

Mogul

Board Diversity in 2021



About This Report

Mogul's *Fortune 500 Board Diversity in 2021* analyzes gender and ethnic diversity within the corporate board of directors of the [2021 Fortune 500](#).

HOW IT STARTED

We wanted to understand the gap in diversity on the board level and decided to use the Fortune 500 as a sample. Initially, we intended to write a top 100 list alongside this white paper. However, we realized we could not fill a top 100 list – our findings showed there is still a significant disparity between the most and least diverse boards.

We believed that was worthy of further exploration, so we took a deeper dive into the current state of the Fortune 500 to see what we could uncover.

We found it noteworthy that there were not 100 diverse boards within the Fortune 500.

This paper examines the diversity of today's boards. We highlight disparities, discuss intersectional diversity, and explore what can be improved using best practices for [building better boards](#).



About Mogul

Mogul, [a female, minority-owned business](#), is one of the world's largest recruitment platforms for diverse executives. [Our Build Better Boards](#) initiative aims to empower more women and people of color to serve on

corporate boards. We offer memberships for C-Suite and Board executives and provide an exclusive network, board opportunities, and monthly events.



Methodology

Our research focuses exclusively on the [2021 Fortune 500 list](#) with three main focuses: gender diversity, ethnic diversity, and diversity by industry. We created top ten and bottom ten lists of companies for each category.

For each company, we tabulated the number of members on each corporate board, then reviewed public filings and publicly available information to identify each board member's gender and ethnicity.

We compiled these numbers for each person and board on the Fortune 500 list, with exceptions noted. When the ethnicity of a director was in question, we researched further to make the most educated judgment possible.

SCORING SYSTEM

A simple scoring system flagged gender diversity and ethnic diversity separately using “Y” or “N” to determine diversity. Females and non-white individuals were assigned a “Y” status. We then divided the total number of board members by the total number of diverse members serving on that company's board to determine a score for “Company Gender Diversity” and “Company Ethnicity Diversity” metrics.

Next, we overlayed gender and ethnicity in a combined “Total Diversity” metric, adding the gender and ethnicity scores. We used the same scoring system for each company on the list.

Rank	Company	Total number of directors	Last name	First name	Gender	Ethnicity	Diversity	Company gender diversity	Company ethnicity diversity	Total diversity	Industry
1	CompanyName	12	LastName	FirstName	M	White	N	0.3333333333	0.1666666667	0.5	Retail
1	CompanyName				M	Hispanic/Latinx	Y				Retail
1	CompanyName				M	White	N				Retail
1	CompanyName				F	White	N				Retail
1	CompanyName				F	African-American	Y				Retail
1	Company				M	White	N				Retail

The “Total Diversity” metric is a scale from 0-200%, where 0% represents a board with all white and male members, and 200% represents a board that is comprised entirely of minority gender and ethnicity groups. For example, a board could have 200% “Total Diversity” if it was composed of all women or all ethnic minorities.

Because a person can belong to multiple minority groups simultaneously, we identified another metric, “Percentage of Minority Individuals.” In contrast to the Total Diversity” metric, in which a single person can be counted twice as both gender and ethnic minority, the “Percentage of Minority Individuals” counts that person as a single individual and removes duplicative results.

For example, if a board has 100% non-white females, the “Percentage of Minority Individuals” score would be 100%, and its “Total Diversity” score would equal 200%. Conversely, if a board has 100% non-white males, the “Percentage of Minority Individuals” score would be 100%, while the “Total Diversity” score also would equal 100%. From our perspective, both ends of the spectrum in “Percentage for Minority Individuals” and “Total Diversity” need diversity improvements.



ABOUT GENDER

We acknowledge there are many different gender identities. However, publicly available data suggests that no sitting board member identifies as anything other than male or female.

Additionally, this paper strictly focuses on the state of gender and ethnic diversity in the Fortune 500. This report omitted neurodiversity and representation diversity (i.e., LGBTQIA+, disability, and socioeconomic background) because reliable data isn't publicly available.

There is a larger aspect of diversity that we did not focus on in this paper and will explore in further works – the relationship between diversity, equity, inclusion, and belonging and how it affects who reaches the board level.

To note a few minor constraints we experienced during research: of the 500 companies on the 2021 Fortune 500 list, five are held privately, one does not trade on the public market, other companies now own three, and one company split and is now under a different name. That leaves 490 companies from the original 500 that we were able to use for this analysis.

Finally, during the research and writing of this white paper, Fortune released an updated 2022 list – we used the 2021 Fortune 500 list as the index, but our research relied upon 2022 data.



