

ADVANCED BOARDROOM
EXCELLENCE

Diversity At The Top:
Action Plan

The Future of Woman Chairman



**ACCELERATING
WOMEN CHAIRMAN**
IN FTSE BOARDS

Summary of

The Round Table Discussions & Actions

Advanced Boardroom Excellence London – July 2020

As the coronavirus pandemic continues to create challenges requiring humanity in leadership and innovation, it is critical to ensure that diversity is reflected at the top for strategic corporate direction. UK companies are expected to follow the Corporate Governance Code and 'tone from the top' adhering to the standards of best practice it sets out. These standards have evolved to include the need for diversity in UK businesses and boardrooms.

On gender diversity we have seen incremental progress – in the FTSE 350 there are now 33 women holding the position of Chairman, or Chair. (Hampton-Alexander review July 2020) But of these, just nine women hold the role in the FTSE 100, and the route from boardroom to Chair is most frequently travelled by men. There are also 26 men (and one woman) holding non-executive roles in the FTSE 350 for over nine years (Cranfield Report 2019).

While boardroom responsibility remains predominantly male, 2020 has also seen the return of all-male boards, showing how fragile the progress remains on cultural change. Ethnic and racial diversity is rising up the agenda of investors and regulators, with the Investment Association now asking all companies if they have disclosed the percentage of the board coming from an ethnic minority background. We suggest a plan of action to encourage a shift in the existing pattern of appointments.



Accelerating Women Into The Chairman Role

1. Aim for 50/50 male/female shortlists –for more exposure to the process and to widen the pool.
2. Nomination committees to begin their succession planning by mapping the career paths of the last five individuals in the Chairman role, to understand the pattern.
3. Each plc board, under leadership of the SID to consider how strategic direction has changed before drawing up a dynamic brief for the appointment– no recycled job descriptions.
4. Ensure more transparency in the appointment process by involving the outgoing Chair, asking him/her to consider their strengths and perceptions on the changing expectations of the role. A Chair network that is accessible online could be a useful collaborative exercise on diversity, championing leadership.
5. Use externally facilitated boardroom reviews for context on what is required from the role before starting the recruitment process. (Ensure the Recruitment process comparable for both men and women).
6. All executive search consultants involved to be advised on the need for a targeted recruitment process, with buy-in on a new specification for the role and the need for fresh names on the longlist due to changing skill requirements. The appearance of new names would be a sign that the process is moving away from box-ticking.
7. Boardrooms to give serious consideration to setting up ‘shadow boards’ as a way of finding new talent, growing the pool and diminishing groupthink in the interim. Shadow boards can open up boardroom opportunity across gender and across industry sectors – and could be a good route for future Chair recruitment. Examples of businesses setting up such boards include Pinsent Masons.
8. Boardrooms and nomination committees to actively use lists openly available (Cranfield report 2019) of women currently on plc boards and chairing committees. Currently the most common committee chair role occupied by women is RemCom – which is under strong investor scrutiny. But it also has a link to HR, which in turn is often denied a seat in the boardroom. Circular thinking of female appointments needs to be avoided.
9. Boardrooms to actively consider initiatives such as being a host board with Board Apprentice as a way to shine more light on their thinking of the background needed for appointments.
10. Nominations committee to have a clear career plan for all NED appointments, and for this to be linked to a succession plan for the Chair role, with investor input.

Adoption of all or some of the points in this plan would be a demonstration of a commitment by the business to wanting to change the number of women at the very top of UK business.

The Women Count 2020 report from The Pipeline points out that 15% of companies in the FTSE 350 have no female executives at all. Its latest research suggests that London-listed companies are more profitable when women make up more than one in three executive roles.

It is surprising that the embattled retail sector in this pandemic, despite 80% female recruitment at entry level, has among the lowest representation in executive roles. When women are given decision-making roles, different decisions are often made – and for change to stop being incremental, we need to accelerate women into the role of Chair.

This initiative has been widely supported by FTSE 350 and AIM listed Chairs, Committee Chairs and SIDs over a series of events in London and via telephone conversations. As potential candidates, women themselves need to be bold, ambitious, and collate the relevant experience to take on a Chair role. But we need also to create a supportive framework around them.