

Aiming for greater Boardroom diversity - making the Boardroom more accessible and appealing to a more diverse pool of talent

As far back as 2011 when its commissioned report from Lord Davies set a target of at least 25% of females on FTSE 100 Boards, the UK government has been pushing for greater diversity of FTSE Boards. This effort has continued with the Hampton-Alexander reviews aimed at improving gender balance in FTSE leadership, increasing and extending Boardroom targets to the FTSE 350 and more broadly to include females in leadership positions at, and just below, the executive table. The independent review by Sir John Parker into the ethnic diversity of UK Boards proposed FTSE Boards have at least one director from an ethnic minority background and made calls for companies to do more to develop a pipeline of candidates.

The UK's corporate governance code also recognises the need for Boardroom diversity as one of the ways to encourage constructive debate and makes the point that this includes, but is not limited to, gender and race acknowledging that diversity is also about differences of approach and experience.



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**AIMING FOR
GREATER
BOARDROOM
DIVERSITY**

While this push has led to progress in the boardroom, particularly with regards to gender diversity with the number of all male boards in the FTSE reducing from 152 in 2011 to 10 in November 2017, there are calls for companies to both to pick up the pace and improve the talent pipeline given the further progress yet required to meet all the recommended targets for diversity.

“Today’s FTSE 100 and 250 Boards do not reflect the society we live in, nor do they reflect the international markets in which they operate. Whilst we are making good progress on gender diversity in the Boardroom, we still have much to do when it comes to ethnic and cultural diversity.”
Sir John Parker, Chairman of the Parker Review Committee

This has without doubt created a significant increase in demand for more diverse talent, yet the pace of change in the composite of the executive table and its direct reports remains slow, in particular many FTSE 250 companies need to increase the rate of progress if they are to meet the recommended targets. With Executive Committees and their direct reports providing an important pipeline for future board candidates the competition amongst the FTSE 250 for talent looks set to increase.

“A step change is needed in pace. With just less than a third of FTSE 350 leadership roles going to women in the year, this falls short of what is required. Almost one in two or around 40% of all appointments need to go to women over the next three years to achieve the 33% target.”
Hampton-Alexander Review 2017

It also assumes that the executive table and the Boardroom are appealing places to a more diverse talent pool and that the attractiveness of roles on Boards to potential candidates outweigh the increasing burden of risk.

According to The Parker Review FTSE Boardrooms still have a way to go before they reflect the society we live in and the international markets in which many operate. Mention a meeting of the board of directors and it creates expectations of long, grueling meetings, heavily financial and legal agenda biased with extensive papers. If you search for images of ‘boards of directors’ you are confronted with pictures of corporate HQs, formal suits, glossy boardroom tables and leather chairs, not necessarily a warm inviting environment.

Unfortunately, the negative aspects of the role of a board director are often more visible than the positives, as debate around company boards inevitably intensifies when things go wrong. This has led to more coverage of corporate governance and the legal, regulatory and independence issues associated with the role of a board director rather than the strategic and commercial elements of the role.

To achieve greater diversity in the boardroom it is important that companies not only do more to improve the diversity of the talent pipeline but also take steps to make the boardroom more accessible and appealing to a more diverse pool of talent. Ways to achieve this could include opening up the Boards agenda, creating supporting roles for non-executive directors and providing opportunities for up and coming talent to experience the boardroom environment first hand.

Many companies already invite expertise directly into the boardroom on matters of relevance, so why not provide the opportunity for a more diverse talent pool to also contribute? Inviting talented people to experience the boardroom in a non-disruptive way needn’t be a passive experience, in fact why would any company not want to benefit from a more diverse perspective across their board agenda in its widest sense if it can be channeled efficiently?

For More Information...

For more information on how **The Board Academy** is helping companies to bring diversity into the boardroom and improve the pipeline of talent, please visit our website at www.boardacademy.co.uk

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ABOUT US

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