

# Board of Directors Survey 2024 — Return to Growth

Partha Iyengar

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# Global Uncertainty Shows No Sign of Abating





# Boards Are Dealing With External Factors of Uncertainty



**Economic**  
**46%**

“China slashes rates, suspends youth jobless data as economy signals sharper downturn. Retail sales, factory output miss expectations as overall urban unemployment rises.”

*WSJ*



**Recession**  
**39%**

The leading index continues to suggest that economic activity is likely to decelerate and descend into mild contraction in the months ahead. The Conference Board now forecasts a short and shallow recession in the Q423 to Q124 timespan.”

*The Conference Board*



**Regulatory**  
**36%**

“United Airlines blames FAA for disruptions affecting 150,000 passengers.”

*Washington Post*



**Cyber-Security**  
**30%**

“SEC adopts rules on cybersecurity risk management, strategy, governance, and incident disclosure by public companies.”

*SEC*

“Russia’s war-torn economy hits its speed limit. Economists see this week’s currency gyrations not as the beginning of a financial crisis but rather as a symptom of the Kremlin’s sclerotic economic prospects.”

*WSJ*



**Geo-Political**  
**25%**



# And Internal Factors of Uncertainty ...



Talent/Skills  
**81%**



Machine +  
Human  
Workforce  
**47%**



Hybrid  
Workplace  
**46%**



Global  
Workforce  
**40%**



Societal Norms  
Affecting  
Employees  
**30%**

# Top Insights From Board Director Survey 2024

Risk Management Opens  
Up to Drive Growth

**58%**

Plan to increase their  
risk appetite to drive  
business growth.

Continue to Double Down  
on Digital Business

**56%**

Plan to increase/  
accelerate their digital  
business investments.

S-DE&I Still a  
Priority but ...

**76% / 62%**

Planned investment  
increases in S/DE&I.

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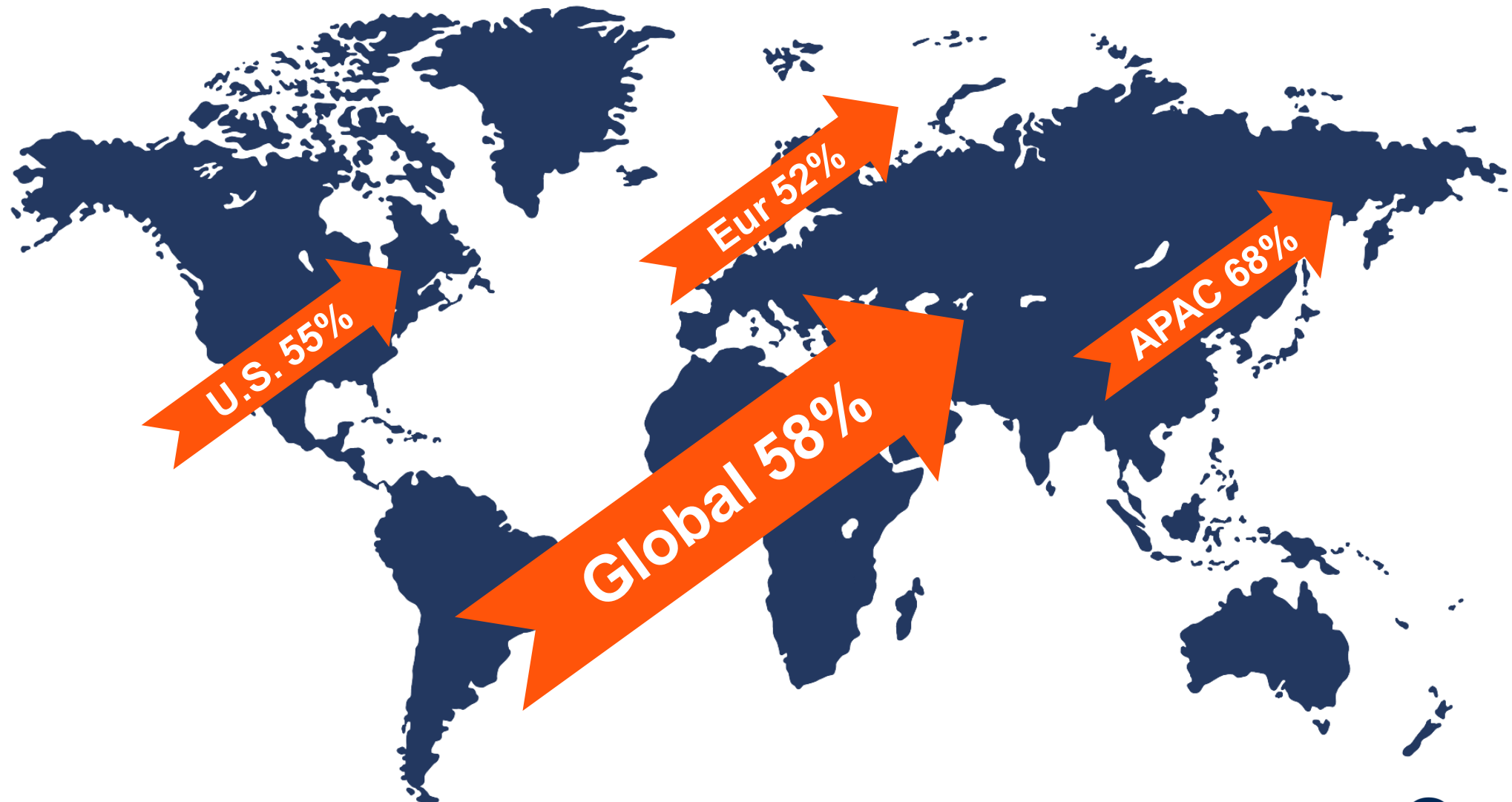
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# Causing Boards to Open Up Risk Appetite to Drive Growth