¹You can view the 2021 Fortune 500 list here: <https://fortune.com/fortune500/2021/search/>

Key Findings

After reviewing the state of diversity in Fortune 500 boards, the following stand out:

— The Fortune 500 tends to be more gender diverse than ethnically diverse.

- Of 5,403 board members, 69.11% members are male (3,734) and 30.89% are female (1,669)
- Of 5,403 board members, 78.62% members are white (4,248) and 21.38% are non-white (1,155)

— The top 10 most gender-diverse companies have only a 6% spread.

- The spread in the top 10 is from 54% to 60%
- The spread in the bottom 10 is from 0% to 11%

— It is not uncommon for directors to hold more than one board position on the Fortune 500.

- Out of 5,403 available board seats, 1,961 (36.48%) are held by 734 people
- Of the 734 people who hold multiple board seats, 65.12% are male

Note: There are zero Native American men or women serving on any Fortune 500 board.

— Energy features prominently in the bottom 10 for both gender and ethnic diversity.

- Retail and Professional Services have the highest gender diversity (35%)
- Telecommunications and Packaging have the lowest gender diversity (23%)
- Real Estate, and Computer Software have the highest ethnic diversity (32%)
- Agriculture and Packaging have the lowest ethnic diversity (8%)

— 15 companies have zero ethnic diversity.

- The spread in the top 10 ethnically diverse is from 50% to 80%

Note: Publicly available data suggests that no sitting board member identifies as anything other than male or female.

Introduction

Diversity on boards has evolved over the last 50 years.

Historically, boards have been primarily white and male. In 1973, only 11 companies in the Fortune 100 had at least one woman. Only 7% had board seats containing at least one ethnic minority.

Our analysis shows that today, only one in every four directors (30.89%) in the Fortune 500 is a woman, and 21.38% of directors are an ethnic minority.²

That's progress. But at the current pace of minority hires, estimates say we will reach 40% of board seats being held by minorities by 2074.³

Corporate America is under pressure to improve its diversity. Increasingly, companies are expected to better represent their stakeholders, workforce, and communities. The business results are clear for those that do so - having a board of diverse directors correlates with increased business results.



² Fortune. Fortune 500: 1973 Archive Full List. Fortune 500: 1973 Archive Full List 1-100, Fortune 500., 1973, https://archive.fortune.com/magazines/fortune/fortune500_archive/full/1973/.

³ Missing Pieces Report: The Board Diversity Census. Deloitte United States, 2020, <https://www2.deloitte.com/us/en/pages/center-for-board-effectiveness/articles/missing-pieces-report-board-diversity.html>.

The State of Fortune 500 Board Diversity in 2021

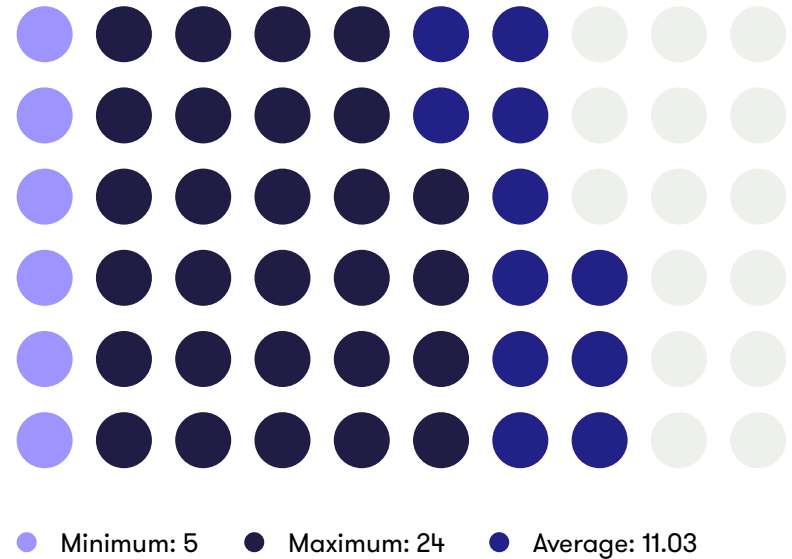
The average tenure of a board member is 9.7 years⁴, and there's an average of 11 directors per board.

With few spots and long tenures, each board member must be carefully selected to bring their unique experiences to the table.

Boards and their committees must constantly challenge themselves to keep pace with the ever-changing competitive landscape. A diverse boardroom should also reflect its broad base of customers, which will vary based on company and industry goals. With a limited number of board seats and such long tenures, hiring with diversity in mind needs to be an active priority.

