

# Investing in truly diverse Boards

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## *Views from Board members across all sectors*

### **From obligation to opportunity**

We need a change of mindset from Board Chairs & CEOs - away from seeing the creation of more diversity as rather awkward obligation and towards an understanding that a more diverse Board can be higher performing and more risk aware. There has been some progress in recruiting more female NEDs but that's about the extent of the change.

Diversity of background/gender/ethnicity does not guarantee diversity of thought around the Board table. But an absence of people with diverse life experiences will make diversity of thought much more unlikely and decision making will be poorer. What risks might we be missing by lacking the input of people with diverse experiences?

### **It starts with the Chair**

The Chair is the person who should be thinking long term about the future make-up of their Board... acting as a steward of future capability as well as focussing on today's priorities.

The Chair can draw on the experience from different sectors - the Public and 3<sup>rd</sup> Sector may be ahead of the private sector when it comes to encouraging the appointment of more diverse Board members. For example, the Women on Boards programme has been very successful, but don't assume that what has worked (to some extent) to bring more women onto Boards will encourage other under-represented groups to put themselves forward.

If Chairs are concerned that it is difficult to find potential candidates with different experience, then mentoring and shadowing programmes can be valuable ways of encouraging applicants. Making the induction process more comprehensive and the Board environment more welcoming are other important enabling factors.

### **Finding the people you need**

Building a diverse group of Exec and Non-Exec Board members means investing over the long term: nurturing diverse talent across the organisation; building a comprehensive succession plan for all Board positions; developing new relationships with different recruitment channels. When looking at the Executive component of the Board the first place to look is in the talent pools within the company. Test how your talent development process is bringing through people with a range of backgrounds and experiences. Look out for unconscious bias and engineer ways to protect against it.

The 'usual suspects' recruitment agencies don't always help find candidates from non-traditional groups. Getting a really diverse shortlist for an Exec or Non-Exec Director post will often involve a lot more time and effort than just poaching someone who is already doing the same job somewhere else.

### **Investors have a role to play**

Some investors are bringing pressure to bear on Boards to force them to think longer term and to highlight the risks of group-think in Boards which lack diversity. Here investors are acting out of self-interest, they have seen more evidence linking Board diversity with business performance. Stakeholders in all businesses, whether investors, customers or staff, are increasingly interested in Board membership, so pressure to increase Board diversity will only increase.