# Board Priorities Around Risk



70%

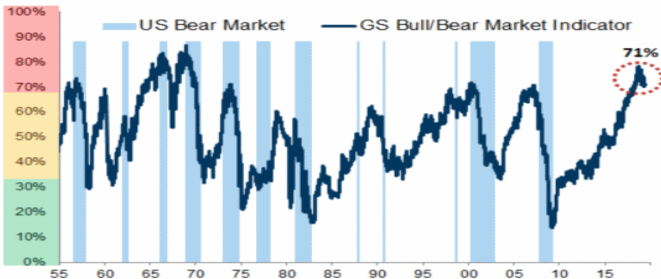
## Risk Management

### Wells Fargo

“We have strong financial risk management in the company and had that for a long period of time. **We have strong risk management** over our trading businesses and controls.”

Exhibit 17 : GS Bear Market Risk Indicator

Average percentile (in US) for ISM, slope of yield curve, core inflation, unemployment and Shiller PE. For Unemployment and yield curve, a lower reading corresponds to a higher (riskier) percentile.



Source: Shiller, Haver Analytics, Datastream, Goldman Sachs Global Investment Research

28%

## Market Risk

### JP Morgan

“We’re continuing to work very hard, and it’s a big area of focus. Some of that is reflected in this quarter’s numbers, but some of the other drivers of this quarter are what you might call more passive items, particularly **in market risk.**”



28%

## Supply Chain Risk

### Quanta Services

“We want to reduce the country’s reliance on overseas manufacturers and, in turn, **reduce supply chain risk** by ensuring domestic product availability to meet the growing demand.”



# Gen AI: Taking the Ultimate Risk to Drive Business Results!



11%

Transform Business Model  
/Create New Businesses



7%

Extensive Adoption to  
Optimize the Business

# **How Can CIOs and Digital Business Leaders Assist Boards in Risk Management?**

# Align Attitudes on Cyber-Security With Board Thinking



**Business Issue**

**84%**

**16%**

**2024**

**58%**

**42%**

**2016**



**Technology Issue**



# Work With Your Executive Peers to Quantify the Risk Appetite Posture

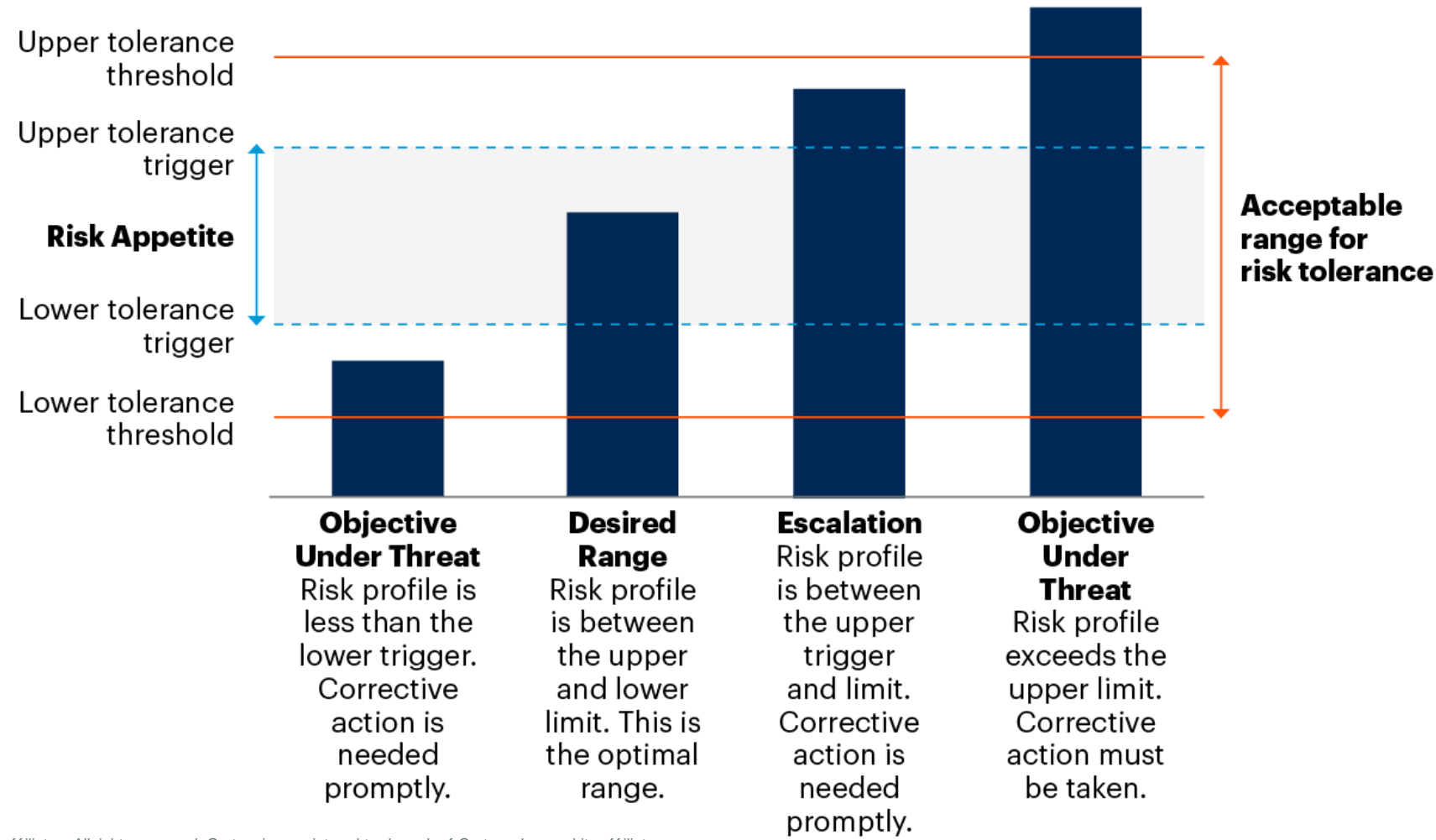
Rating	Risk-Taking Philosophy/Scale Definition
5 — Open	Willing to accept a high level of risk in situations where there are significant opportunities.
4 — Flexible	Willing to accept risks equal to the possible benefits (opportunity) and will control the negative impact.
3 — Cautious	Willing to accept some risk if limited, and heavily outweighed by benefits (opportunity).
2 — Minimalist	Unwilling to accept even a limited amount of risk in most situations unless the benefits (opportunities) outweigh the risk.
1 — Averse	Not willing to accept risk (threats or opportunities).

