

Sowing new seeds of thought

By Beth Stewart

It is summer, late in the planting season. Yet there is still time for new seeds of thought to grow. Let's start with this little-known — but critical — fact: fewer women joined S&P 500 boards in 2016 than in 2014 or 2015.

Who knew reality was so different from perception? The push for gender diversity on corporate boards is ostensibly top of mind in many quarters. But without board refreshment, meaningful representation for women will never become a reality. And, the irony is that gender diversity, while a laudable goal on the merits, is also a byproduct of good corporate governance.

Many of America's boards are not fit for the rapidly changing issues faced by corporate America. Technology, cyber competency, best international practices, new-age marketing, and human resources are all critical areas of board competency. Nonetheless, the findings of a recent study by the London Business School's Leadership Institute suggest that most companies are failing to create succession plans that will meet the needs of our new dynamic corporate environment.

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Challenge number one is to convince corporations to focus on succession, to make room at the table for innovative, forward-thinking candidates. Challenge number two is to convince board leaders to start with exceptional women candidates. No board can claim to have the most talented people when C-suite level women who match their specifications are not considered.

But 2017 and 2018 promise to be different.

There are several developments that should accelerate board turnover. On March 7, State Street Global Advisors threw down the gauntlet by announcing they will vote against directors who do not create diverse boards. This is galvanizing other institutional advisors to be as bold.

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It turns out that activists are increasingly in contact with qualified female candidates — the activists have heard the rumblings from the institutional investor community, a community whose votes they often need to accomplish their goals. And women candidates are responding positively. They are willing to consider an activist board, a shift from even a year or two ago.

Ideally, however, turnover will be mandated from within.

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are crucial to the process. They have a seat at the table; they are in the room where it happens. And, more and more, they are speaking up, driving companies to bring women on their boards.

From a completely different angle, one of the largest private equity firms has determined that it will not only bring in outside board members for its portfolio companies, but also will evaluate them on a mutually agreed upon

scorecard at the end of a two-year term. This is a potentially game-changing example for corporate boards.

Were each of these data points to become a trend, there would be enhanced opportunities for great women candidates.

This then is where I challenge board leaders

to adopt the Trewstar method. That is: interview women first.

In my work as CEO and founder of Trewstar Corporate Board Services, I meet a cross section of outstanding, accomplished, high-quality women who belong in the board-talent pipeline. From this pool of candidates we consistently place women who were neither CEOs nor known to anyone on the board, and more than half have had no prior board experience before their engagement with us. They are all successful board members who are continually renominated. Maybe we need to reseed our thoughts on traditional board criteria?

Beth Stewart is founder and CEO of Trewstar Corporate Board Services.



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