

DIVERSITY IN THE BOARDROOM

GOVERNANCE

How to achieve a better mix

Many companies are turning to formal interviews and recruitment to craft well-rounded boards

DIANE PETERS

Walk down a main street in Canada and you'll likely find yourself in a diverse crowd of different genders, ethnic backgrounds, sexual orientations and physical abilities.

But step into a corporate board of directors meeting and you will probably find yourself in a homogeneous all-male, all-white group.

Such is the finding of a new survey by Toronto-based Canadian Board Diversity Council (CBDCC). The two-year-old organization charts the mix of people on Canada's top boards and encourages more diversity in leadership.

"Right now, corporate Canada is recruiting from half of the talent pool," says CBDCC founder Pamela Jeffery.

She and many leaders from Canadian companies agree it's a situation that needs fixing. A board with a true mix of members is a more effective board. But it's not easy or inexpensive — or on every company's priority list — to make changes.

Ms. Jeffery's organization sent out 220 surveys this past summer to the largest publicly traded companies in Canada, using Report on Business's 2011 Top 1000 listing as a guide.

It found that only 25 per cent of top Canadian companies had achieved the CBDCC's goal of having at least 20 per cent women. And only 150 boards contain any diversity — including women or visible minorities — at all.

Those interested in change say it's not about putting new faces on boards for appearance's sake.

"Different kinds of people look at problems in different ways," says Norie Campbell, executive vice-president and general counsel with TD Bank Group. "We think that having people who reflect different communities helps us best serve different needs."

TD was ranked No. 9 in the survey: Its 17-person board includes six women and one visible minority. It's the highest-ranking bank on the list.

TD's newest board members include Karen Maidment, former chief financial officer with the Bank of Montreal and Amy Brinkley, a risk expert from North Carolina who worked with Bank of America.

For another high-ranking company, Cineplex Entertainment, running a board with varied members helps it stay relevant with its young, multicultural clientele and be aware of things like expansion opportunities in a range of communities.

"It comes down to having that broader perspective and not a narrow mindset," says Heather Briant, senior vice-president of human resources for Cineplex.

The film exhibition company ranks No. 7 on the survey, with 58 per cent diversity that includes two women and two visible minorities.

They include Bank of Nova Scotia vice-chairman and chief operating officer Sarahjit Marwah and the board's chair Phyllis Yaffe, former CEO of Alliance Atlantis Communications Inc.

For Ms. Jeffery, running a board with a mix of people affects decision-making. "You avoid groupthink," she says. "It's really important to avoid a scenario where all the directors agree because they went to the same schools, play all the same sports and all live in the same neighbourhood."

That mix of thinking from a board allows it to better perform its "sober second thought" role, says Ms. Campbell. A well-rounded board makes better choices and that translates into better value for shareholders.

To achieve a better mix, Ms. Jeffery says companies have to formally interview prospects (most new members are just asked to join and are never interviewed, she says). Better still:



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Turn to a recruitment firm.

Recruiters can compile lists of sometimes unexpected names — talented, experienced people who just don't happen to be connected to a board's existing contacts.

TD — which was awarded a diversity award by CBDCC last May — uses a recruiter to help it pursue a diversity policy it began following in 2005.

That policy coincided with the bank's expansion into the United States — making it aware of the need for talented directors across North America.

"Our view at the senior level is, if you're only hiring from a very small portion of the available talent, you're not doing the best you can for the bank," says Ms. Campbell.

However, other companies that don't use recruiters or lack a policy on diversity can still succeed in reshaping their boards.

Cineplex has done it this way. Ms. Briant says considering diversity during recruitment is "another filter you have to put your decision through."

The company's board and senior executive team has a wide array of contacts across Canada and taps into them when it seeks out new board members. It's been able to draw people from the banking, real estate and media sectors.

But Ms. Briant admits selecting board members — diverse or no — is a time-consuming, difficult task. "Nothing is easy at this level."

