opportunities.

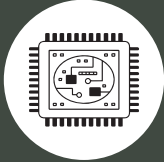
This directs attention to how directors should achieve the company future-readiness part of their mandate, within the confines of board role. In the main, board directors are of the view that future-orientation should, like their board role, come from executive management, to which the board should play a monitoring, sparring, augmenting role. This turns the focus to whether anticipatory capabilities among board members and their techniques of industry future-assessment are adequate to this task.

In general, board members practice strategic foresight on the basis of their industry experience and a self-driven knowledge accumulation, for example by speaking to informed people or reading industry predictions. However, few of the participants interviewed felt this was fully adequate. Some pointed to diversity (gender, age, nationality, skills background) of board candidates as one solution for improving insight into change and opportunity. A small but significant sample also referenced recognized future-research and future-judgment techniques, albeit mostly remarking on their current absence at board level. The report concludes with key initiatives in this regard.

# Scope of industry respondents



**Health  
(microbiology)**



**Software**



**Shipping**



**Investment  
banking**



**FMCG**



**Offshore  
drilling**



**Healthcare**



**Airlines**



**Food  
and beverage**



**Sports  
equipment**



**Catering**



**Insurance**



**Banking**



**Waste  
recycling**



**Media**



**Pulp and  
paper**



**Food  
processing**



**Energy**



**Gaming**



**IT**



**Engineering**



**Manufacturing**



**Transport and  
logistics**



**Finance**

# 1. The board's role in future preparedness: WHY IT MATTERS

The Covid-19 pandemic has turned the spotlight on anticipatory capabilities and levels of future preparedness at companies and other institutions.<sup>1</sup> Are new horizon risks and opportunities being given adequate attention? Are the capabilities in place to diagnose the implications of external change? Who should be assessing this, and what is the best way to do it?

While the pandemic was a sudden, exceptional event, it is a resounding reminder that organizations constantly grapple with challenges that originate in the external environment. In some cases, the challenge is trend-oriented and consistent, in others it is exceptional and surprising. External change is also the primary source of new opportunities and business growth.

In all of this, the spotlight is on senior leadership. Are those who set company direction and priorities adequately skilled and informed, therefore capable to act timeously and effectively ahead of change? Meeting the challenge of change, both mitigating risk and embracing opportunities, requires a willingness to address new conditions and a facility with best practices for doing this.

The field of strategic foresight has over many years assessed executive management's orientation to and capabilities with future-preparedness,<sup>2</sup> but the role of board directors in this regard is relatively under-examined. This study therefore turns attention to the role of the board, particularly non-executive directors (NEDs) and board Chairs, in maintaining organizational future-orientation and preparedness. It is based on 25 in-depth interviews with board members, all of whom are currently in post at 25 different stock-exchange listed companies in Northern Europe.

The research developed three lines of inquiry:

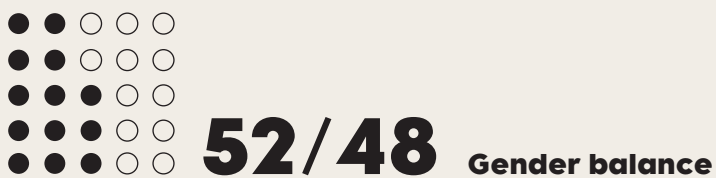
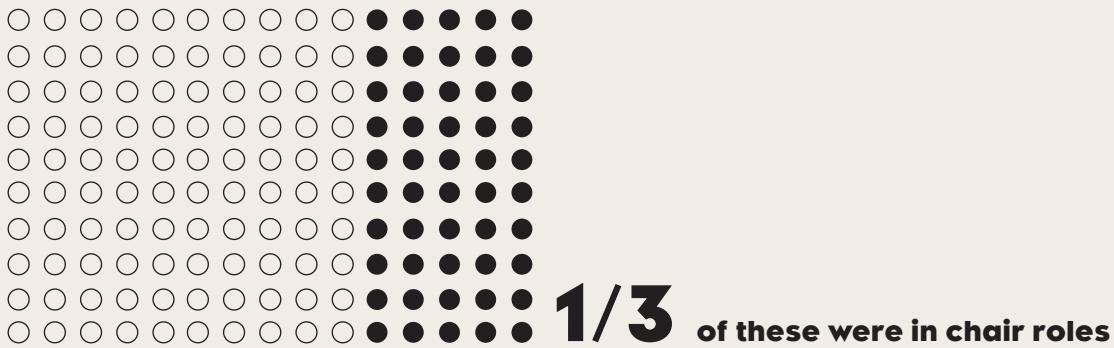
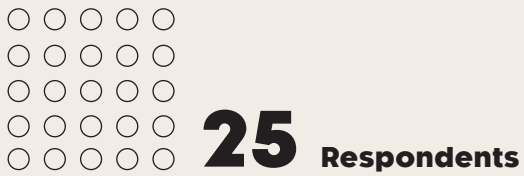
- Each board member's actions (and via them, the board's actions as a whole) during the Covid-19 pandemic, both in its immediate aftermath and since. The pandemic is widely regarded as an event that companies were unprepared for. It therefore addresses adequacy of prior future-preparedness.
- Board members' perceptions of the level and sources of the external changes they face, as well as ongoing board activities with regard to company future-orientation (both risk and opportunity).
- Expected board role in company future preparedness going forward, including possible changes to board practice and an apparent growing role for boards as long-term stewards of the enterprise.