The State of Fortune 500 Board Diversity in 2021

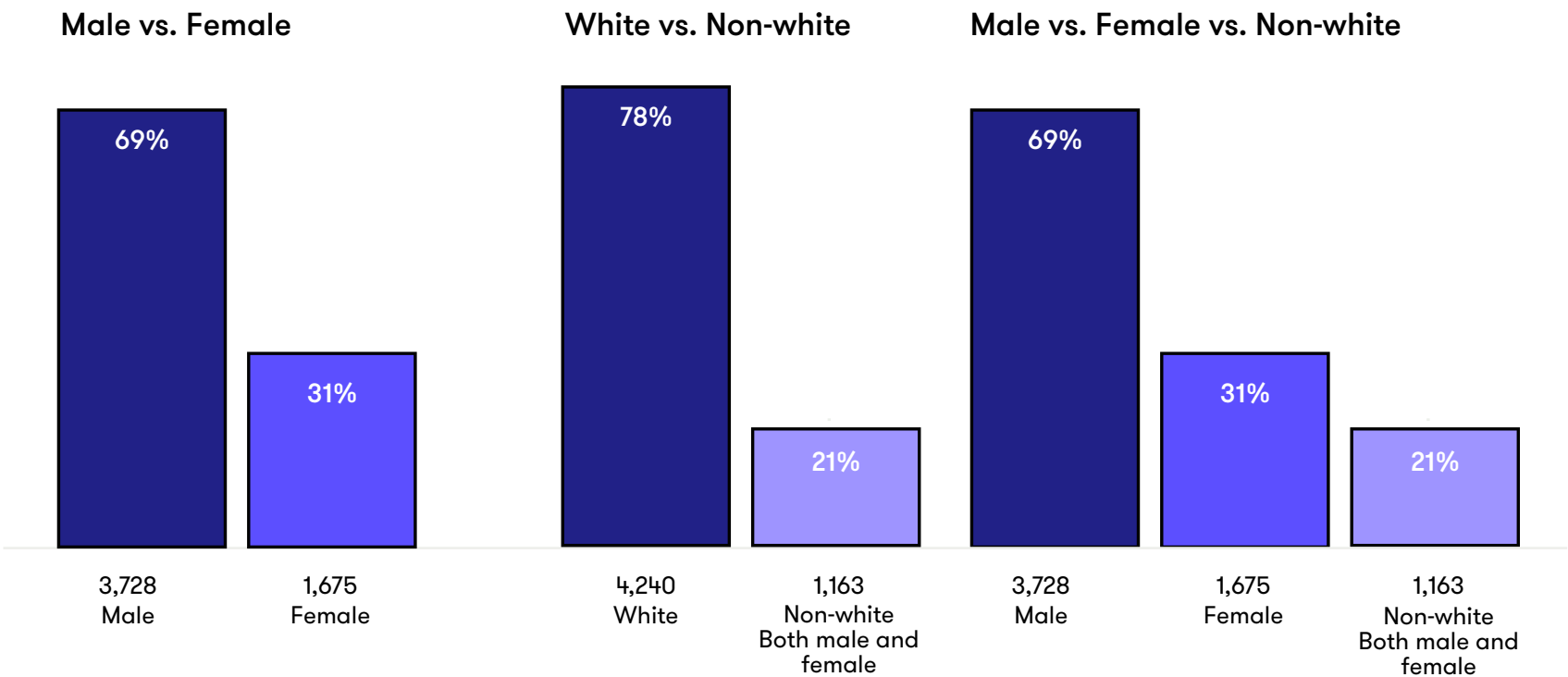
Board Seats per Company



⁴ Tonello, Matteo. Corporate Board Practices in the Russell 3000 and S&P 500. *The Harvard Law School Forum on Corporate Governance*, 18 Oct. 2020.