Boards have to bring in new members that fill a gap. If they need someone with tax or marketing experience, that need limits the talent pool.

Meanwhile, using diversity as a filter or relying on a recruitment firm adds to the time and cost of recruitment. It's an expense some boards are not willing to take on — particularly if diversity is not high on the agenda.

And while the talent pool of women and visible minorities is strong in Canada, it's simply not as deep as that of Caucasian men.

GET ON BOARD

According to Canadian Board Diversity Council founder Pamela Jeffery, getting on a board is a competitive business today. "There are hundreds who are looking for seats on corporate boards." Baby boomer executives in their 60s are crowding the market: a board position requires part-time hours but great pay. Here are some tips:

- » Get experience on a volunteer, non-profit board.
- » Look around for boards that have a needs gap. If you're an HR expert, or know taxes, seek out boards where that expertise is missing.
- » Network. Get face-to-face with board members at events. Attend networking events outside your current sphere of contacts and make new ones.
- » Treat this like a job search. Create a board-specific resumé and shop it around. Talk to a recruitment firm.
- » Highlight your diversity. If you're from a visible minority or offer diversity in any way — you've lived internationally or you have a physical disability — highlight that during your search.

Diane Peters

MOST DIVERSE BOARDS

RANK	COMPANY
1	Husky Energy Inc.
2	ImVest REIT
2	Silvercorp Metals Inc.
2	Spectra Energy Transmission Union Gas
6	Corus Entertainment Cineplex Inc.
7	Tack Resources Ltd.
8	TD Bank Group
9	Shoppers Drug Mart
10	Polish Corp. of Saskatchewan
11	Jean Coutu Group (PJC)
12	Laurentian Bank of Canada
12	Toristar Corporation
15	Quebecor Inc.
16	Bank of Nova Scotia
17	Ganterra Gold Inc.
17	Enera Inc.
17	Indigo Books & Music
17	Open Text Corp.
17	Shawcor Ltd.
17	TMX Group Inc.
23	Royal Bank of Canada
24	HSBC Bank Canada
25	Canadian General Investments
25	Imperial Oil Limited

Source: Canadian Board Diversity Council.

The CBDCC's Board Diversity ranking was based on a survey sent to the boards of Canadian companies, as well as independent research, regarding the number of women, visible minorities and aboriginals on their board. The full ranking and methodology can be found online at www.boarddiversity.ca

THE FACTS

According to data taken from a CBDCC survey of 382 board members from Top 500 companies and Top 100 charities:

Percentage of females on boards, by sector

- Charities - 40%
- Utilities - 21.7%
- Finance and Insurance - 19.6%
- Retail - 18.5%
- Manufacturing - 9.7%
- Mining, Oil and Gas - 6.6%

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agenda.

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For instance, a 2010 Catalyst Inc. study showed just 17 per cent of corporate officers at Canada's top 500 private and public companies are women.

Visible minorities are also playing a restricted role in high-level business. A 2007 survey of people working in corporate Canada revealed 54 per cent of visible minorities surveyed were satisfied with their career advancement level, compared with 67 per cent of Caucasians.

Despite these obstacles, many people in corporate Canada agree it's worth the effort to shake up the boys' club at the board table. Not just to make corporate governance fair, but to keep it in touch with the real world. Says Ms. Jeffery: "Canada's boards do not look like Canada."

Special to The Globe and Mail

Utilities - 21.7%
Finance and Insurance - 19.6%
Retail - 18.5%
Manufacturing - 9.7%
Mining, Oil and Gas - 6.6%

Corporate board members who feel their board is diverse

Yes - 73%
No - 25%
Don't know - 5%

Corporate boards that have a written diversity policy

No - 59%
Yes - 22%
Don't know - 19%

Of corporate boards that have no written diversity policy, percentage of those that believe one is necessary

No - 59%
Yes - 22%
Don't know - 19%

www.boarddiversity.ca