Britain's boardrooms suffering from 'digital deficit'

Britain's boardrooms are suffering from a lack of digital expertise, with only three of the country's FTSE 100 and FTSE 250 companies having boards that can be considered "highly digital", according to a new report.

Unsurprisingly, technology firms dominate the list of companies with highly digital boards; ARM Holdings, TalkTalk and Telecity Group all made the grade, having at least three board members with either executive or non-executive experience at a digital company.

Meanwhile, one in ten of the companies surveyed had "digital representation" on boards, meaning that they had at least one digital member, according to the study by global executive search firm Russell Reynolds Associates. These include the likes of Marks & Spencer, Sainsbury, HSBC, BT, Vodafone, Betfair, William Hill and Easyjet.

But this leaves 308 of the FTSE 100 and FTSE 250 companies in Britain with no digital board members at all.

The rate of digital non executive board appointments is on the rise, with around 4 per cent of 2012 newly appointed directors in the FTSE 100 and FTSE 250 having digital backgrounds. However, the UK is still lagging far behind the United States, where 15 per cent of newly appointed Fortune 100 directors in 2012 had digital backgrounds.

"More and more companies are grappling with how digital is going to transform their business, and in order to affect the transformation, it's profoundly helpful to have people around the top table who can help or at least understand the digital arena," said Rhys Grossman, head of the digital practice at Russell Reynolds Associates.

He added that when it comes to digital, the board needs to be able to understand the market and stay abreast of how new technologies are affecting the business, recognise the value of digital expertise within the organisation, and support the digital strategy through the different phases of the transformation.

"Our contention is that you need people with these skills up and down an organisation at different levels to truly transform yourself and transform your DNA," he said.

"Hiring a token person at the board or hiring a chief digital officer in and of itself isn't sufficient. There is an evolution that companies go through, we find, and along that continuum they evolve – be it in terms of their board composition, their strategy, their leadership team, their organisation and culture."

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