

Nine Actionable Solutions to Reimagining Board Diversity

Custom Content by the Los Angeles Business Journal

Tuesday, June 22, 2021

As the call for companies to further diversify their boards of directors grows in intensity and urgency – with pressure from Nasdaq to Goldman Sachs to investing giants such as Vanguard – a recent report from Ellig Group and the Society for Human Resource Management (SHRM) captures insights from top CEOs and board leaders on how companies can begin to change today.

“The heat is on boards right now to diversify, but this is not just a moment – it is a movement,” said Janice Reals Ellig, CEO of Ellig Group. “We will likely see more legislative and regulatory action around board diversity like we’ve already seen in California and with Nasdaq’s proposal to change its listing standards. It’s time that boards take the independent initiative with purposeful actions to drive this change faster, and our report gives clear steps on how to do this.”

Ellig Group, a leader in recruiting and onboarding executive talent, and SHRM, which has 300,000+ executive and HR members worldwide, hosted a virtual convening of twenty accomplished CEOs and board members – many of whom represent some of the largest public companies in their industries. During their candid, no-holds-barred conversation about diversity in boardrooms, the attendees identified specific actions that they felt were the most important for companies looking to make lasting change. “Bold Leaders: Nine Actionable Solutions to Reimagining Board Diversity” is the report stemming from that meeting.

“We have seen steady progress at the board level for certain groups such as women, but even the number of women on boards has had less than a 1% average annualized increase over the past 25 years,” said Ellig. “Other underrepresented groups have had a much slower rate of increase in board seats, and this is just one of the many ways in which companies need to address the issue of racial equity in their organizations.”

Added Johnny Taylor, CEO of SHRM, “Increasingly, corporate diversity initiatives are deemed successful only when they show better representation at all levels of the organization – from entry-level recruits to board members. The HR profession is committed to helping boards and CEOs achieve these important outcomes.”

NINE ACTIONABLE SOLUTIONS TO REIMAGINING BOARD DIVERSITY

Below are the nine steps from the report, along with comments from some of the participants.

1. Diversify the Nominating and Governance committee first. “Once in that role [of being on the Nominating and Governance committee], I would always make sure that the slate for new directors includes women; today I push for 50% of the slate candidates to be women.” – *Maggie Wilderotter – chairman and CEO, Grand Reserve Inn; director, Lyft, Inc., HYPE, Costco Wholesale Corporation, DocuSign (Chair), Hewlett Packard Enterprise Company, Tanium Inc., Sana Biotechnology, Sonoma Biotherapeutics*

2. Increase transparency. “The goal needs to be public – not just within the company – because then we will be held to a standard of our own setting.” – *Kay Koplovitz – chairman & co-founder, Springboard Enterprises; director, ION Media Networks, Veniam*

3. Demand diverse slates. “If you think about it, there is no other part of our business where we engage advisors and accept five different options when only one truly achieves the objective. Why would search be any different than any other work that we judge based on the outcomes? The stakes and the desired outcome are just as clear.” – *Stephan Tanda – president & CEO, AptarGroup, Inc.; director, AptarGroup, Ingredion Incorporated*

4. Refresh the board. “Individual directors have an obligation to the board that they look in the mirror on any given day and ask themselves, ‘Are you bringing your A game?’” – *Les Brun – chairman and CEO, SARR Group, LLC; Broadridge Financial Solutions (lead director), CDK Global Inc. (chair), Merck & Co. (lead director), Corning Inc., Footprint International Holdco, Inc.*

5. Sponsor/Develop diverse executive talent. “CEOs and board members have incredible influence; sponsorship at that level will open doors for board-ready, C-suite leaders within the company looking for their first board role.” – *Nicole Sandford – EVP and board advisory leader, Ellig Group*

6. Add a seat. “If the leader is committed, if we believe in it and we want to execute, we do it even if it means adding a seat. The talent is out there.” – *Truett Tate – chairman of the board, QBE North America; director, Reference Point (chair), FIMBA (chair), Medicus (chair), The Social Book Club (chair), Equal Future*

7. Refuse a board. “Would I join a board that wasn’t diverse today? Honestly, if a CEO does not have the spirit of intent to make that change, count me out.” – *Richard Davis – CEO, Make-A-Wish Foundation; former executive chairman, CEO & president, U.S. Bank; director, Dow Inc., Mastercard Incorporated*

8. Open the aperture. “Intentionality is really critical. For so long, we heard ‘we can’t find candidates.’ It was all about the ‘can’ts.’ We just decided that diversity matters and found great candidates. In the end, you can’t give up.” – *Pat Russo – board chair, Hewlett Packard Enterprise; director, KKR & Co., General Motors, Merck & Co.*

9. Broaden the network. “As directors, we have to ensure that we do the hard work around identifying strong candidates and not bias ourselves by shortcutting the process and defaulting to those that we already have relationships with.” – *Dawn Zier – former CEO, Nutrisystem; director, The Hain Celestial Group, Spirit Airlines, Prestige Consumer Healthcare*

To get to the diverse representation boards want to achieve, said Cindie Jamieson, chair of the board of Tractor Supply Company and a director of Big Lots, Inc., and Darden Restaurants, “I think it’s about more than intention. I think it’s about courage. If you’re in a leadership role on a board, it’s really important that you do what you need to do to create these openings when they need to be created.”

Ellig Group is a leader in recruiting and onboarding outstanding executive talent, with highly diverse backgrounds and experiences, and helping organizations identify exceptional leaders for their evolving needs. Ellig Group is a certified women-owned business enterprise. For more information, visit elliggroup.com.