

SPOTLIGHT ON GOVERNANCE: DIRECTIONS IN BOARD DIVERSITY

The image of the chairman presiding over a board of directors comprised of “yes-men” seemingly appointed for the sole purpose of concurring with and validating his agenda is becoming a thing of the past. The problem is such change is unfolding slowly — too slowly according to experts in the field of board building. The benefits of board diversity should be discernible to corporations throughout the United States, but, unfortunately, they continue to be lost on many organizations.

The Compliant Candidate

Nominating committees traditionally followed the notion that a good board member is one who can be counted on to be a team player and offer no resistance to the plans and positions of the major stakeholders and the chairman of the board. Several years ago, changes in societal and business demographics and a newfound sensitivity to those changes prompted various companies to stock their boards with members who would look good to the outside world. That focus — although a step in the right direction — was shallow at best and failed to consider the intrinsic value of having women and an otherwise diverse constituency on their boards. In other words, they may have selected from the right pool — but again for the wrong reasons.

The Purpose of a Board

Governing the organization is the purpose of a board of directors, whether it is one that directs a business organization or a not-for-profit. Good governance means giving careful consideration to what are the best interests of the organization — an element that may get sidetracked if the focus is on maintaining homogeneity and consensus. The term “pale and male” has been used to describe the composition of many of America’s corporate boards. However, far from being a denigration of the race and gender configuration of the average board, what it really references is a governing posture that does not — or perhaps cannot — offer a differing view specifically because of its cultural and social uniformity. A well-comprised board is one that not only contributes — but also challenges when necessary.

The Real Diversity

A diverse board is one that is capable of bringing diverse insight and experience to the organization. According to Mike Myatt, a board composition and selection professional: “When I mention diversity, I’m addressing more than age, ethnic and gender diversity, but also diversity is skills, competencies, philosophies and life experiences as well.”

According to studies conducted over the past few years, among the benefits cited for bringing diversity to boards are: gaining counsel from a wide variety of authorities, facilitating healthy debate, unsettling that which would otherwise be the status quo, relating more effectively to a diverse client and customer base and, not coincidentally, improving the bottom line.

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