

Are you on the crest of the diversity wave – or struggling to catch up?



Ensuring that the board has a good response to external questions about diversity is a vital part of the IRO's work. **Helen Pitcher** looks at the issues involved in this area.

When surveying the landscape of board effectiveness there are many aspects which impinge on the opportunities for creating and destroying shareholder value. At Advanced Boardroom Excellence (ABE) we have recently published a report on diversity, with a focus on female talent in organisations. This report shouts loud and clear as to the underuse of economic resource which is, in turn, flowing out of organisations.

So why should diversity matter to shareholders?

As we look at board effectiveness there is an increasing view that one of the key levers of influence and power over the future shape and sustainability of organisations is development and succession of the leadership team. This goes beyond the traditional remit to recruit the CEO and CFO, and deep into the talent pipeline of the organisation, where the future leaders are being shaped and created. As organisations emerge from the

depths of a biting recession the board searchlight is being focused on the depth of talent and more importantly the waste of talent. This is being encouraged by the various 'regulators', but more importantly by the realisation that the driving force of future successful organisations is the fleetness of foot which comes from a collaborative, networked and engaged organisational workforce.

It is through this lens that boards, on behalf of shareholders, are looking at the leadership, culture and capabilities of their organisations. Currently, where we have seen reputational risk moving off the risk register to a reality which has destroyed shareholder value overnight, the integrity, competence, fairness and 'values' of the organisations' human resources is a major board concern.

This focus on the diversity of talent in the organisation goes beyond the target of 25% female representation on boards, and as Lord Davies suggested in his report, hits at the heart of the organisation through the diversity of the executive committee and the talent pipeline supplying it.

The sheer waste of talent through organisations which choose their top leadership talent from a narrow 'gene pool'

THE DIVERSITY ISSUE

- Having a diverse workforce should be seen as a driver of productivity, rather than a regulatory necessity.
- Women and minorities should seek CV-building roles, find a mentor and 'cultivate resilience'.

is frankly staggering. If a board were 'wasting' any other resource available to the company to such an extent, their tenure would be short lived indeed.

The ABE report looks at this diversity agenda through the eyes of 70 successful women leaders and provides an insight into the extravagant waste of talent of the women and minority groups which are being overlooked (see the box on the page opposite).

In addition to the findings, the report suggests an agenda for change with recommendations focused at the levels of the organisation infrastructure, the leaders of organisational change and for individuals themselves.

Below are some of the key recommendations that we put forward.

For organisations

- Gender balance in the workplace should not be seen as a 'women's issue' but a business issue that will drive productivity
- Changes that address gender balance will ultimately help organisations manage everyone better, and create true meritocracies
- Boards should lead by taking an active interest in the executive pipeline, and whether it is being fed from the full range of the organisation's available talent.

For leaders of organisational change

- Men and women talk differently about themselves and their careers. A better



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awareness of this can remove hidden barriers to women's advancement

- The language of challenge and success is different for women and minorities
- Women and minorities may undersell themselves, not because of a lack of confidence or self-esteem, but because their view of communication and self-promotion is different.

For individual women and minorities (and anyone else who wants to reach the top)

- Be proactive in managing your career – seek out CV-building roles and assignments
- Find mentors and sponsors who will improve your confidence and your profile
- Cultivate resilience.

Finally, for me this is a time when companies are re-evaluating the nature of their leadership to be more responsive to a modern workforce in order to encourage better employee engagement.

The coming generation of leaders recognise the need to lead by maximising the knowledge, creativity and commitment of people through a set of values which applauds collaboration, networking, coaching, mentoring and a customer focus. Those companies who are adopting this new approach are in turn benefiting commercially as they become faster, smarter, more innovative and agile. It is only through a real sense of diversity and challenge to the current organisational status quo that this can happen.

It is my contention that it is the board who can most effectively respond to this future by setting the challenge, encouraging and supporting the strategy, inspiring the CEO and leadership team to make changes to an organisation's leadership ethos in

THE REPORT'S KEY INSIGHTS ON DIVERSITY ISSUES

A business issue

A strong message from our research was that this is a talent management and business issue, not a 'women's issue' and that it can't be solved by women alone, or just by 'helping women' fit the corporate world better.

Commitment from the top

To achieve the change required, our interviewees told us that it was vital that there was proper commitment from the top of organisations, otherwise the project was bound to stall.

Flexible attitudes

Line managers on the ground need to think and act more creatively. A broader range of career structures, wider definitions of success and an open mind about what is needed for a particular role were some of the factors raised.

Male and female styles of management

While acknowledging that there are always exceptions, the participants believed that men and women generally have different leadership styles and language and often place value on different things at work.

Women tell their stories differently

The participants believed that there is a definite gender difference in how men and women talk about careers and success. The

participants who are highly successful and focused women frequently attributed their own success to luck and opportunity. Many also said they were themselves surprised by where they ended up.

Self-promotion, networking, sponsors and mentors

Self-promotion and internal politics seem to be a problem for many women who often feel excluded from informal networks in the office. They cited it as a significant barrier for many women.

The confidence gap

Women with long and successful careers, with undoubted technical expertise and proven leadership skills all spoke of a confidence gap, in relation to themselves or female managers they knew.

The question of quotas?

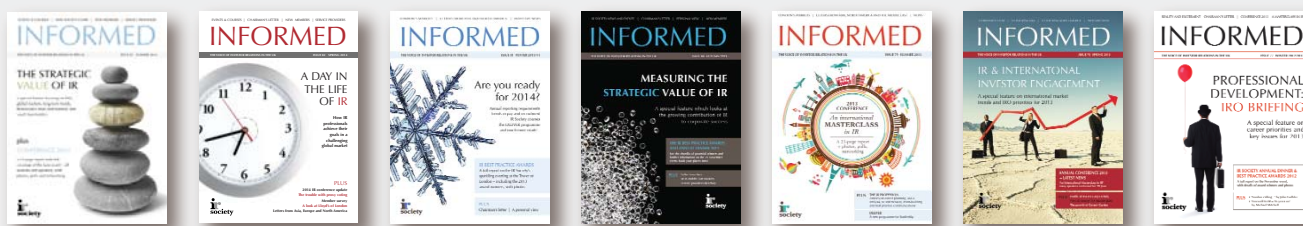
The contentious subject of quotas elicited a wide range of views, 52% of our interviewees were against, whilst 32% were in favour.

Self-help and getting ahead

This highly successful group of career women, who have learnt to thrive in a male-dominated corporate world, believed that the most important skills in order to get ahead are networking, team-building, tenacity, resilience, strategic thinking and strong communication skills.

order to create and maintain competitive advantage. As one of our report contributors said: "I'm not sure senior management and shareholders really understand the value of a diverse and

multi-talented, multi-skilled team at the top. Women who are capable don't want to do the politicking and game-playing that is involved in reaching senior roles. We need these women in leadership roles." ■



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