While the focus is on board directors of listed corporations in Europe, we propose that the issues raised and findings determined closely approximate similar challenges that company boards outside of this region face, as well as those faced by boards and director-committees in non-listed companies and in public and non-profit sectors.

<sup>1</sup> We have used the terms future-preparedness, future-orientation, future-readiness, future-engagement and anticipatory leadership synonymously in this report.

<sup>2</sup> See for example Rohrbach R., and Kum, M (2018) Corporate foresight and its impact on firm performance: A longitudinal analysis. Technological Forecasting and Social Change. A summary version of this was released as The Corporate Foresight Benchmarking Report (2018), Aarhus University.

# Respondents



## 2. Background

It is already well-established that boards' roles and activities are changing. According to The Spencer Stuart Board Index 2018 report,<sup>3</sup> among many similar studies, boards are spending considerably more time on company strategy. Board members are taking a more prominent role in evaluating management's strategic positioning, strategic intent and forward direction, and in many cases co-developing this with senior executives.

This change is due in large part to increased change in the external environment – putting companies under pressure to update customer offerings or develop entirely new business models. Chief among these stressors in our current era are digital technology and environmental-sustainability transitions, but there are many other such external factors, such as regulation, globalization, information security and culture wars, all of which individually and collectively threaten to unseat prior solutions and therefore demand attention to strategic renewal.

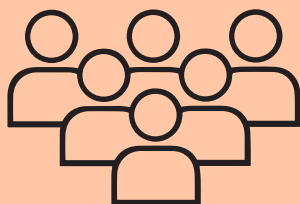
The other long-term change in board practice, also borne out by the findings below, is the “professionalization” of European boards over the past decade. This has taken the form of more detailed and demanding information presented to board members, requiring both a wider spectrum of skills and competences from them, and their more exacting attention.

Given the importance of professionally addressing the changing external environment, along with an understanding that executive management focus is inevitably and correctly drawn to day-to-day execution and near-terms wins, mid-range strategy and company future-direction has become a sharply growing part of the board mandate. This has not meant diminishing boards' traditional attention to oversight, compliance and governance. As is seen in the research findings, below, boards' shifting orientation towards strategic conversations has added to the overall workload of board members.

Boards filling out the strategy part of their mandate leads to attention to board members' skills and qualifications in this regard. This has led to pressure for broader skills in the boardroom, particularly innovation and information technology skills, and for greater facility with environmental and social changes. Among other things this has led to significantly more women being appointed to company boards. It has also opened the door to appointments from other countries and cultures and younger board appointees, although these trends remain minor in Northern Europe.

<sup>3</sup> Spencer Stuart Board Index (2018). Annual reports covering a wide spectrum of board indicators and trends are available from [spencerstuart.com](http://spencerstuart.com).