The risk appetite scale defines the philosophy of the organization with respect to the types and extent of risk it is willing to assume in the pursuit of its strategic objectives. This scale is designed to guide decision making trade-offs in the face of alternatives. Every company needs a risk appetite rating scale to build consensus about risks.

Source: [Ignition Guide to Drafting and Operationalizing Risk Appetite \(G00756857\)](#)

# Help Define “Good” and “Bad” Risk in Specific Situations

## Risk Profile



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# Digital Continues to Lead the Charge to Drive Growth

Stages of Digital Business

**19%**  
Deliver

**25%**  
Refine

**19%**  
Embedded

**14%**  
Design

**18%**  
Scale

**5%**  
Ambition

# Boards Are Continuing or Accelerating the Pace of Investment



**Continue 42%**



**Accelerate 56%**



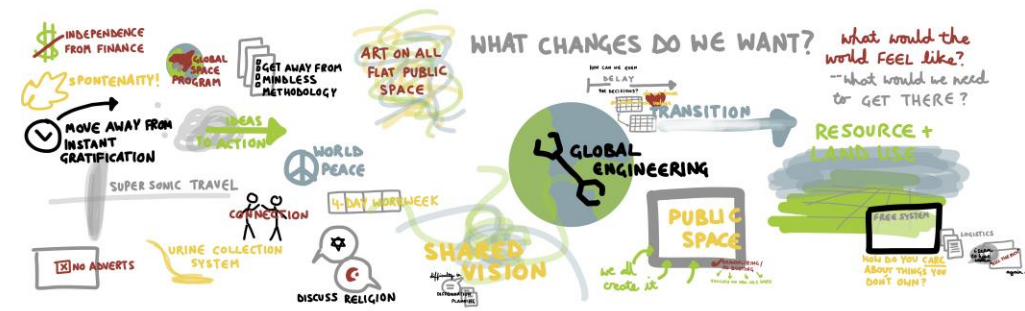
# Because Positive Results Are Starting to Emerge



OPTIMIZATION

74%

Achieved or Exceeded ROCE



TRANSFORMATION

77%

Achieved or Exceeded ROCE

ROCE — Return on Capital Employed



# Though Work Still Needs to Be Done



**61%**

**Improve Digital  
Dexterity of workforce**



**50%**

**Develop  
Better KPIs**



**47%**

**Manage Enterprise  
Culture Change**

# **How Can CIOs and Digital Business Leaders Assist Boards in Digital Initiatives?**

# Technologies Boards Are Discussing



**48%**

**AI/ML**



**38%**

**Security/Risk  
Management**



**29%**

**Software  
Enhancement**



**19%**

**Digital  
Transformation**



# And What Executive Management Is Talking About:



72%

## Innovation

### Western Digital

“Our goal is to ensure the business is in a solid financial position to **invest in innovation** and create long-term shareholder value.”



63%

## Customer Experience

### PayPal

“We are **focused on the end-to-end customer experience** from onboarding through the entirety of the consumer life cycle, utilizing more advanced forms of technologies.”



