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Diversification 101

Organizations that argue they cannot find good female candidates are out of touch with the times. Here are some practical steps to identifying and recruiting female board members

12%
Board seats
occupied
by women



↑
1%
since 2015

45%
TSX-listed companies
with no female directors
at all



↓
6%
since 2015

Source: The Canadian Securities Administrators

After years of talk, good intentions and all the “yada, yada, yada” about appointing more women to boards – to little effect – corporate director Beverley Briscoe feels that, finally, there are modest signs of movement.

“I think there is a buy-in and a commitment to this that we have just never seen before,” says Briscoe, vice-chair and lead director at Goldcorp Inc. and chair of the board at heavy equipment auctioneer Ritchie Bros.

“Where some of the stumbling comes in is that a number of people are still not quite sure what to do about it, how to make it happen.”

Under scrutiny by securities regulators displeased by slow progress on the gender-diversity front, companies are finding that their old arguments – “we appoint on merit and we can’t find good female candidates” – don’t wash.

With a small, but growing, number of corporations that have surpassed the 30-percent mark in terms of female directors, there is no shortage of best practices that other boards can emulate. And with organizations such as the Institute of Corporate Directors and the Canadian Board Diversity Council maintaining extensive directories of prospective board members, there is no shortage of candidates.

“My starting point for all of this is that we don’t have a supply problem. We have many fantastically qualified women in the Canadian market who are ready and able to serve on boards,” says Tanya van Biesen, executive director of Catalyst Canada. The independent advocacy organization recently published a report commissioned by the Ontario government entitled, “Gender Diversity on Boards In Canada: Recommendations for Accelerating Progress.”

Catalyst, the Canadian Board Diversity Council and some of Canada's boardroom trailblazers recently talked to *Director Journal* about practical steps boards can take to identify and recruit women who will bring value to the table.

"It's not an exercise in political correctness. ... Research suggests that diverse boards are positioned to be more effective," says Peter Dey, a veteran corporate director and architect of Canada's first corporate governance guidelines for boards.

Corporations that include diversity in their criteria for constituting boards of directors draw on a much broader talent base, says Dey, who serves on the nine-member Goldcorp board alongside Briscoe, who is one of three female directors.

Here is some high-level advice on how to achieve diversification:

RETHINK YOUR PARAMETERS

If boards only want former chief executive officers, it's going to be a very small candidate pool, given the under-representation of women in corner offices. If the skills matrix exercise shows that the board needs someone with strategic IT knowledge, it could be a chief information officer, says van Biesen. If it's tax expertise that's needed, it could be an accountant or a tax lawyer, adds corporate director Catherine Wade, a senior securities lawyer and partner at Dentons Canada LLP.

"To say that it has to be C-suite really puts this project about 10 years back, because it is going to take 10 years to get enough women into the C-suites to graduate to directorships," Wade says.

FILL THE PIPELINE WITH CANDIDATES

As one of the relatively few senior female leaders in the mining industry, Anna Tudela has been honored by Catalyst Canada for developing a program that has helped more than 1,500 women develop their skills and advance their careers at Goldcorp.

*of the
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ICD members
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But diversity initiatives cannot succeed without support from the top, says Tudela, corporate secretary at Goldcorp and vice-president of corporate and regulatory affairs. "You have to bring the men in. Peter Dey, the guru of governance, has been wonderful."

One of the most "forward-thinking" practices to come out of the banking sector is the granting of permission to senior executives to serve on outside boards, says Pamela Jeffery, founder of the Canadian Board Diversity Council. Not only is it great for executive development, it expands the pool of corporate directors.

Every year, her organization posts a new Diversity 50 list – a roster of 50 new, board-ready candidates who have been vetted and mentored by participating CEOs drawn from the council's membership.

Jeffery recalls encountering Teck Resources Ltd. CEO Donald Lindsay at an airport luggage carousel in Toronto. "I've been meaning to tell you, Pam," Lindsay said, that Teck's board had recruited Laura Dottori-Attanasio, chief risk officer at Canadian Imperial Bank of Commerce, after spotting her name on the Diversity 50 list.

CHECK OUT ICD'S DIRECTORS REGISTER

Freehold Royalties Ltd. found its first female director, former oil and gas industry executive Susan MacKenzie, in 2014 through a search that included the ICD's register of directors interested in board opportunities. Freehold director Art Korpach, former chair of the ICD's Calgary chapter, asked Sheldon Mahabir, director of the register, to conduct a confidential search of the database for prospective candidates.