## Company size by headcount % of respondents



**27%**

Less than  
1,000

**27%**

Between  
1,000-5,000

**23%**

Between  
5,000-10,000

**23%**

More than  
10,000

## Annual company revenue € % of respondents



**18%**

Less than 100  
million

**18%**

Between 100-  
500 million

**14%**

Between 500  
million - 1 billion

**27%**

Between  
1-5 billion

**23%**

More than 5  
billion



### 3. Research and findings

Against this backdrop, Aarhus University in association with the Copenhagen Institute for Futures Studies devised and conducted an in-depth semi-structured interview of 25 board directors currently active in large, listed European companies. The respondent pool consisted of directors in sectors including aviation, hospitality, software, freight transportation, energy, gaming, banking, engineering, medical supplies and insurance, among others. Interviewees represent an accumulated lifetime experience from more than 150 boards, and a third are or have been board Chairs. The sample has a 12-13 gender balance. The research excluded management executives and management executives who held an ex-officio board seat. Participants responded under conditions of personal and company anonymity. The database of respondents, and their recorded audio and coded interview text, is held by Aarhus University.

The research was conducted in winter-spring 2021, in the context of a Covid-19 lockdown that applied at the time, including to the interview participants themselves. This was fortuitous in that the pandemic and its widespread business consequences had, by common admission, not been seen or planned for, and thus represented an apparent gap in company future-preparedness. Therefore, the survey was able to address prior future-preparedness activities at board level with reference to a specific surprise in the external environment.

Beyond Covid-19, the interview solicited board members' opinions with regard to the strength of external change and industry uncertainty the company was facing, and where specifically this might be coming from; and in response the type and level of board activities contributing to company future preparedness, if any, and whether pandemic crisis management may have any long-term impact on this.

The research also investigated views on how boards should best go about their role in company future-orientation and preparedness – how a change-aware future-optimization mandate may be achieved – including investigating board perceptions of where the boundaries lay between board vs. management responsibility on this topic. Further, what might stand in the way of this happening, and how such obstacles could be overcome.



## **a. Pandemic response**

The pandemic experience and response at board level were very similar across all companies studied: a crisis phase, followed by a reasonably rapid return to a new-normality, albeit with some lasting effects, discussed below. The length of time between crisis and return depended primarily on how deeply the company's business lines had been affected and how fast they were recovering.

In all cases, without exception, interviewees reported a crisis period in March-April, 2020. Key issues during this period were the safety and wellbeing of employees, including psychological wellbeing (including that of executive management under considerable stress), as well as business imperatives: financial survival, continuity of operations and maintenance of supply chains. The acute phase was characterized by very frequent board meetings, typically weekly (online), interspersed with ongoing high levels of communication, particularly via phone and video calls, both between board and company management and between board members themselves. Communication protocols during this phase was characterised by a relatively informal interpersonal access and high levels of information sharing.

During this phase, it was reported by more than half of subjects that they or their board took on a role that blurred with and at times crossed over into "hands-on" management, particularly with regard to financial survival. Various board members described being active, for example, in pursuing furlough funding or soliciting other borrowing or liquidity options. This intrusion into the management responsibility sphere was explained by the "all-hands-on-deck" mentality that prevailed, and also by an awareness of board members' legal responsibilities and liabilities, which justified "whatever was necessary" for company survival. Having said this, interviewees without exception were conscious and respectful of the board-management firewall, that the board stays out of executive management. They considered such intrusion as strictly a short-term crisis measure.

Akin to this, directors reported that management had approached them for suggestions and solutions far more often and urgently than was the case prior. This was understood as a manifestation of the traditional sounding-board function of the board ("look, this is what we want to do. Are you okay with it?"), just in a more acute form. This was particularly the case with regard to difficult decisions in terms of employee furloughs or contract terminations, or workplace closures. In various cases, this particularly involved drawing on senior board members' experiences from prior business-emergency experiences, for example the period after 9/11.

In all cases, board members reported that over time, typically by summer 2020, the crisis had given way to a new normal, where the pandemic remained at or near the top of the agenda but standard functions resumed on both board and management sides. At board meetings, directors' roles returned to what many termed "closely monitoring" the situation. Board meetings were still ubiquitously conducted online, and this continued to be the case up to and including the research period (Spring 2021). Many expected that meetings may in part shift to online as a norm, even when not health-mandated, due to cost-saving and convenience.

