

How to Build a Diverse and Effective Board of Directors

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Goals for this session

1

Share good practices for creating an effective Board

2

Provide guidance to encourage diversity on the Board

3

Share lessons for managing conflict with a Board

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- **Board Design and Management**
- The Importance of Diversity
- Managing Conflict

A well-functioning Board can generate a lot of value

- 1 Drive organizational growth
- 2 Foster a culture of open dissent
- 3 Support in setting an effective strategy
- 4 Aid in stakeholder access
- 5 Provide an engine for fundraising

Organizations with high-functioning Boards are purposeful about their governance design

Category

Design Dimension



Roles and Responsibilities

- Primary purpose of governing bodies
- Nature and distribution of basic oversight roles and responsibilities
- Expected level of engagement/time commitment
- Expectations of membership (e.g., attendance norms, tenure, alternates, etc.)
- Compensation



Structure

- Hosting arrangement of organization
- Size of governing bodies
- Governing body composition (e.g., seniority and expertise)
- Board chair arrangement
- Presence of committees
- Composition of committees



Policies and Processes

- Interaction between the Partnership bodies
- Process for scheduling Board meetings, setting agenda, and receiving materials
- Decision-making process (e.g., consensus, majority)
- Selection process of new members and (co-)chairs

To make the most of their Boards, organizations should consider the Board's primary purpose

Non-exhaustive

<i>Primary Purpose</i>	<i>Benchmark</i>
Governing body focused on technical advice	 Reference Group
Governing body focused on fundraising	 High Level Steering Group
Governing body focused on raising the profile of the organization	 Leadership Council

This has implications for the profiles of Board members to seek out

Setting clear expectations of Board members also ensures that their time is used effectively

Attendance Norms



Tenure



Alternates



To make the most of their Boards, organizations need to invest in Board management



Prepare meetings



Carve out specific roles for Board members



Identify and plan for event opportunities



Hire a staff member that engages with the Board



Send a scheduling notice in advance



Send meeting materials in advance

Dysfunctional Board dynamics can lead to less successful governance

RUBBER STAMP BOARD

- Approves whatever management proposes
- Organization is run by Executives who value autonomy
- Board is assembled with expectations members will be compliant and serve as “window dressing”

MICROMANAGING BOARD

- Takes on key management functions in addition to governing role
- Organization’s staff is disempowered and passive

BALKANIZED BOARD

- Focus is on one part of the organization
- Organization is run by Chief Executive who is left without Board’s support in strategizing
- Board is fragmented and lacking insight to greater organization’s landscape

Warning signs of dysfunction can help diagnose how to make Boards more effective

- 1 Misplaced Loyalty
- 2 Seizing Management Functions
- 3 Unexamined Performance
- 4 Suppressing Dissent
- 5 Tolerating Misbehaviour
- 6 Accepting Balkanization

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Creating a diverse Board carries additional benefits

“A Board composed of directors representing a range of perspectives and identities **leads to an environment of collaborative tension** that is the essence of good governance.”¹

“A diverse board of directors can bring a realistic view of the community, strengthen the organization's connection and credibility to its constituency, improve fundraising and assist with grants distribution. In essence, **make the group more effective at carrying out its mission.**”²

“As Boards become more diverse, it will **only create more inclusive companies**—a virtuous cycle.”³

¹Russell Reynolds Associates, Different in Better – Why Diversity Matters in the Boardroom, 2017.

²Sahar Andrade, MB.BCh, Why Diversity On Nonprofit Boards Is Crucial To Their Mission, 2021.

³Michelle Buck and Victor Crawford, It's time to make board diversity an expectation, not just a priority, 2021.

Actions to widen the diversity of a Board



In expanding the definition of diversity, organizations should also consider how to diversify for global perspectives

What?

As boards strive to improve the board and organizations effectiveness in engaging with all the stakeholders and in order to understand and manage both risks and opportunities effectively, geographic diversity in the board room will need to increase

How?