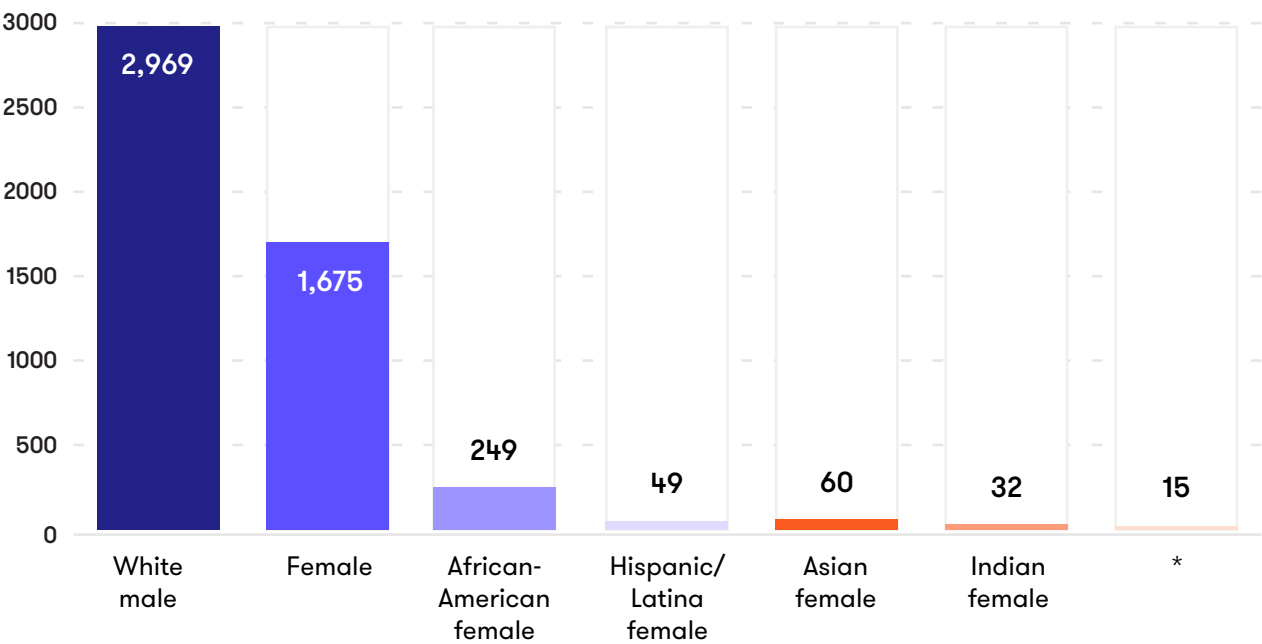
Board of Directors Numbers by Ethnicity and Gender

Total 5,403 board of director seats on the Fortune 500



Board of Directors Numbers by Ethnicity and Gender

White Males vs. Diverse Females

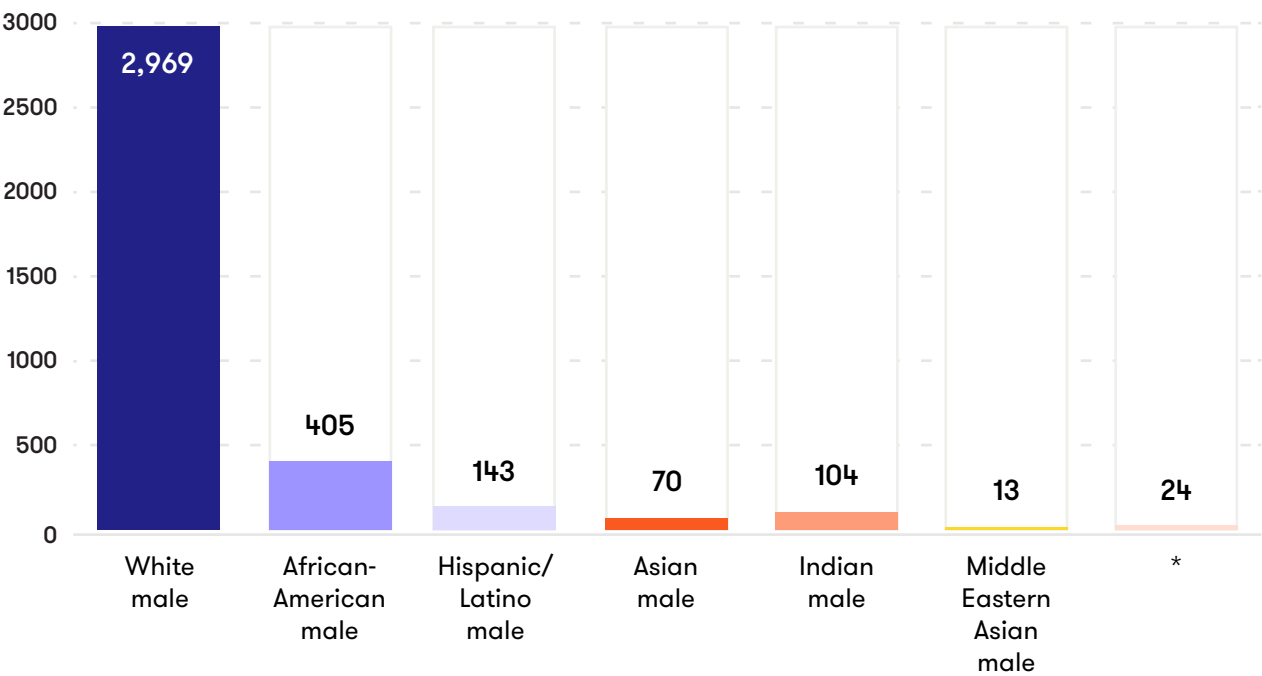


*Total diverse females with <20 board seats

- Biracial female (5)
- Middle Eastern Asian female (3)
- Non-white female (1)
- North African female (1)
- South African female (1)
- Western Asian female (4)