The spectrum of interviews revealed that the arrival of the new-normal phase varied greatly by company and industry. Companies in the travel, leisure and hospitality industries stayed in an acute phase for longer. Others, for example freight and trucking, were quickly back to operational and financial normality. Others, ironically, found themselves having to address an uptick or even a surge in demand, for example in online shopping, or home improvements, or media-entertainment subscriptions. This was handled by normal board operations.



## **b. Board recognition of external uncertainty and future readiness**

All of the interviewees, without exception, freely admitted that the pandemic had not been on their radar. Despite a pandemic being long considered as one of the primary sources of potential future shock, and fairly widespread consideration of its possibility and effects in government foresight communities,<sup>4</sup> there had been no conceptual or practical preparation of any kind at any of the companies interviewed. The business disturbances of the scale and scope that most faced in the first half of 2020 had not been considered nor planned for. One response, typical of all, was: “It just came from nowhere. And I would be lying if I said that we had prepared for the pandemic to come, because we had not.”

Looking beyond disruptive surprises, when asked whether external and industry conditions were changing rapidly and significantly, and therefore affecting the company, board members answered strongly in the affirmative. On the 5-point scale where 5 was “strongly agree” and 1 was “strongly disagree,” board members returned the following average response:

### **COMPARED WITH 10 YEARS AGO:**

*Our industry is experiencing more change and uncertainty [4.5 /5]*



*Our company is affected more often by significant external events [3.8 /5]*



### **CURRENTLY:**

*Our industry is changing due to digital technologies [4.3 /5]*



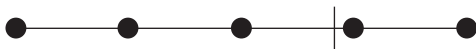
*Our industry is changing due to environmental, ecological and sustainability issues [4.1 /5]*



*Our industry is changing due to societal, market and consumer dynamics [4.0 /5]*



*Our industry is changing due to regulatory and policy changes [3.9 /5]*



*Our industry is changing due to competitors' strategic moves and innovations [3.4 /5]*



4. See for example: 'Preparing for Pandemic Influenza: Guidance for Local Planners' (2013), UK Cabinet Office, and The Pandemic Influenza Response Plan (2014), Public Health England. (As has been well-documented, the presence of such foresight and planning efforts did not imply effective future preparedness.)

This amounts to a clear recognition of external change and industry uncertainty, and to this board members were ubiquitous in saying, yes, the board had a role to play in attending to the readiness of the company for change. It was a core to the board mandate to steward the future success of the company. As discussed in the following sections, there was a variety of opinions on how this should best be achieved within the confines of board role.

The imperative to this role was also evident in board members reporting how strategy concerns had become a bigger part of their board role:

**COMPARED WITH 5 YEARS AGO:**

*Our board spends significantly more time on strategic challenges and new opportunities*

[4.2/5]



Having said this, none saw, or expected to see, a reduction in board attention to compliance issues, internal controls and oversight; which led to the perception that overall board work had become more demanding and time-consuming and that this would continue, or “get worse.”

*“Board members were ubiquitous in saying, yes, the board had a role to play in attending to the readiness of the company for change. It was a core to the board mandate to steward the future success of the company.”*

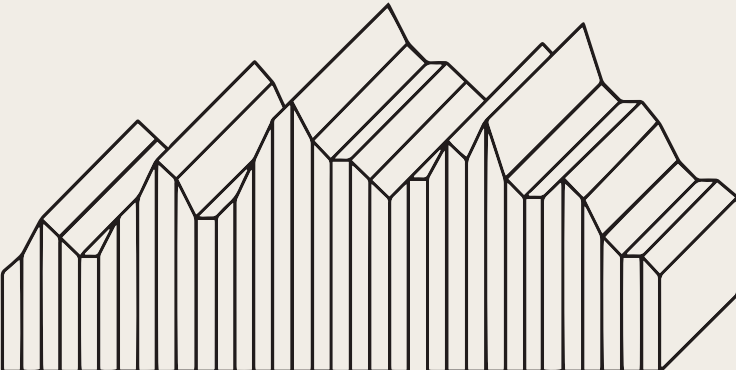
### **c. Prior and existing board future-preparedness activities**

Given a sharp appreciation of external change and industry uncertainty, and the board having a significant role in addressing it, the research pursued what board members' roles and activities should be or could be in this regard, and whether perception of such had changed in the light of the pandemic.

