

Diversity and Inclusion

Look Beyond Titles When Recruiting Directors

By **Tonie Leatherberry**

Landmark events of 2020 have ignited a consciousness of systemic racism and social injustice that has heightened and sharpened focus on diversifying the workforce at all levels of the corporation—including the board. However, turning intention to increase diversity of gender, race, and ethnicity into action is where some boards may struggle.

Phyllis Campbell and Cid Wilson shared their observations on this topic via virtual conversations with me. Both bring a unique lens. Campbell is chair, Pacific Northwest, for JPMorgan Chase & Co., and her board service includes the US-Japan Council, Nordstrom, Alaska Air Group, and San-Mar. She is a founding member of the Asian American Business Roundtable and a member of the NACD Nominating and Governance Committee Chair Advisory Council. Wilson, president and CEO of the Hispanic Association on Corporate Responsibility, has served on several corporate advisory boards and spent more than 20 years on Wall Street.

Traditionally, directors have been sourced from the C-suite, specifically CEOs and chief financial officers (CFOs). While these roles bring well-established perspectives and experiences, diverse talent is in short supply in most C-suites. There is an opportunity for boards to tap into other professional pathways to diversify the director candidate pool.

In the context of our new normal, Wilson honed in on how individual life experiences, particularly those of people of color, can diversify a board's perspectives. And Campbell described a dynamic environment in which the need for fresh thinking—thus new skills and experiences in the boardroom—is a constant made more urgent by the current operating environment.

Boards can challenge themselves by

resisting any reliance on recruiting by title. For example, boards often recruit CFOs for their expertise in finance, leadership, and interaction with the board and committees. Yet there are other roles that provide similar experience, such as those of investment bankers, controllers, and treasurers, many of whom have led people and operations and have profit-and-loss management experience. Further, the ever-evolving governance landscape calls for an expansion of skill sets and expertise in the boardroom to include workforce issues and other aspects of environmental, social, and governance concerns. This may present opportunities for minority candidates who can make critical board contributions.

Key experiences that Campbell looks for today in board colleagues include adaptability amid volatility, skill in rethinking the business model amid disruption, success in scaling a business, entrepreneurship and innovation, public service, an ability to integrate disparate insights into outcomes, and building a business as a social enterprise that reflects stakeholder interests.

According to Wilson, power comes from having individuals on the board who look like the stakeholder community and who can be the voices to represent—and at times inform and protect—the values and issues that matter to them.

Fortunately, we are seeing progress: According to Spencer Stuart, in 2019, a record 59 percent of new independent directors were women and/or minorities—and a significant number of those were drawn from outside the C-suite.

Consider these additional approaches to identify diverse board candidates:

■ Broaden where you look. Too often

boards look among themselves for referrals. Challenge board members to look outside their traditional recruiting networks.

■ Build relationships with diverse candidates before needs arise. Experienced directors can identify and mentor executives from underrepresented groups who have the potential for board service.

■ Consider how the board and its nominating and governance committee can hold themselves accountable for approaching director recruitment in new and bold ways. That may require stepping outside of comfort zones and adopting new habits.

Boards that look beyond the C-suite to deepen the director candidate pool may ultimately benefit from the fresh thinking, stronger governance, and better business outcomes that greater diversity provides.



Tonie Leatherberry is a principal, Deloitte & Touche LLP, in the Risk and Financial Advisory practice. She is president of the Deloitte Foundation and chair of the Executive Leadership Council. She was named to the 2019 NACD Directorship 100.

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