Board of Directors Numbers by Ethnicity and Gender

White Males vs. Diverse Males



*Total diverse males with <10 board seats

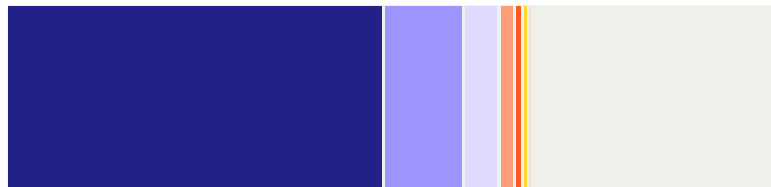
- Biracial male (6)
- Non-white male (5)
- North African male (2)
- South African male (1)
- South Asian male (3)
- Western Asian male (7)

Number of directors who have at least 2 seats within Fortune 500 companies, by ethnicity and gender

Total individuals who occupy more than two seats (by Ethnicity and Gender)

Male Total: 478 People

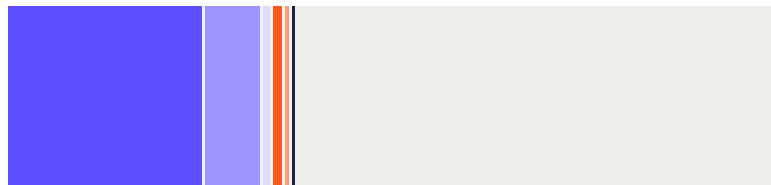
Total seats: 734



- White male: 357
- African-American male: 73
- Hispanic/Latinx male: 30
- Indian male: 11
- Asian male: 4
- Middle Eastern Asian male: 2
- South Asian male: 1

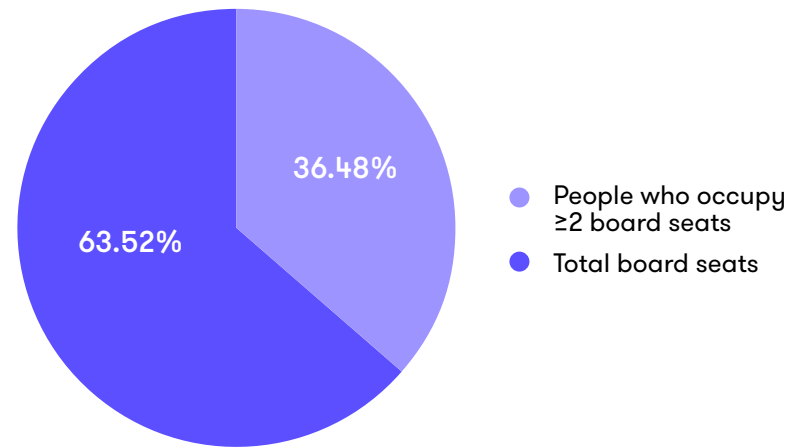
Female total: 256 People

Total seats: 734



- White female: 185
- African-American female: 52
- Hispanic/Latinx female: 8
- Asian female: 6
- Indian female: 3
- Biracial female: 2

734 people occupy 36.48% of available board seats (1,971 out of 5,403)



*11 people occupy 4 seats (most seats): White female (3), Hispanic/Latinx male (1), African-American male (3), White male (3)

Gender Diversity by Company

We celebrate the companies that are making gender diversity a priority, as demonstrated by the increasing number of women on boards. That said, it is disappointing that in 2022 there are still boards without a single female director and no board members that publicly identify as anything other than male or female.



How can we encourage corporations to make gender diversity a priority?

Lawmakers have been attempting to codify an answer to that question. In 2018, California lawmakers enacted SB 826⁵, which required California-based, publicly held companies to include a minimum number of female directors based on their board size.

The bill was overturned in May 2022 after the California Superior Court ruled that SB 826 violated the equal protection clause of the California constitution.⁶ Massachusetts, Michigan, New Jersey, and Oregon are currently considering diversity quotas that will no doubt be affected by the California ruling.⁷

⁵ California Senate. *SB-826 Corporations: Boards of Directors.*, 1 Oct. 2018, https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB826.

⁶ *Crest v. Padilla*, No. 19-STCV-27561 (LA Super. Ct., May 2022).

⁷ Alfon, Beverly. *The Push for Corporate Board Diversity Requires Your Attention, Regardless of Legal Challenges.* *JD Supra*, <https://www.jdsupra.com/legalnews/the-push-for-corporate-board-diversity-9547941/>.

