

BOARD DIVERSITY AND THE NEED TO LOOK BEYOND DEMOGRAPHICS

FOR TRUE DIVERSITY BOARDS NEED TO LOOK BEYOND DEMOGRAPHICS

BY JOHN HARTE

All boards strive to deliver effective decision making that adds value. To achieve this you need the right directors in place. Unfortunately, the lack of diversity on boards is a major stumbling block. Too many remain stale, male and pale. These are what I term “Jurassic boards”, because they can be populated by dinosaurs. It’s boards such as these that have a tendency to focus on the past and not on the future, and risk leading those organisations into extinction.

In any debate about diversity on boards the focus is more often than not on demographic diversity. The representation of ethnic minorities, women, LGBT and those with disabilities, for example. Having demographic diversity on boards is very important, however there are four other drivers of diversity we have identified that help to deliver effective decision making and good governance.



FOUR DRIVERS OF BOARD DIVERSITY INCLUDE:

- 1 Diversity of skills:** Having a board populated by directors with the same skills is not advantageous to any organisation. For example, the board of a marketing agency should not be made up entirely of marketers who will all have a similar skill set. You need directors with a variety of skills, such as in operations, finance and IT. Today, it's particularly important to have a board member skilled in digital because of digital disruption being a key driver of business success. This is even more important with the pandemic supercharging the move to online across all sectors.
- 2 Diversity of experience:** Does the board include directors who have the right experience based on where the organisation needs to head? And critically, can they help the business get there? For example, if acquisitions are a key objective does anyone on the board have experience of acquiring businesses, and in aiding an organisation to successfully navigate through the process?

In our experience true board diversity is broader than any one of the five drivers of diversity™ we have identified. Only boardrooms with diversity across these five areas will deliver wider perspectives, improved decision making and outcomes.

When it comes to diversity it's imperative that boards understand that it doesn't come at the price of merit, and it's equally important to realise that diversity without inclusion is simply a box ticking illusion. It's only those boards that are inclusive and welcome new directors from different backgrounds, and with a range of thinking styles, that will reap the rewards and gain added value.



FOUR DRIVERS OF BOARD DIVERSITY INCLUDE:

- 3** Diversity of thinking styles.: You might get some directors who focus on foresight and the future of the business and others on oversight and compliance. While some may push for fast change, others may be more cautious. A good mix of these types of thinking styles in the boardroom is what is needed for them to be effective. It's important to highlight that effective boards are those well equipped to deliver value across four lines of sight – oversight, hindsight, insight and foresight. Boards must have directors in place who think across these four areas. We use the Kolbe™ strengths assessment to identify the different thinking styles and strengths of board directors, and to identify where there may be “group think” due to like recruiting like.
- 4** Diversity of circles of influence: Businesses ideally need to ensure that their interests are represented amongst groups that could impact on their future success or failure. Therefore, having directors with links to or contacts on the appropriate regulatory bodies, and / or local or central government is a must have for many.

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