

LOS ANGELES, Oct. 16, 2013 /PRNewswire/ -- Despite all the talk of digital executives joining boards, leading companies have actually been adding very few executives with digital expertise to their boards, according to Korn/Ferry International's Korn/Ferry Market Cap

100

(KFMC

100

), an annual study of the boards of the largest US companies by market capitalization.

The report's key findings regarding digital expertise include the following:

- Of the 1,181 board seats on the 100 boards, there are 211 digital directors. More than half have been or are currently CEOs; most are male (88 percent); and they are slightly younger than their non-tech counterparts (61 versus 63).
- Currently, they are concentrated in a few sectors: on the boards of technology, services, and consumer goods companies.
- Directors with technology backgrounds are being added to these boards at about the same rate as those from marketing and at less than half the rate of those with finance or audit, COO, or public policy experience.

Ultimately, the report concludes, recruiting and retaining a digital director, much like success in attracting any other expertise to the board, are the result of a rigorous strategic process. Boards that take the time to think through their specific needs, assess the skills and experiences prescribed by broad governance requirements, and then plan for how best to leverage digital expertise will be well positioned to provide oversight with an eye to the future.

The report was issued by three Vice Chairmen of Korn/Ferry International and leaders of the firm's Board and Services Practice: Dennis Carey, Robert Hallagan, and Stephen Mader. The authors undertook in-depth interviews with three veteran directors – computer industry pioneer Rick Crandall

, current director of RR Donnelley and Diebold;

Jeff Epstein

, Operating Partner, Bessemer Ventures, former CFO of Oracle, and current director for Priceline and Kaiser Permanente; and

Bonnie Hill

, long-time lead director of Home Depot – who share views on defining, recruiting, and leveraging digital expertise for the board.

In addition to the analysis of digital expertise on boards, the KFMC¹⁰⁰ also includes more general findings based on an analysis of proxy and governance statements, including:

- **A drop in diversity.** Ninety percent of new directors are white compared with 77 percent of this group in 2011. Moreover, diversity has dropped in virtually every category year-over-year: The percentage of new women directors dropped from 27 to 23; African-Americans from 11 percent to 6 percent; Asians from 7 percent to 1 percent; and Hispanics from 4 percent to 3 percent. Only international diversity has increased, with new, non-American directors representing 20 percent of recruits, up from 16 percent in 2011.

- **Global gains.** There has been an increase in new directors with international work experience (38 percent vs. 29 percent) as well as new directors with an international personal background, having been born and/or educated abroad (27 percent vs. 16 percent).

- **Industry experience is actively sought.** The biggest jump in industry/functional experience was on boards specifically seeking experience in their company's sector. That represented 54 percent of new directors compared with only 33 percent in 2011. Other desirable backgrounds include operating experience either as COO (30 percent vs. 18 percent) or CEO (41 percent vs. 37 percent).

- **Government experience reaches a new high.** For the Class of 2012, the number of new directors coming from the public sector climbed to 23 percent from 18 percent the previous year.

For copies of the KFMC¹⁰⁰: <http://www.kornferryinstitute.com/reports-insights/2013-kornferry-market-cap-100-defining-recruiting-and-leveraging-digital-expertise>

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