Though specific quotas for board diversity have faced backlash and legal action, the current push is to require transparency from corporations via reporting requirements. Notably, Nasdaq will require that by August 2022, their listed companies either have or explain why they do not have at least two directors from underrepresented communities.⁸ Nasdaq includes ethnicity and gender under its definition of underrepresented communities. At the state level, New York, Illinois, and Maryland now have board diversity reporting requirements.

Several legal challenges to these reporting requirements have been filed in the last year - time will tell if the lack of specific quotas will make them more resistant to legal challenge than California's attempt.⁹

Did you know? Women's labor force participation in the US was 56.8% as of June 2022.¹⁰



⁸ NASDAQ's Board Diversity Rule What NASDAQ-Listed Companies Should Know. Nasdaq, 2022, <https://listingcenter.nasdaq.com/assets/Board%20Diversity%20Disclosure%20Five%20Things.pdf>.

⁹ Ramonas, Andrew. Nasdaq Board-Diversity Regulations Face Another Court Challenge. *Bloomberg Law*, 5 Oct. 2021, <https://news.bloomberglaw.com/securities-law/nasdaq-board-diversity-regulations-face-another-court-challenge>.

¹⁰ Labor Force Status of Women and Men. *United States Department of Labor*, 2022, <https://www.dol.gov/agencies/wb/data/widget>.

Top 10 companies in gender diversity

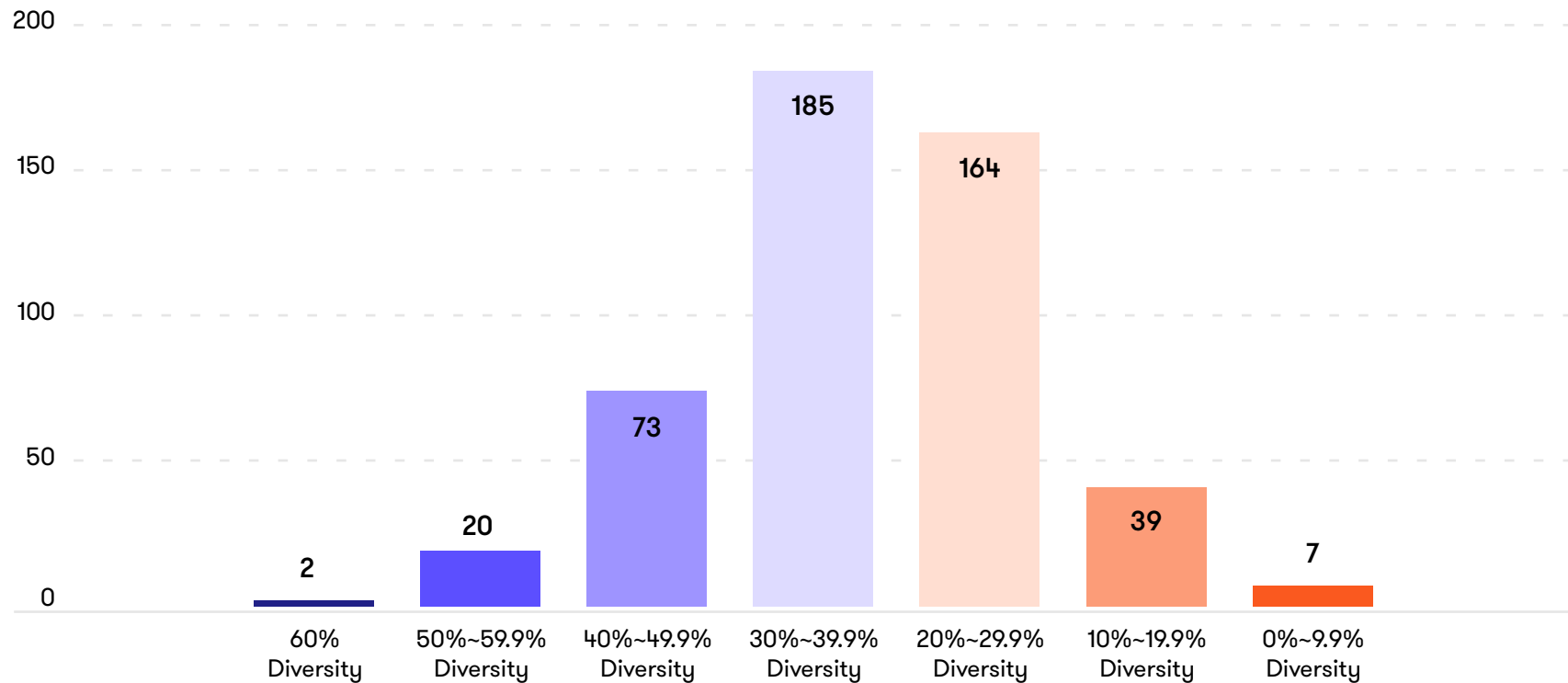
FORTUNE 500 RANKING	COMPANY	DIVERSITY (%)	INDUSTRY
#229	Omnicom Group	60%	Advertising
#365	Intercontinental Exchange		Financial Services
#33	Citigroup	58%	Financial Services
#109	ViacomCBS		Mass Media
#221	Gap		Retail
#425	Williams-Sonoma	57%	Retail
#280	Bed Bath & Beyond		Retail
#369	Thrivent Financial		Financial Services
#449	Big Lots	55%	Retail
#22	General Motors	54%	Automotive
#494	Hasbro		Toys and Entertainment