35%

## Automation

### FedEx

“We're adjusting our network, deploying route productivity tools and investing in digital **capabilities for planning and automation.**”

Derived from analysis of earnings calls, annual reports of 180 companies

# Gen AI: Some Boards Say They Are Well on Their Way ... Already!



11%

Transform Business Model  
/Create New Businesses



7%

Extensive Adoption to  
Optimize the Business

# Gen AI: The Board Is Already on the Journey ... Help Them



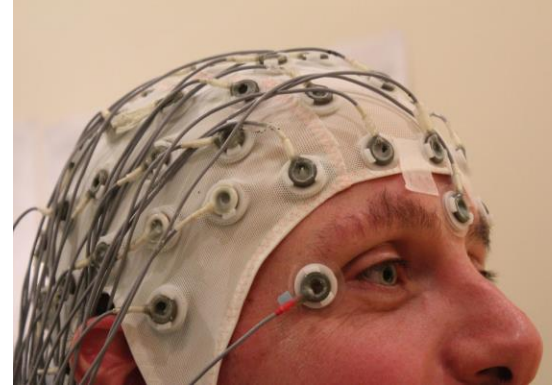
**47%**

**Educate  
the Board**



**45%**

**Testing the  
Technology**



**36%**

**Piloting the  
Technology**



**30%**

**Early-Stage  
Deployment**