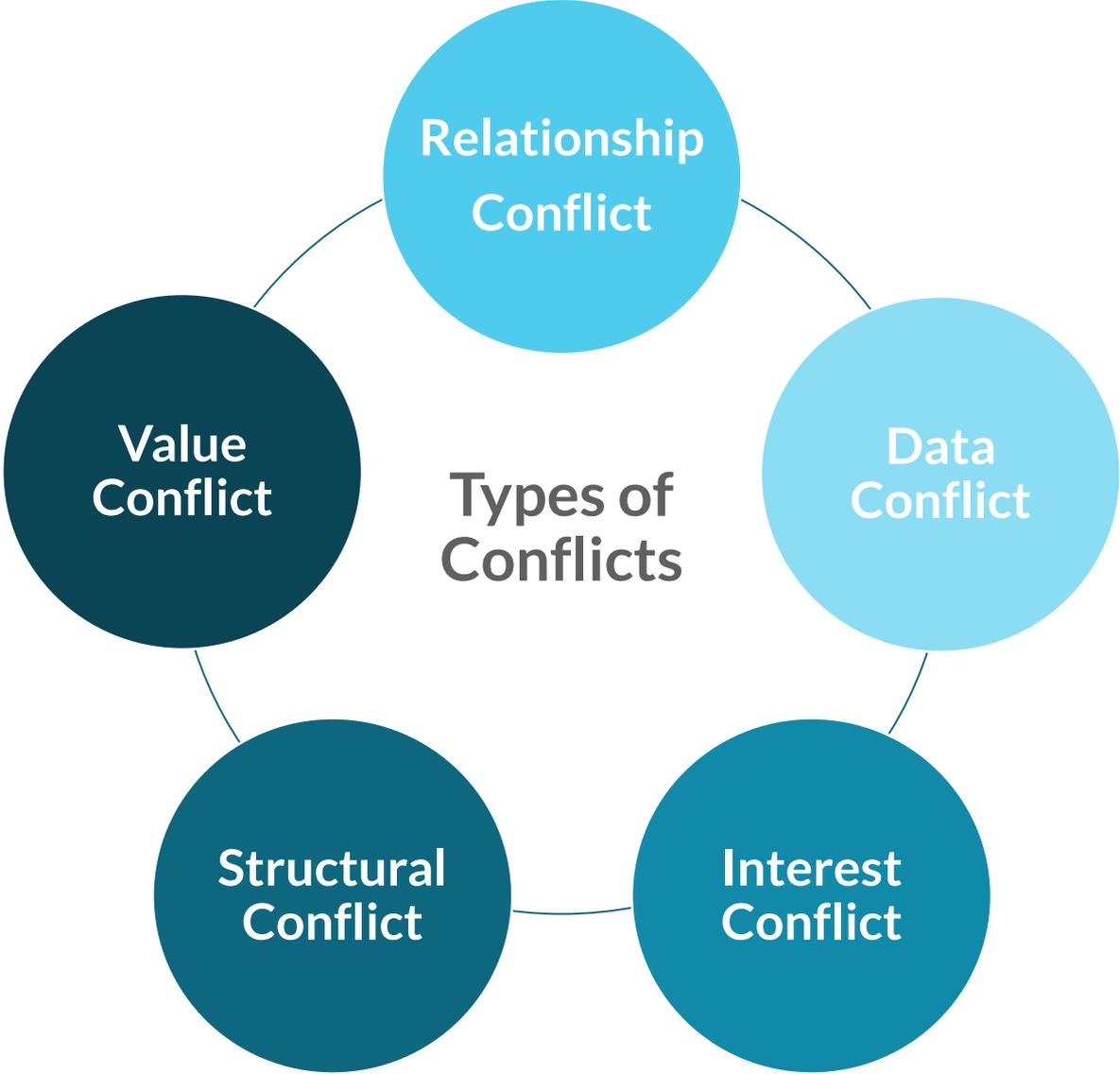
Creating and sustaining an effective global board must include a focus on board processes.

- Board meetings can be scheduled for times in which members across the globe can attend
- Board meetings can be located outside of where the HQ are to give board directors
- Board materials can be prepared with a cultural sensitivity to processes and language is important to accommodate for potential confusion that can occur due to differences in business language, jargon, culture context that simply do not translate cross-culturally

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Conflict within a Board can undermine its effectiveness

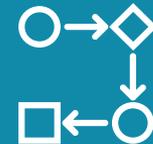


Ways of managing conflict

Build a strong and capable
Board of Directors



Have structured
procedures



Develop skills and
the space to solve
conflicts effectively



Experience sharing – opening up the conversation

1

Where have you struggled to make the most of your Board?

2

What good/best practices on Board management have you seen or implemented yourself?

3

Where have you found it challenging to increase Board diversity?

4

What good/best practices have you seen for increasing and managing a diverse Board?

Additional resources

Deloitte, The Effective Not-for-Profit Board A value-driving force, 2019.

<https://www2.deloitte.com/ca/en/pages/public-sector/articles/effective-not-for-profit-board.html>

Matthew Forti, Stanford Social Innovation Review, Challenging Conventional Wisdom on Nonprofit Boards, 2018.

https://ssir.org/articles/entry/challenging_conventional_wisdom_on_nonprofit_boards

Russell Reynolds Associates, Different Is Better: Why Diversity Matters in the Boardroom, 2017.

<https://thecreativeparty.com/wp-content/uploads/2017/01/different-is-better-why-diversity-matters-in-the-boardroom>

Stephanie J. Creary, Mary-Hunter McDonnell, Sakshi Ghai, and Jared Scruggs, Harvard Business Review, When and Why Diversity Improves Your Board's Performance, 2019.

<https://hbr.org/2019/03/when-and-why-diversity-improves-your-boards-performance>