"We got a listing of about 40 names; it was fabulous," Korpach says. "And when we got that listing, Sue's name jumped out at us because some of us knew her." To be honest, the committee just hadn't thought of her initially, he says, but she was the ideal candidate.

Mahabir says of the 6,200 ICD members currently listed in the Directors Register, 1,154 are women.

"You say, 'Where are all the qualified women?' Well, there's a thousand of them [in the Directors Register]. Go there. That excuse is gone," Korpach says.

MacKenzie, for her part, has also used the register. “It has surfaced candidates that maybe I wouldn’t necessarily have thought of,” she says.

GO AROUND THE TABLE, THEN CAST A WIDER NET

“I know the old boys’ network thing has taken a drubbing, but to be fair, good people know good people,” MacKenzie says. “We’re all trying to improve the skills of the board.”

Attitudes are changing, Dey says. “In the board searches I have been involved in, the issue of diversity has always been one of the criteria. If you go around the boardroom table and ask for suggestions, that can often generate a pretty interesting list” once the board has determined the skill sets it requires.

If a company has good auditors and legal advisors who are plugged into the broader business community, “they can also be a valuable source of recommendations,” Dey says.

Recruitment firms with “deep knowledge of your industry and the players involved” are, increasingly, asked to come up with equal numbers of male and female candidates for a board to consider, he adds.

SET TARGETS, DEVELOP POLICIES

If a company has no female directors, Catalyst recommends that it set a specific target to have at least one woman on board within three to five years. Companies that have at least one female director should aim for a board of 30 percent women in that time frame.

The challenge in the banking industry, where women already hold

almost 34 percent of board seats, is to maintain the momentum and continue pushing forward, says Bill Downe, CEO of Bank of Montreal and chair of Catalyst Canada’s advisory board.

“Sometimes it can be easy to let an issue slide from the agenda when objectives are met, but maintenance mode is not an option.”

For companies that have few, if any, women on board, “setting measurable objectives is the first step, as you can’t make progress unless you measure it” Downe advises in Catalyst’s accelerating progress report.

Policies such as age limits and term limits provide opportunities for board renewal and a chance for greater diversity, Downe says.

“When a renewal opportunity comes up, board nominating and governance committees can and should take intentional steps to drive change. They should ask recruiters to provide diverse slates of candidates, or even consider adopting an ‘every other director’ method for appointing women.”

Another option, if the board is not too large, is to add another seat, suggests Dey.

“I think boards are reluctant to do that [take their numbers up],” says van Biesen. “But that can be a temporary thing. You can take your numbers up for 12 to 18 months until the next person rolls off and take it back down by a seat again.”

IT’S FLATTERING TO BE ASKED, BUT ‘FIT’ MATTERS

It’s important for any prospective candidate to figure out what value he or she can add to the board and whether it is a good personal fit, “because there are only eight or 10 of you in the room,” Briscoe says.

“As a woman accepting a seat on the board, you have to be comfortable that they really have that commitment to diversity and the kind of progressive governance that symbolizes.”

Adds MacKenzie: “It’s flattering to be asked, but I am of the view that not every board opportunity might be the right one for you.

“So do your research. It’s as much your testing the company as it is the company testing you,” she says. Ask the hard business questions about strategy, opportunities, risks and the particular board role they need your expertise for.

“No woman ever wants to think she got her seat on the board because she is a woman. We want to be a qualified woman on the board.”

Briscoe, who for a long time was the only woman on the boards of Goldcorp and Ritchie Bros., says the group dynamic changes when there are more female directors.

“I feel that a lot of the success that we see with board gender diversity really speaks to the corporate attitude about a whole bunch of things, really about being open to new ideas and different ways of thinking. That kind of corporate personality, I think, is successful. People who are stuck are not going to be quite as successful,” Briscoe says.

“And it’s easier when there is more than one woman on the board. It actually takes the gender issue right off the table.”

Dey agrees. “I am more comfortable in a normal working environment, a gender-neutral environment, a diverse environment. And that’s the environment all boards should be working to achieve.”

VIRGINIA GALT, a former business and education reporter for *The Globe and Mail*, covers legal, education and management issues for a number of publications.