Lowest 10 companies in gender diversity

FORTUNE 500 RANKING	COMPANY	DIVERSITY (%)	INDUSTRY
#81	Energy Transfer	0%	Energy
#151	NGL Energy Partners		Energy
#361	Global Partners		Energy
#103	CHS	6%	Agricultural Cooperative
#64	Charter Communications	7%	Telecommunications
#420	Beacon Roofing Supply	8%	Build Materials
#127	Plains GP Holding	9%	Energy
#350	Builders FirstSource	10%	Construction
#269	Crown Holdings		Corrugated Packaging
#465	Sinclair Broadcast Group	11%	Telecommunications
#431	Zoetis		Pet Care
#329	SpartanNash		Retail Distribution
#326	Liberty Media		Media
#308	Sonic Automotive		Automotive Retailer
#306	Altice USA		Telecommunications

3 out of 491 companies do not have any female members on their board

Company diversity percentages – gender diversity



Ethnic Diversity by Company

It's notable that the discussion of diversity on boards tends to center around gender. This is reflected in the state-level diversity requirements for boards, the majority of which focus on gender representation and do not have ethnicity requirements.¹¹

California's attempt to codify ethnic diversity is the most prominent. The state's 2020 bill AB 979 established requirements for the number of board members from underrepresented groups. California defined underrepresented groups as "an individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender."¹² The number of required directors increased with board size.

AB 979 faced the same backlash as the gender-specific bill SB 826. Following litigation, the Superior Court of California ruled in 2022 that the state may not enforce AB 979.¹³

Our analysis shows that 15 Fortune 500 companies have zero non-white members.

It's clear that those boards are homogeneous groups that are not benefiting from the different perspectives a diverse group can bring.

¹¹ Alfon, Beverly. The Push for Corporate Board Diversity Requires Your Attention, Regardless of Legal Challenges. *JD Supra*, <https://www.jdsupra.com/legalnews/the-push-for-corporate-board-diversity-9547941/>.

¹² *California AB979: 2019-2020*. LegiScan, <https://legiscan.com/CA/text/AB979/id/2211047>.

¹³ Robin Crest, et al. v. Alex Padilla, No.20ST-CV-37513 (LA Super. Ct., April 2022).

Top 10 companies in ethnic diversity

FORTUNE 500 RANKING	COMPANY	DIVERSITY (%)	INDUSTRY
#363	Yum China Holdings	80%	Food Service
#441	MasTec	62.5%	Energy
#51	Archer Daniels Midland	55%	Food Processing
#168	Avnet		Electronics
#201	Mastercard	54%	Financial Services
#221	Stryker	50%	Medical Technology
#498	Avis Budget Group		Automotive Rental
#186	Jones Lang LaSalle		Real Estate Services
#403	Chewy		E-Commerce
#56	HP	42.6%	Computer Hardware
#118	Eli Lilly		Pharmaceutical