# Ensure Technology Investments Align With the Top Business Priorities



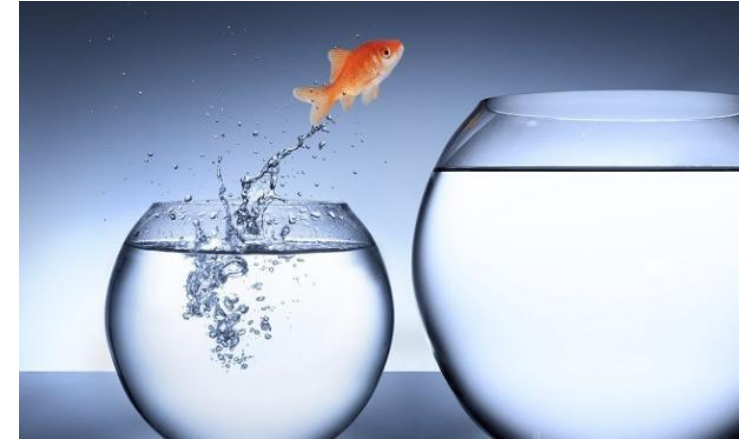
**58%**

**Digital**



**58%**

**Workforce**

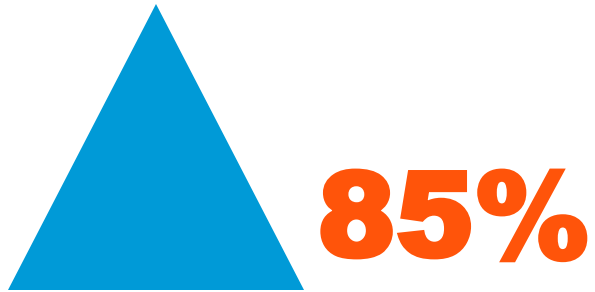


**42%**

**Business Expansion  
/Diversification**



# And With the Top Changes in Business Priorities YoY



**Risk Management**



**M&A**



**Profit Improvement**

 YoY Investment Increase

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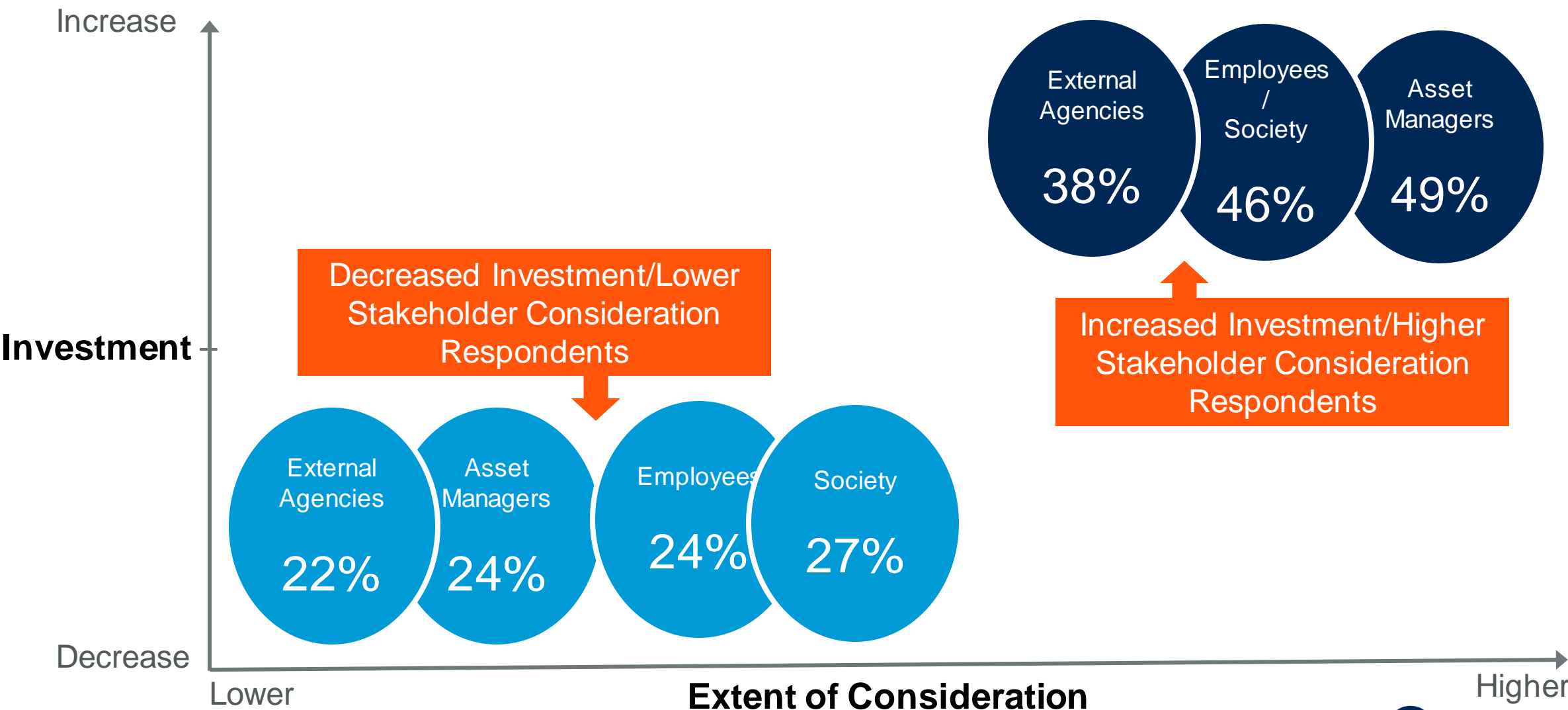
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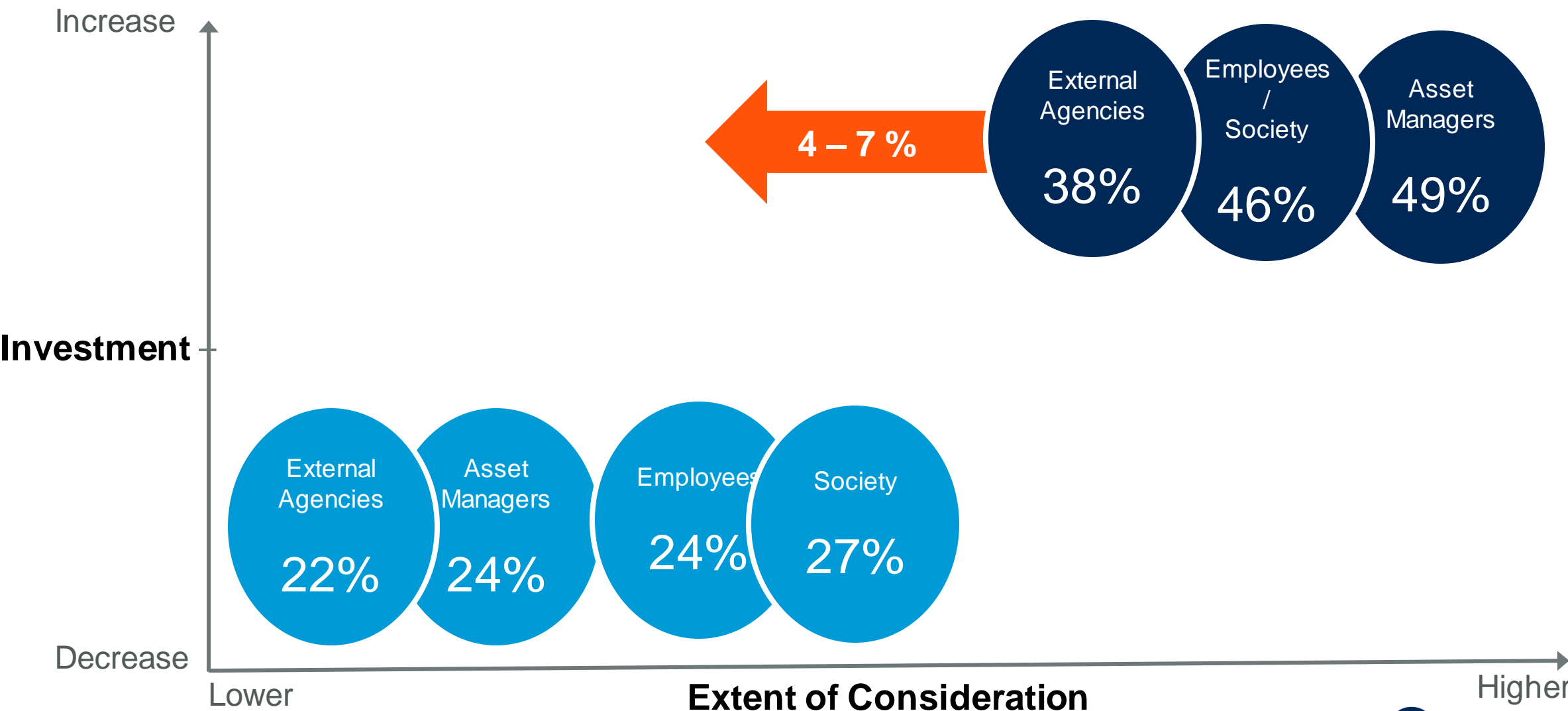
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# Correlation Between Investment Behavior & Extent of Stakeholder Consideration in Sustainability

