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IS YOUR BOARDROOM DIVERSE ENOUGH?

The pressure is mounting on Chairmen and Chief Executives to diversify their boardrooms from the stomping ground of white, grey haired men to gender-balanced, multi-racial leadership teams.

The Davies review, released in march, showed women now make up 23.5% of FTSE 100 companies' board positions, double that of four years ago. Stay the urge to unleash the party poppers: there are still only 8 Chair and Chief Executive roles filled by women (Alison Brittain of Whitbread being the latest) so quite clearly there is some way to go.

Our recent searches for PLC non-executive directors (NED) and board advisers have unearthed numerous problems holding back both our clients and candidates in addressing these concerns. Many issues not even countenanced by men are proving significant barriers for their female counterparts.



Here, we summarise the issues preventing more women and those of ethnic minorities from landing boardroom positions and offer solutions, with a focus on Non- Executive Directorship.



WHAT ARE THE MAIN CONCERNS FROM CLIENTS AND CANDIDATES?

Candidates ask us:

- Am I being interviewed just because I am a woman? I don't want to be a 'tick box' solution, I want to attain an excellent job on my own merit and feel respected at the boardroom table.
- When I take a look, there are relatively few female NEDs holding multiple offices and there aren't enough positions to go around. How can this cycle be broken?
- I have the knowledge and the potential expertise but do not have board experience. How do I get this?
- What are the best courses I can take to become a NED?
- I want to research what a NED position may be like but forums and events are dominated by female-only invitations and I feel my profile in the industry remains low as a result.

Clients ask us:

- How do we ensure we find a diverse range of candidates with the experience we need to deliver the requirements of this NED/ board advisory position?
- Do we opt for a woman with more time but less experience or select from the existing talent pool of experienced female NEDs who could be over-stretched through other commitments?
- Female diversity is poor but how do we also get our race and disability diversity right?
- Could we be seen as having made a 'tick box' appointment regardless of our intentions?
- Would it be easier to just allow the best to get to the top, rather than enter a search with a prejudice towards female or minority candidates?
- We are shrinking our board size to become more agile. How can we afford the space for someone who may not have the required experience?
- How can we find talent that fits the right demographic? Our core customers are hard-working families and our company culture is built around them, but the talent available is often from privileged backgrounds and may struggle to relate to this.



Clients are also concerned about:

- Is it legal to positively discriminate? All-women shortlists have been ruled as illegal by The Equality and Human Rights Commission so companies need to tread carefully.
- Are there any forums, in which we can discuss the issue pragmatically?
- Once we start prejudicing, how long will it be before we get accused of discrimination – positively or otherwise?



The Talent Pool

Consumer industries, such as retail, have a higher proportion of women in senior positions than most and deep understanding of the customer (WorldPay reports 80% of purchases are by women in UK retail) is underlined by the fact that the shopper is regularly described as ‘she’ by chief executives. However, just 12% of retail board members are female and there are still significant barriers preventing them from making it to board level.

These women have the capability, intellectual capacity, sector knowledge, creative thinking powers and networks of contacts needed, but often lack a track record at executive board level. The irony, of course, being that many women in the industry are managing hundreds of millions, if not billions, of pounds in turnover.

So, what is stopping them?

If you don’t have enough experience in doing the job, it’s hard to get a job doing it. Boards, however, are shrinking in size to become more agile and adaptable to respond to a rapidly changing market. As a result, positions are becoming scarcer and experience harder to come by.

Further still no matter what your gender, experience alone is not enough to carry you over the precipice; you need the right contact, at the right time, in the right place.



HOW TO GET THE RIGHT EXPERIENCE

Start small

To address this, many of our candidates have become trustees of charities, board members of start-up companies - where the required experience is lower - or sporting interest groups to get on the ladder. However, neither they or we believe that this is the solution. It is a stepping stone and one rarely required of their male counterparts, who appear less required to demonstrate their operational skills.

Academic course

Most of our aspiring female NED candidates are taking generalist or specialist courses on the role of the NED, governance and legal obligations for board members. Clearly there is a huge variety in the value and cost of each course but there is no doubt that education is one of the perceived prerequisites.

Board advisory roles

Surprisingly, we have found in our searches many women actually did not want to take on non-exec positions as tightening corporate governance rules have made the roles more onerous and the rewards less appealing. We see a future trend towards board advisory roles and indeed think this creates an interesting opportunity for not just women but also diversity in general, class and race included.