With reference to the period prior to the pandemic, interviewees reported having been involved in company future-orientation in one or more of the following six ways:

- 1. ENTERPRISE RISK MANAGEMENT:** Directors reported a close and constant focus on business continuity, including disaster anticipation and recovery planning, particularly reviewing adequacy of management's resilience plans. Part of the risk management discussion was reported as taking place in subcommittees, particularly the Finance and Audit Committee. In a few cases, interviewees reported that enterprise risk management or "the risk register" also included a view of potential new business opportunities and alliances.
- 2. ANNUAL STRATEGY SESSION:** In all cases, board members reported future-preparedness and planning taking place in one or more company management strategy sessions. This event was typically reported as a "once-a-year" deep dive, sometimes held over a number of days, led by the senior management team, which also often introduced views from external sources such as clients or customers, or external technology or sector experts. In a few cases the deep-dive led to formal board items for follow-up; mostly it did not.
- 3. SELF-EDUCATION:** Board members reported following their own self-guided path to becoming more aware of the changing external and industry landscapes and up-to-date with developments. This included reading widely, travelling, attending events, seeking expert opinions and talking to knowledgeable people, particularly with reference to topics that were most pertinent to their industry.
- 4. M&A PROSPECTING:** Directors reported themselves or their colleagues being directly involved in research towards company mergers or acquisitions. This was understood as a future-related function because acquiring new capabilities or markets, or increasing firm size and scope, is considered a path to future-security or further leveraging a current advantage. Early-stage M&A prospecting is particularly viewed as a traditional board-member function because directors often have the industry reach and contacts necessary for this.
- 5. MANAGEMENT SUCCESSION PLANNING:** Board members ascribed future preparedness in assessing not only present executive management capability, but also the future pipeline of senior management talent and where it was necessary to take steps to make sure such would be in place, either from inside or outside the organization.
- 6. BOARD RENEWAL AND DIVERSITY:** Board members see company future-preparedness in refreshing the composition of the board itself. This includes seeking to increase the range of competencies, experiences and backgrounds among traditional notions of board-qualified candidates. Further, adding future-robustness by appointing from a more diverse gender, age, race and national-background pool, as well as from outside the standard boardroom background (finance and line management); that is, considering candidates from for example HR or marketing or technology backgrounds.

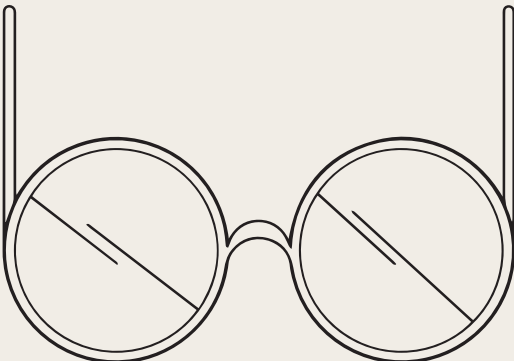
# Common board future-preparedness activities



**Enterprise Risk Management**



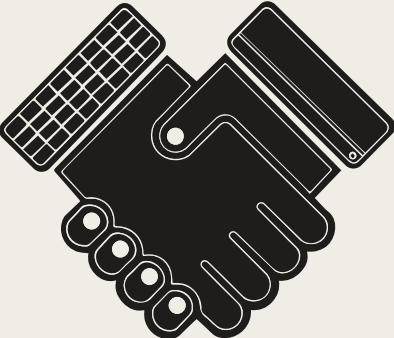
**Annual strategy session**



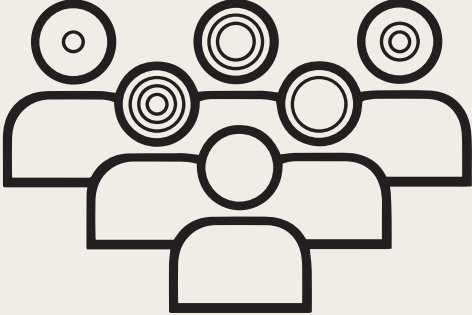
**Self-education**



**M&A prospecting**



**Management succession planning**



**Board renewal and diversity**



#### **d. Board role and practices in company future orientation**

Given board members' recognition of the importance of a board role in company future engagement, and current practices thereto already existing; the research inquired whether board members felt the current type and level of board practices were adequate.