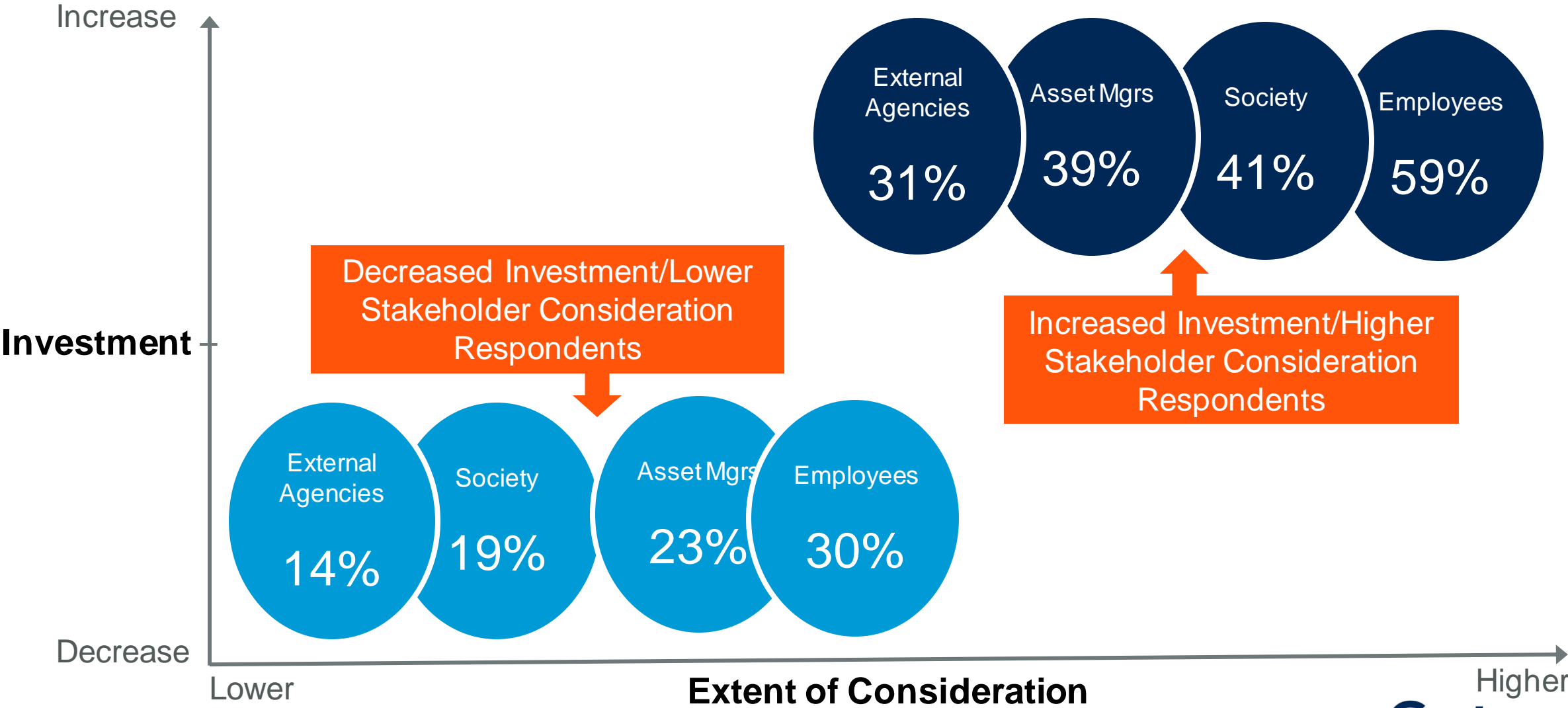


# But the Consideration Is Reducing YoY in Sustainability

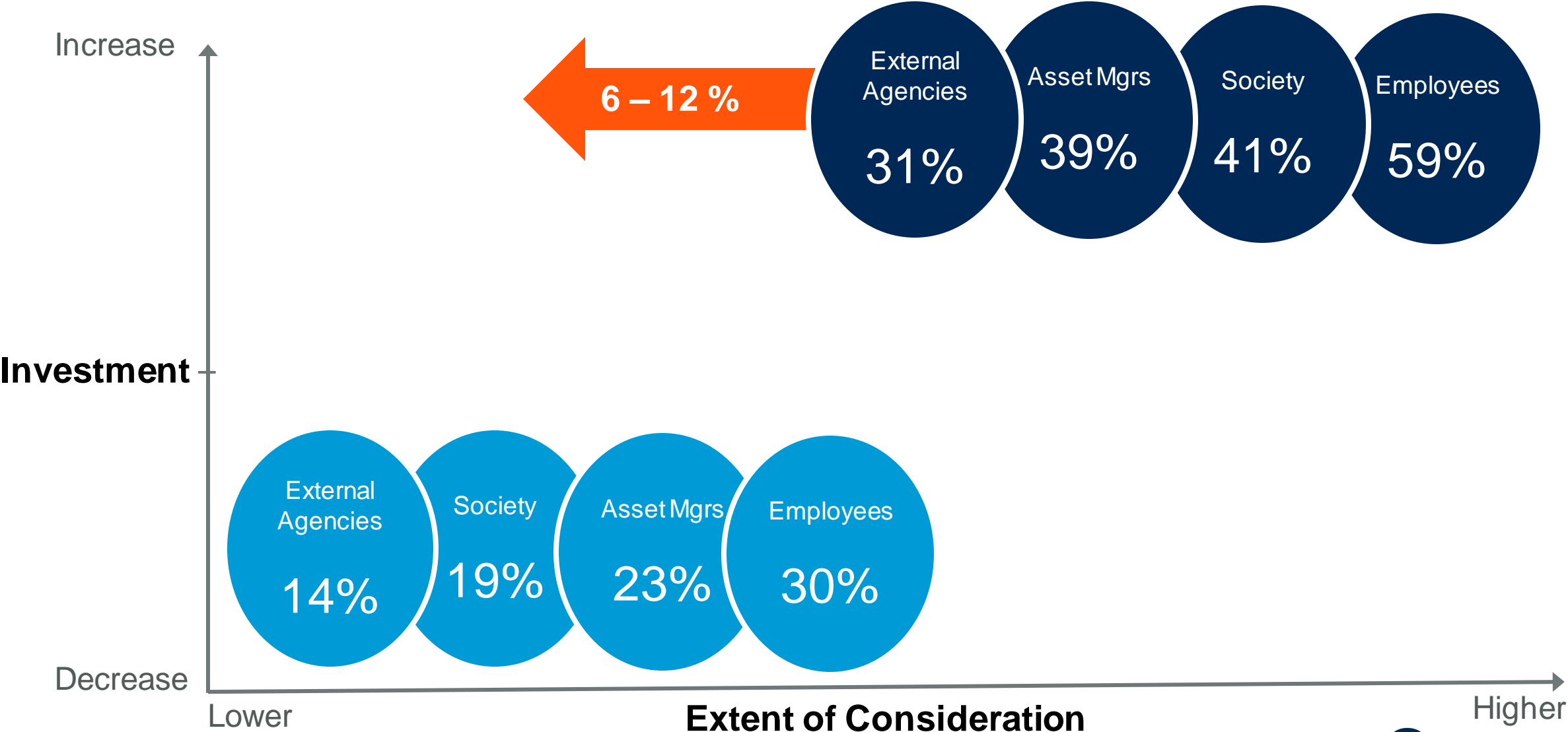




# Correlation Between Investment Behavior & Extent of Stakeholder Consideration in DE&I



# But the Scrutiny Is Reducing YoY in DE&I

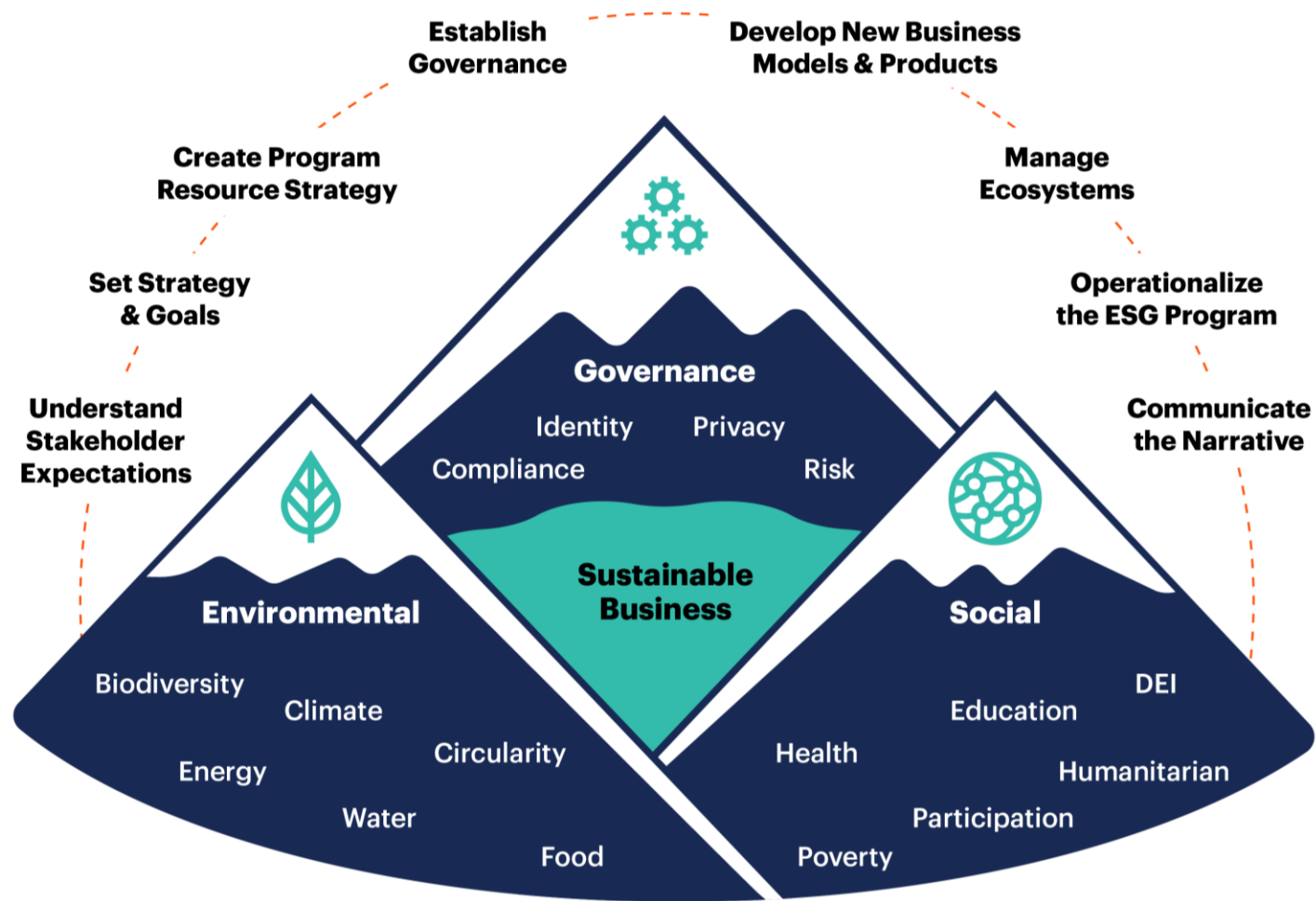


# **How Can CIOs and Digital Business Leaders Assist Boards in S-DE&I Initiatives?**

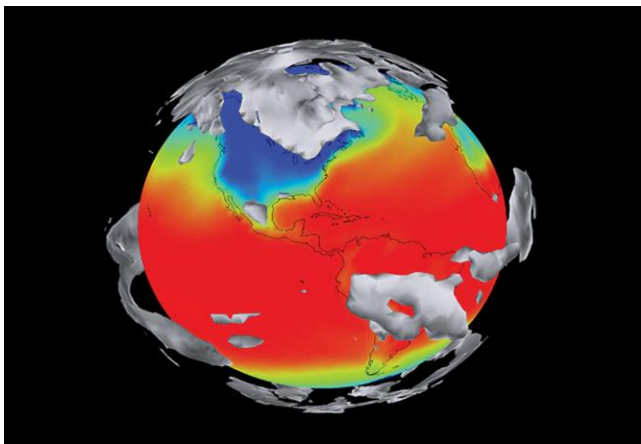


# Use the Business Capability Model to Support S-DE&I — Technology Has a Strong Role to Play

Level 0 Business Capabilities to Support Sustainability & ESG



# Focus on Aspects Important to the Board



86%

## Climate Change

### Northrop Grumman

*“The ESG and Risk Committee reviewed the company's risk factors, which include Risks associated with **climate change and other environmental impacts.**”*



82%

## DE&I

### Visa

*“The Board discussed a range of ESG topics, including human capital management, **inclusion and diversity**, climate strategy, political contributions and technology.”*



88%

## Supply Chain

Derived from analysis of earnings calls, annual reports of 180 companies

