Quick Answer: What’s the Attitude of Boards of Directors Toward Postpandemic Digital Business?

Published 23 August 2021 - ID G00728157 - 3 min read

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Initiatives: Executive Leadership: Digital Business; CIO Leadership of Strategy, Governance and Operating Models

Digital executive leaders should respond to the 2021 Gartner View From the Board of Directors Survey finding that BoDs expect digital acceleration to drive the post-COVID-19 renewal.

Quick Answer

What actions are Boards of Directors planning vis-a-vis digital acceleration in response to the pandemic?

The data from the 2021 Gartner View From the Board of Directors Survey clearly indicates that a large majority of BoDs see digital acceleration as the best way forward for enterprises to not just survive, but also to thrive, coming out of the crisis. A good balance between digital acceleration focused on “operational excellence” versus “digital transformation” is also indicated as their favored approach.

More Detail

CIOs and executive leaders need to align their strategies and investment approaches with board directors’ thinking. This ensures that IT — and more broadly technology and digital business strategy — are aligned with board strategic direction in these times of unprecedented uncertainty (see Figure 1).
As is seen in Figure 1, 69% of BoDs are accelerating a focus on digital business initiatives as a response to the COVID-19 pandemic. As business processes, customer interactions and employee engagement have all moved rapidly to a remote, nonphysical environment, businesses must accelerate to leverage digital business to best augment the earlier physical environment with digital capabilities.
The most visible and straightforward example of this is the large — and immediate — shift to “work from home” for large numbers of employees, and attempts to recreate the social and team setting of a physical workplace in the digital medium. More complex initiatives involve pivoting to protect revenue and customer engagement through a strong turn to digital channels and capabilities. Consider Alibaba’s InTime department store in Wuhan, China, the first city to feel the impact of the pandemic. When businesses there were forced to shut their doors, the company turned to live-streaming sales activities and retrained its 5,000 sales and customer support staff to be live-streaming hosts. This enabled it to not just avoid layoffs, but also to minimize revenue loss due to its physical stores being shut.

The top five areas of focus identified in Figure 1 also indicate a balance of leveraging digital business to drive internal operational excellence (“inside-out” digital business strategy) at 60% of mentions. This includes an increased focus on cost optimization (50%), as well as a complete transformation of the business model through digital business (“outside-in” digital business strategy) at 39% of respondents.

CIOs and executive leaders should review their enterprise situations with their business leaders to assess which of the above strategies is relevant in their own situations. If their industry or enterprise is seeing some revenue pressures, but businesses still continue to operate, a focus on internal operational excellence and cost optimization to improve and protect cash flows and profitability is appropriate. If there is a drastic erosion or potentially complete disappearance of revenue (the InTime example above), a more drastic pivot to a completely new business model and revenue stream will be warranted.

In either case, CIOs and executive leaders should work with their business leaders so that investments in digital business continue to be about driving and building growth recovery (see Figure 2).

Many situations will require a judicious mix of both of these strategies and should be planned for appropriately and urgently in order to achieve benefits in revenue growth, employee engagement, improved efficiency and customer satisfaction.
The cautiously encouraging news for CIOs and executive leaders shepherding digital business activities is that boards say they are planning to increase IT/technology budgets substantially. It is imperative that CIOs use these funds wisely and are able to tie them directly to the desired digital business outcomes and business results.

**Evidence**

1. Alibaba’s InTime Department Store Chain Turns to Live-Streaming to Boost Sales During Coronavirus, CNBC

2021 Gartner View From the Board of Directors Survey: This survey was conducted to find out how board of directors (BoD) view digital-business-driven business model evolution and the impacts of that on their enterprises. It also helps understand the BoDs’ expectations of executive leaders and how BoDs translate their board focus to actual executive actions and overall corporate performance.
The survey was conducted online from May through June 2020, among 265 respondents from the U.S., EMEA and Asia/Pacific.

Companies were screened to be midsize, large or global enterprises.

Respondents were required to be a board director or a member of a corporate BoD. If respondents serve on multiple boards, they answered for the largest company, defined by its annual revenue, for which they are a board member.

The survey was developed collaboratively by Gartner analysts and the Research Data and Analytics (RDA) team.

Disclaimer: The results of this survey do not represent global findings or the market as a whole, but do reflect the sentiments of the respondents and companies surveyed.