##### **RESPONSES TO THE PROPOSITIONS WERE:**

*Our board's level of engagement (time, attention, focus) is sufficient, in regard to external uncertainty and industry change facing the company/organization. [3.2 / 5]*



*Our board structure, committees, roles and tasks are well-aligned to navigating external uncertainty and industry change. [3.6 / 5]*



Taken together, this indicates that despite the various ongoing practices elaborated in (c) above, on average board members were little more than neutral on whether there was enough attention to this part of their mandate, or whether they were going about it in the right way. To this, they were further asked how might board members best fulfil their company future-readiness role going forward, and were any changes to existing practices to be expected?

With regard to the pandemic experience, board members were split between the view that future-preparedness had been inadequate (“we were caught napping”) vs. adequate (“nothing we could realistically have done would have prepared us”). None expected the experience to lead to any formal or structural change in board practice or board-management structures. Participants however felt the pandemic experience would help to focus minds on future-preparedness. Various interviewees remarked specifically that talking about the future would become an easier conversation to have at board level, that the pandemic has provided a platform whereby board members felt more comfortable enlarging the scope of reference, even probing management plans fundamentally, “Are you sure this is right?”

Interviewees expected board involvement in company strategy to increase; but for the ongoing tug-of-war between allocating time for this vs. time for the traditional spectrum of compliance activities (accounting oversight, regulatory compliance, safety issues, financial review, etc.,) also to continue. One interviewee suggested that boards could “ride both horses” in part-shifting oversight attention from trailing indicators such as financial performance and market share, to “forward-looking KPIs” such as sustainability quotient or customer reviews. Various interviewees suggested that governance and compliance matters should be, and were increasingly being, delegated to board sub-committees in favor of more main board time for strategic discussions.

## e. Absence of recognized future-judgment practices

### WHEN ASKED TO ASSESS THE PROPOSITIONS:

*Our board has the information and capabilities it needs to see and understand external uncertainty and industry changes that are coming. [3.6 /5]*



*Our board independently identifies strategic opportunities and threats (independently of executive management). [3.4 /5]*



The average response was again just slightly above Neutral, suggesting board members saw gaps and room for improvement. In this regard, a notable take-away from findings of (c) and (d) above was an omission: only a handful of the 25 respondents made reference to recognized non-predictive foresight and future-judgement enhancement methods to increase anticipatory capabilities (for example horizon scanning, technology roadmapping, systems dynamics, scenario planning; or assessment of judgmental biases and other limits of framing and perception). In the specific cases, it was scenario planning that was mentioned. Simply put, despite heightened board attention to strategic discussions about future challenges, there was no apparent familiarity with such techniques or where or how they improve judgement of change and surprise in the external environment, either for the board itself or for executive management's own direction-finding process. Therefore, there was also no perspective that the presence of such management practices and processes should be part of what the board checks for in assessing company future preparedness.

*“The pandemic has provided a platform whereby board members felt more comfortable enlarging the scope of reference, even probing management plans fundamentally, ‘Are you sure this is right?’”*

## **f. Relationship with executive management**

With a few activist exceptions, interviewees took the position that company future orientation and preparedness should come from executive management, with board members in review and close, collaborative support. This was in line with the prevailing view of board functioning: that the board works in response to management, and through management, never independently. The following was representative: “I don’t believe that the board should necessarily lead (future-preparedness) on its own ... it has worked well when we challenged their (management’s) perspectives, added to the discussion, and broadened their views on the potential consequences.”