SOME RECOMMENDATIONS

Thinking about the people

In order to re-balance at board level we may need to think about the people we are recruiting at entrance level and also those that have made it through the ranks but due to education, culture or family background have not been equipped with the tools that make rising to the top a fair and competitive journey. The benefits provided by having been born into the right 'set' or receiving the right schooling are apparent for all to see. I for one do not believe that this should be discriminated against. I do feel that maybe organisations should take responsibility for enabling the growth of their future leaders not just with the standard training but with the holistic career coaching required to enable their success.

In this tech age, do we really require 70 hours from one location?

I see the need for a fundamental change in how organisations understand the challenges women face in building a career, particularly after having children. Companies, with more flexible attitudes to working conditions including hours, location and expectations see a more diverse group flourish and rise to the top. If encouraged to pursue a career which can be balanced with their home life, maybe we will see happier and more successful leaders rather than those relying on crash courses in mindfulness. Happiness and hardworking have, in the past, been seen as diametrically opposed. I do not believe this needs to be the case in a technology age.

Time to 'shine'

We say this 'tongue in cheek' but there is no question that having opportunities in your operational career to demonstrate your capability are critical on the route to Exec or NED roles. Successive bosses of Burtons Store Group and M&S including Ralph Halpern and Lord Stuart Rose helped build many a career by encouraging their charges to head steering groups and / or become an Executive Assistant. Being an Executive Assistant, or its modern accomplice the Chief of Staff, is not always glamorous. It is however a great way of gaining 'money can't buy' experience and multiple opportunities to shine: ask a candidate of ours who was the EA to a CEO defending a high profile aggressive takeover. These have provided plenty of time to shine and with high-profile observers.

In my opinion there is no company that can afford not to allow its brightest and best to have the opportunity to 'shine', regardless of class, gender, age or race. Even if the individual does not hit the mark initially, the lessons learned are often more important than any small failures. As in many aspects of British business life, we may need to learn a little bit from our American cousins and better understand the balance of risk and reward. How else will we learn and grow?



Boardroom shadows

One solution, we believe, would be to offer the opportunity to shadow NEDs or executive board members to both men and women to bolster their experience. This could be run as an internal measure for those on leadership plans or between companies on a 'free loan' basis. By doing this, we would allow our future leaders to experience what it is to be a NED without the responsibility.

This could involve board members nominating an executive assistant from operating board level or the team below. This could be practically implemented by carefully scheduling the board meeting's agenda so the bulk of the items discussed were not of a nature too sensitive for the shadows to contribute. Their 'boardroom internships' would be rota-ed, perhaps on an alternate quarter basis, to ensure the project did not overcrowd the boardroom.

How a ‘free loan’ shadow would work

If it was on the ‘free loan’ scheme, companies would be able to benefit even further from the divergent knowledge of individuals that are not in their sector. These individuals – who could also be from a parent company or subsidiary – might be, within reason, used as under-secretaries to support their NED mentors.

As well as giving the candidates exposure to board level issues and the opportunity to demonstrate credibility, the directors could benefit from the additional support and the insight of the next generation.

A headhunter’s responsibility

Regardless of the barriers, including the legislative ones, companies should always hire the very best people regardless of gender. We as headhunters will always provide the best candidates based on a well-rounded approach – reviewing candidates holistically as opposed to purely upon boardroom experience. We need to ensure that we always look far and wide, challenge our own risk aversion and not get constrained by the pool of ‘safe’ establishment candidates. We must look for candidates that meet the technical and the cultural brief and most importantly we must be the advocates of change.

Change we can believe in

We are not advocates of social engineering, however, there needs to be a greater diversity in boards and this is not restricted to gender. There is a wider group of individuals who could bring much needed diversity to the boardroom and indeed organisations in general, if they were given a chance.

There is patently a desire for change, worldwide. Madeleine Albright, the first woman to become US Secretary of State, famously said that there is a special place in hell for women who don’t help women. We must be careful not to take this too far. It would not be right for companies to hire women ahead of more capable men for the sake of a percentage split. Male discrimination cases could well be a future threat.



I believe there is a special place in hell for anyone who doesn’t help an individual with the potential to succeed. Isn’t it time for us to help each other, ourselves, our companies and indeed sectors? Let us be the ones to enable the very best talent – regardless of background – to make the boardroom leap.

I look forward to this bright future and all of its consequences, not least improved business performance. If you would like to continue this conversation on or offline, I would be delighted to hear your stories and gain your insight.

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