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# Technoliteracy is the New Black

At this point, all public U.S. Corporate Boards have (or can explain why they don't have) one or more qualified financial experts on board. This, of course, has been mandated for some time. The logic for having such talent has long predated the SEC and other requirements. Though by now, most boards see the logic for making sure that *all* their directors are financially literate, whether they sit on the Audit Committee or not. On occasion, we've seen this competency ignored. But how can anyone be engaged in and contribute to a board discussion on financial matters, if they are nearly clueless about what's being discussed or presented? How can a meeting move forward if each financial matter, term, or implication has to be exhaustingly explained to someone? Or even worse, if the director sits quietly and lets the conversation work around him or her, contributing nothing, learning nothing.

Fortunately, basic financial literacy has now pretty much become more than just a standard for a board's audit committee service. It is now expected of all corporate directors. This is evident in many candidate specs and defining corporate governance documents today. It is a sign of being up-to-date as a director in today's business environment. And so, it ends there.

Or does it? After all, the times they are (always) a-changing. It might be high time to look at another new type of literacy for board service — technology literacy. For the sake of argument, let's call it techno-literacy. What do I mean by "techno-literacy?" I like to refer to a popular definition that says to be technology literate one needs to be conversant (well-informed, versed, not expert) in the subject matter.

Now, not all of today's directors are in the dark when it comes to understanding modern technologies and their real or potential impacts on corporations' strategies. But in general, what would you estimate the average director's knowledge to be in this area? I and many others doubt the "average" person of any age understands what is coming, where it will take us, and what it portends.

The point is that boards are NOT comprised of "average" people, and I've never met an "average-intelligence" corporate

director. As a whole, public company directors represent and are drawn from the best and brightest of the corporate world. A number do, in fact, have a deep understanding or at least a considerable appreciation of how today's technology can boost a company and industry, or more importantly, destroy it. Sadly, many more directors do not. Despite their "above average" intellects, they run the risk of becoming "out-of date." So what's the upshot? Well, it is only a short step away from being "out-of date," to becoming irrelevant.

Some boards recognizing this, have quickly moved to "plug the dike" by adding one or two experts — some call them "digital directors", "tech gurus," what have you. This has come about because of all the buzz around the very real risks of cyber attacks on corporations' finances, intellectual capital, and in many cases, infrastructure itself. The rise of social media, hyper-fast communications channels that can boost or trash a corporation's sales, brands, and reputation, demands that boards ramp up quickly, or risk missing precious opportunities, or worse, face other dire consequences.

Having a top notch CIO and tech staff at the company and a tech expert on the board may work well in the short term. But, just like the financially illiterate director, what happens to the technologically-challenged director when more and more board discussions turn towards making key decisions such as adopting or investing in new technologies, and he or she can't even follow the discussion? Even worse, how do they contribute to or deliberate on whether to make wholesale changes to operations, marketing, and other business strategies, because the entire industry may be going in another direction?

CEOs and board members of large and mid-cap companies shared how they agree about the need for all board members to ramp up their basic understanding of technology.

Brigadier General Dr. Dana Born, former Dean of the U.S. Air Force Academy, and an Independent Director at Apollo Education Group told us: "Technology is a key component to conducting board business for the organization I serve. I believe that having a baseline of technology literacy is paramount for directors to support and guide all industries today. Whereas hard copy binders may have been the preferred format in the past, I believe the timeliness, comprehensiveness and portability of information offered by today's automated tools (laptops, tablets, iPads, etc.) improves board governance and enables directors to better support the organization they serve. Specifically, having

access to accurate, real-time information in a business environment of exponentially increasing complexity enables board members and boards to operate more efficiently and effectively."

Steven Nerayoff, the CEO of Maple Ventures, a venture capital firm, and leader of a sophisticated technology consortium, is addressing the impacts of technology that go well beyond the average corporate directors' knowledge of social media and cyber intrusions on business. He stated "fear of cyber crime, and the technological risks they can create, can paralyze the mindset of a board. History has shown that public and private corporate directors must learn how to leverage not just the risks, but the opportunities that are and will become available through advancing technology. Just look at the computer, Internet, and now the Bitcoin revolutions and the disruptive effects on the businesses of these companies and the opportunities that were there for the taking if *someone* on the board had understood them. The ability to think this way takes the board's role to a new level where, at the very least, a base technology literacy will be an imperative for all directors in the near future. If not now, when?"

Knowing that you don't know is always a good start, but accepting it as so is not. That said, how does the average director become "techno-literate?" Good question. Let's start with, "How did you become financially literate?" You worked on it, you built your knowledge up through study and experience over time, until you got there. It worked.

It won't work the same way to get you to become "conversant" in modern technologies. Why? Because, even as you've been reading this, even newer technologies have come on the scene, and others have gone extinct. To get to where you can intelligently discuss or even just appreciate those technologies that will affect your company(ies), you need to catch up and stay up on what's out there and what is realistically on the horizon.

I'm not just talking about cyber-security, cloud computing, customer relations software, and social media (to name only a few). You also need to know how the company is using various systems and technologies, and importantly, those technologies that have built the industries your company(ies) operates within. And whether you enjoy an innovative edge over your competitors, or lag behind then. You also need to know - and should be asking this of management - how long these technologies will last or take to overcome you.

You also need to embrace today's tools enthusiastically. It's fascinating to listen to many in the executive management ranks

when they talk about their board's lack of understanding of technology in general. Many, if not most, have given iPads or similar tools to their board members to receive board related information and materials. But getting their directors up to speed on their newly acquired "cool tools" has quite often been slow and somewhat painful. Many directors still report asking their grandchildren for help with their iPads or tablets. My own father, a well-known CEO in the Optical Industry and one of the most fearless users of the technology of his time, will not touch a simple PC for fear he'll break it. My position has always been: You break it? You can always get another! Even better, there are more "techno-geeks" than you can count who are willing - no - anxious to help you learn and overcome your fears. For many, just being able to demonstrate what they know is reward enough for them.

Having started my career in the technology field during the pre dot-com era, I've watched, with fascination how easily many executives are attracted to technology like a moth to a flame, and grasp how it can have an impact on their business strategy. On the other hand, I've also seen how many people, of various ages, can't grasp how subtly complex the implications can be to a company's existence.

If you're familiar with women's fashion, you should understand the importance of black. Black is reliable. Black is always up-to-date: It goes and works with everything. In the boardroom, financial literacy means being relevant and up-to-date. It is today's director's black. Being technologically literate is **THE NEW BLACK**.

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