The practical problem with – and to some, paradox of – executive management-led future orientation was also acknowledged: that management is primarily and necessarily oriented to managing daily operations and near-term execution. It is therefore largely counterintuitive for them to look further ahead. The minority activist position was therefore that the board needs to step in in this regard and that non-executive directors should at a minimum be bringing future-orientation issues to management attention, not wait for it to come the other way. Further to this, it was commonly remarked that, comparatively speaking, the non-executive director has both the relative distance and “luxury” to enable him or her to hold the longer view.

This proposition appreciates the different roles and priorities on each side, expecting and allowing management to take a shorter-term, narrower, industry expert viewpoint while the board keeps future alignment and renewal in focus and on the management agenda. However, it was recognized that this role-split in itself could lead to tensions where the board may be concerned that management was ignoring emerging threats and opportunities, while executives may be frustrated in that the board was asking management to dilute its operation focus in favor of speculative future possibilities.

In navigating these two competing imperatives, interviewees ascribed much to the skill of the board Chair. It was a ubiquitously supported perspective that the orientation of the Chair was highly determinant in presence or absence of future-oriented boardroom discussions in the first place. Where such orientation was present, it was expected that the Chair would be the primary agent keeping the balance of imminent priorities and long-term imperatives in productive tension.

Various participants observed that the board’s duty and obligation in maintaining a company’s future viewpoint also somewhat depended on the chief executive and senior management team’s profile. Where there was installed a CEO focused primarily on executing operations and delivering results, the board would need to more actively raise longer-term priorities; where there was a visionary CEO, the board could expect to do less in this regard, and may need to draw focus the other way.



## 5. Towards anticipatory leadership

Investigating the perceptions of non-executive directors currently in post at a wide range of European companies reveals that navigating the changing external environment is high on their agenda. It is a strongly held view that assessing strategic positioning and guiding company future-orientation is where much director value can be added; and if absent or functionally diminished, much can be lost. Further, in a context of executive management attention being drawn to near-term wins, boards are understanding their role as being, in part but not least, balancing the ship as long-term stewards of organizational value. This view has been strengthened by the Covid-19 experience.

The experience of boards meeting online is generally held to be successful, and it is likely to lead to many partially continuing to operate this way, also therefore meeting more flexibly and more often than was the case prior. Beyond that, it is not expected that the pandemic will lead to change in board structure or functionality, but it is expected it will accelerate the shifting board mandate already in progress: towards a greater role for boards in company strategy.

Strategy and anticipation of future industry conditions are inseparable, two sides of one coin. Any discussion of strategic risks, opportunities and priorities is also a discussion about the plausible and possible future external environment. While it is not expected that boards will independently engineer views of future operating environments, it is expected that they will increasingly assess how well management strategy holds up to the future.

Seen this way, monitoring a company's future-fitness is not far from more conventional forms of board-level monitoring, and boards may come to view management preparedness for future industry evolutions and surprise just as any other governance or audit item, and bring to this the same level of vigilance and trouble-shooting they bring to all management review items, that is, "is this function and capability present to the extent it should be in the company, yes or no? If not, how do we ensure it becomes established?"

With regard to how boards might practically go about achieving this part of their mandate, the majority view is that directors should not create the future-readiness themselves. As in all things, they should work via management, in a collaborative "sparring" relationship. Much therefore rests on board members' ability to adequately spar in this regard, including raising issues when these are not seen or adequately recognized by managers. As it stands, taking the 25 directors surveyed as representative of the wider status quo, board members' self-recognized need to fulfil a future-engagement function is not wholly matched with skills in this regard.

Future judgments based on proximate personal experience and self-education have limitations and are unlikely to be strong enough to bear the weight of company future responsibility that directors have. The commendable practices elaborated in 3c above, along with expanding appointees' diversity of backgrounds and skills, will take boards part of the way. But this still leaves a way to go to get to where they need to be, to be custodians of future-competitiveness and stewards of long-term company value.

For directors seeking to sharpen the boards role in future-orientation and engagement assessment, we suggest the following initiatives:

# KEY INITIATIVES

## **A. Diagnose the board's future-orientation and capability:**

The following questions, selected from the research interview, are presented here to help other directors and board Chairs consider their own board's role in assessing and maintaining organization future-preparedness.

