

## Cyber Expertise Tops Most-Wanted List

By Amanda Gerut May 16, 2016

Competition is high among boards to find directors who can fill skills gaps related to cyber security and digital technology. Boards want highly capable cyber-security experts who can help them oversee cyber risks and defenses from a risk-management perspective, as well as directors who can help execute strategic goals in such areas as e-commerce and digitization. Search experts say the smartest boards are recruiting directors with both types of skills.

However, experts agree that demand for these skills far outstrips supply. Respondents to [Agenda's Directors' and Officers' Outlook: Q2 2016 survey](#) were asked to describe the skill or area of expertise in a new director that could best help the board oversee the risks the company faces, and the most common answer was cyber security. The second-most common answer was new technology, information technology or big data expertise.

Cyber security and digital technology expertise are new areas that have evolved so quickly that many cyber-security experts and digital technology executives lack the gravitas — and decades of experience — needed to contribute at the board level. Recruiters say they often meet with cyber-security executives who are skilled in all aspects of IT and tactical cyber defense, but aren't capable of discussing broader enterprise risk and strategic business issues.

“This is what keeps me up at night,” says **Matt Aiello**, a partner in **Heidrick & Struggles's** Washington, D.C., office who specializes in the recruitment of national and global chief information officers and senior-level technology, engineering and operations executives.

### Executive Experience Needed

Aiello says cyber executives simply haven't had time to travel the career pathways that other functional experts on boards have in order to achieve the experience necessary to function effectively as a director. Consequently, boards are struggling to understand whom they can trust and engage with as an advisor or board member because there aren't enough people to have those discussions with at the right level, he says.

“The problem will be solved with time, but it's a problem right now,” says Aiello.

Experts say boards got a wake-up call when **Target** suffered a data breach in late 2013. Discussions about whether or not boards needed social media savvy on boards quickly evolved into a discussion about whether boards needed directors with expertise in cyber security, and how and where to find them.

**Jennifer Christensen**, managing partner at **JWC Partners**, surveys directors regularly on the most

underrepresented skills in boardrooms. Following the problems Target faced in 2013, Christensen says, she saw a massive shift in survey responses. Information technology leapt to the top of the list at the end of 2013. The January 2016 [survey results](#) show that IT expertise and digital company executive expertise have continued their reign as the most common need.

Following the Target data breach, “boards in general got very nervous because they realized that there was a huge liability that, as board directors, goes to them personally,” Christensen says.

It’s the board’s responsibility to ensure that companies are appropriately managing cyber threats, vulnerabilities and consequences. Therefore, directors have to make sure the topic is appropriately positioned at the board level and that directors are getting the right types of updates, says **Christian Hagen**, a partner with **A.T. Kearney’s** digital transformation practice.

Hagen says he often sees one director on the board who is seen as a “cyber guru” who conducts operations reviews with company CIOs and makes sure that IT and cyber security are being discussed with the board in the appropriate manner.

“Having that coaching skill to work with the CIO to make sure the topic is being positioned appropriately is a key skill for this director as well,” says Hagen.

Technology, e-commerce and data security are relatively new fields compared to financial and reputational risk, so boards are less familiar with technology risks and less comfortable opining on it, says Christensen. And the fact that such directors are hard to find has also impacted boards’ effectiveness.

### **Lack of Cyber Talent on Boards**

[Research](#) conducted by **MIT’s** Center for Information Systems Research (CISR) in the Sloan School of Management found that boards want deeper engagement on technology in the areas of defense, oversight and strategy.

However, directors rated themselves only a 6.2 out of 10 in terms of their digital acumen, mainly because they often relied on hired consultants to help them evaluate digital projects because of their own discomfort and unfamiliarity with technology.

A recent *Agenda* analysis of S&P 100 boards found that only 12 companies had specifically identified cyber experts among board members, and six other companies disclosed that they had a director who might qualify as a cyber expert.

Aiello says that as the area has evolved, boards have sought out certain profiles of directors to help with both cyber-security oversight and digitization. So far, the most attractive backgrounds for cyber-security experts are directors with senior-level experience working for the **U.S. Department of Defense** or other government or military positions.

For instance, **Suzanne Vautrinot**, president of **Kilovolt Consulting** and a retired major general and commander in the U.S. Air Force, has joined the boards of **Ecolab**, **Symantec** and **Wells Fargo** in the past three years.

## New Skills Needed?

If you could add a board member with a specific skill to help manage risk, which skill would it be?



Based on 70 responses

Directors with security or military backgrounds can help boards oversee cyber and technology issues, as well as such issues as geopolitical risk that can impact both cyber security and operational and growth strategies, says **Stephen Morse**, who leads search firm **Russell Reynolds Associates'** global energy and natural resources practice.

Morse says that in recruiting cyber-security experts to boards, he often looks closely at candidates' strategic thinking and performance-management capabilities in order to assess whether potential directors can communicate and build commitment to ideas and concepts that might not be as familiar to other directors.

**Stephanie Woerner**, a research scientist at MIT's CISR, says their research on boards and technology found that not every director needed to be an expert in cyber security, but the board had to have a culture of being willing to be educated by fellow directors in order to feel it was able to oversee technology appropriately. She says boards that had two directors plus the company CIO working together on a committee, for example, were able to bring other directors up to speed effectively.

MIT's research also found that directors who worked closely with company CIOs were often better prepared to discuss technology-related issues because the CIO had worked hard to make sure directors were well prepped and educated on the company's specific tech issues and plans.

In addition to cyber-security experts with defense and government backgrounds, boards have been seeking directors who can also apply a digital lens to companies' strategic growth plans.

Aiello points out that cyber-security experts will bring a risk-mitigation perspective to boards, which is fundamentally different from digital technology experts, who often bring an aggressive growth orientation.

"Part of the genius of having both on a board is that they can play off of each other," says Aiello.

### Raiding Tech Talent

Boards have been raiding the ranks of companies such as **Facebook**, **Google** and **Twitter** and sought out former execs of **Amazon** for cyber-security and digital commerce experts who can hold their own on boards.

In March, **Capital One Financial** announced that it had appointed **Tom Killalea**, former Amazon CIO and 16-year veteran at the company who also held roles in security and innovation, to its board.

According to data compiled by JWC Partners, former and current executives at Google have joined the boards of **Ally Financial**, **Bloomin' Brands**, **Illumina**, **PVH Corp.**, **RetailMeNot**, **Salesforce.com**, **Select**

**Comfort Corp., Splunk, Sprint Corp., Ulta Salon, Cosmetics & Fragrance and XO Group.**

Former and current executives from Facebook joined the boards of **Chegg Inc. , Hertz Global Holdings , New York Times Co. , Restoration Hardware , Taser International , Viavi Solutions, Wal-Mart Stores and Zendesk.**

Former and current Twitter executives now serve on the boards of **Gannett Co., Jones Lang LaSalle, Marin Software, Restoration Hardware and The Walt Disney Co.**

All of the above appointments were made in the past three years, and the vast majority are the youngest directors currently serving on their boards — some by at least two decades.

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