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# But Also Provide Data on External Stakeholder Attitudes Toward S-DE&I

- Launch a “sentiment analysis” program to evaluate key external stakeholders’ positions.
- Run a continuous brand-assessment initiative on social media to assess broader societal views on the company’s performance.
- Work with HR to evaluate employees’ sentiments on the company’s performance.
- Provide a periodic “sentiment dashboard” to the board to help in the evaluation of S-DE&I investments for the future.



# Recommendations for CIOs and Digital Business Leaders

## Risk Management

- Quantify the enterprise's risk posture.
- Provide data and insights to the Board on “good” vs. “bad” risk in specific situations.
- Pivot to treating cybersecurity as a business issue as opposed to a technology one.

## Digital Business

- Identify business use cases for key technologies
- Create a focused Gen-AI strategy that aligns and resonates with the board sentiment.

## S- DE&I

- Use the business capability model to evolve a S-DE&I strategy for the enterprise.
- But also provide hard sentiment analysis data to the board to help in its investment decisions.

# Recommended Gartner Research

- 🔍 [Executive Leaders Must Build an Actionable Technology Risk Appetite Framework](#)  
Akash Kashyap and Srinath Sampath
- 🔍 [Best Practices for the Cyber-Risk Management: Plan, Secure, and Monitor the Life Cycle](#)  
Michael Kranawetter and Sema Yuce
- 🔍 [Executive Essentials: CIOs' Role in Security and Risk](#)  
Paul Furtado
- 🔍 [Ignition Guide to Creating a Business Capability Model](#)  
Enterprise Architecture Research Team
- 🔍 [The 4 Critical Components to Accelerate Your Digital Transformation](#)  
Roger Caley

# Recommended Gartner Research (Continued)

- 🔍 [Assess User Technology Adoption Readiness to Increase Digital Dexterity](#)  
Craig Roth and Matt Cain
- 🔍 [Market Guide for Digital Experience Monitoring](#)  
Mrudula Bangera and Others
- 🔍 [Execute Sustainability and ESG With Gartner's Business Capability Model](#)  
Marcus Blosch and Others
- 🔍 [How to Set Strategic Ambition for Sustainability](#)  
Kristin Moyer
- 🔍 [Making the Case for ESG and DEI in an Uncertain Political and Financial Environment](#)  
Chief Human Resources Officers Research Team