1. Our board's level of engagement (time, attention, focus) is sufficient in regard to external uncertainty and industry change facing the organization. *(Yes/No)*
2. Our board has the information and capabilities it needs to see and understand external uncertainty and industry changes that are coming. *(Yes/No)*
3. Our board structure, committees, roles and tasks are well-aligned to navigating external uncertainty and industry change. *(Yes/No)*
4. Our board's current composition profile mix (age, gender, national and professional background) is sufficient to deal with external uncertainty and industry change. *(Yes/No)*
5. During the past 5 years, our board has initiated discussions with executive management that lead to meaningful new strategic actions (e.g. divesting from a business, entering a new market.) *(Yes/No)*
6. The CEO and executive management team at our organization are oriented to day-to-day management and quarterly results, and don't spend much time formulating or acting on a long view of industry change. *(Yes/No)*
7. Our board members have all the relevant skills and resources they need in order to challenge and advance executive management's organizational future preparedness. *(Yes/No)*

## **B. Develop board anticipatory leadership**

Depending on the results of (A) and in view of the culture of the company and the particular industry challenges it faces, directors may accord with the view that their board has a responsibility to maintain organizational future-orientation, in association with management, and to sharpen their attention towards this.

To this end, the activities described by board members in section (3c) above are the basis of a good future-readiness footprint. These are:

- 1. ENTERPRISE RISK MANAGEMENT:** address threats to business continuity, including disaster anticipation and recovery planning.
- 2. ANNUAL STRATEGY SESSION:** expand the scope and depth of management's strategy session, for example by including external sources such as clients, customers or other sector perspectives.
- 3. SELF-EDUCATION:** formulate a self-guided path to relevant new knowledge and perspectives with regard to the industry and its cognate sectors, by way of both formal (research, industry literature) and informal sources such as travel, and discussions with knowledgeable sources.
- 4. M&A PROSPECTING:** consider alliance and merger prospecting as a future-readiness activity, particularly indicated for board-members based on industry experience and the strength of personal networks.
- 5. MANAGEMENT SUCCESSION PLANNING:** assess and maintain the pipeline of management talent in the organization, not only with a view to traditional management skills, but also in terms of ability to respond to industry change.
- 6. BOARD RENEWAL AND DIVERSITY:** (particularly for board Chairs and search committees) attend to the experience composition and skills mix of the board itself, with regard to new industry challenges.

In addition and in support of these, we advance a further leadership practice capability:

- 7. NON-PREDICTIVE ANTICIPATORY FORESIGHT:** incorporate strategic foresight methods to create a high-quality view of industry or sector evolution. Such methods are entirely unrelated to forecasting or modelling, which are brittle to even minor changes in the external environment, and therefore intrinsically unreliable and often directly misleading. Rather, enhanced future-industry judgment is achieved by comprehensive scanning and cataloging of change-indicators, including awareness of cognitive framing and other judgmental biases; and on this basis formulating alternative plausible templates of external future operating environments for leadership discussion and decision. Such envelopes of plausible evolution will simultaneously account for technology, market, regulatory and competitor developments, as well as the feedback effects among these. They allow an organization's current or near-term strategy choices to be critically evaluated against a spectrum of forward views of industry conditions. Doing this consistently and authentically invites productively dissonant points of view, therein also demands that leadership nurtures a culture which rewards this, and which strives to balance today's priorities with value-stewardship. Upon such platforms and methods, exercised consistently over time, a higher-quality judgment of the pace and direction of industry change can be built and used.

**COPENHAGEN  
INSTITUTE  
FOR FUTURES  
STUDIES**



*In collaboration with*



**SCHOOL OF BUSINESS AND SOCIAL SCIENCES**  
AARHUS UNIVERSITY

## **Contact**

---

Associate Professor, School of Management

**ADAM VIGDOR GORDON**

*Aarhus University (adg@mgmt.au.dk)*

Director

**LASSE JONASSON**

*Copenhagen Institute for Futures Studies (lj@cifs.dk)*

Senior Advisor

**NICKLAS LARSEN**

*Copenhagen Institute for Futures Studies (nl@cifs.dk)*

**COPENHAGEN INSTITUTE FOR FUTURES STUDIES**  
BLOXHUB, BRYGHUSPLADSEN 8, DK 1473 COPENHAGEN