Note: both Yum China and MasTec are founded by minority groups

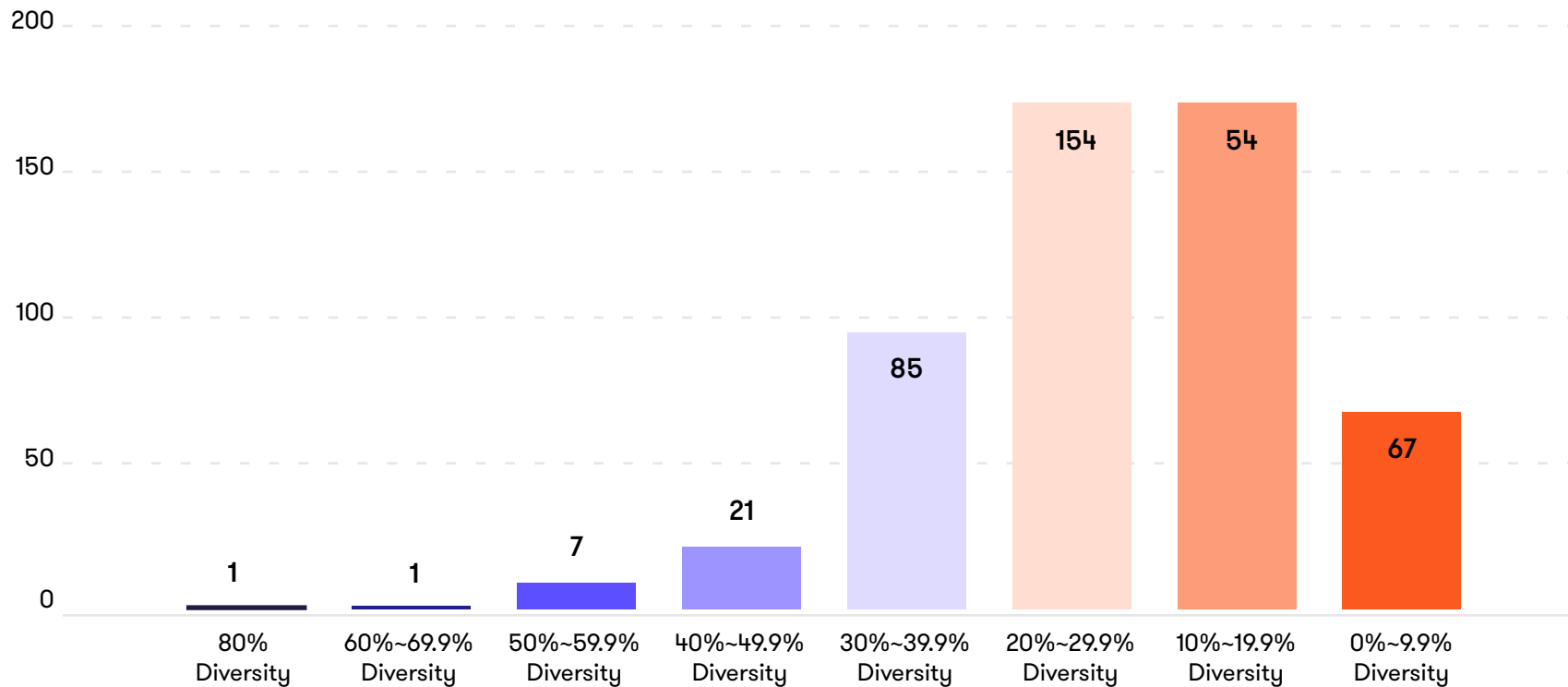
Lowest companies in ethnic diversity

FORTUNE 500 RANKING	COMPANY	DIVERSITY (%)	INDUSTRY
#81	Energy Transfer	0%	Energy
#151	NGL Energy Partners		Energy
#361	Global Partners		Energy
#103	CHS		Energy
#308	Sonic Automotive		Energy
#442	DCP Midstream		Energy
#105	Enterprise Products Partners		Energy
#389	Navistar International		Automotive
#319	Steel Dynamics		Steel
#453	Icahn Enterprises		Conglomerate
#69	Publix Super Markets		Groceries
#329	SpartanNash		Energy
#197	DISH Network		Telecommunications
#270	Universal Health Services		Healthcare
#231	Lithia Motors		Automotive
#406	Seaboard		Agriculture
#348	Genworth Financial		Insurance

Note: there are all tied with 0% ethnically diverse board members

16 out of 491 companies do not have any ethnically diverse members on their board

Company diversity percentages - ethnic diversity



**Total
Diversity**

A single hire of a woman or a minority does not make a diverse board.

How many companies score high in a combined gender + ethnicity percentage but have a small number of individuals representing minority groups? In theory, a company can simply check two demographic boxes when hiring a Black woman or Asian woman, for example.

Nobody wants to be a checked box in an otherwise homogeneous group. The goal is to have a wide range of people throughout the board.

It's important to view diversity through the lens of **intersectionality**. Intersectionality highlights the truism that diversity is more than ethnicity and gender. There are many different ways a person can exist in this world.

Did you know? According to the U.S. Census, 43.1% of Americans identify as non-white.¹⁴

Intersectionality acknowledges that complex social identities (including but not limited to ethnicity, class, gender, education, religion, culture, background, disability, neurodiversity, and much more) combine, overlap, and intersect. These intersections greatly affect the opportunities and barriers people experience, especially when they belong to one or more marginalized groups. Each identity paradigm brings a unique perspective.

As we think about how to Build Better Boards, we need to open our minds to who a board member can be.

Does the diversity of your board reflect the voices you need in the room to make informed decisions?

It is clear that a homogeneous board isn't the way forward for organizations eyeing the fastest possible growth.

¹⁴ From the US Census Population Estimate Program V2021, 43.1% is the percentage of population that identified as categories other than "White alone" and "White Alone, Not Hispanic or Latino."

Total diversity

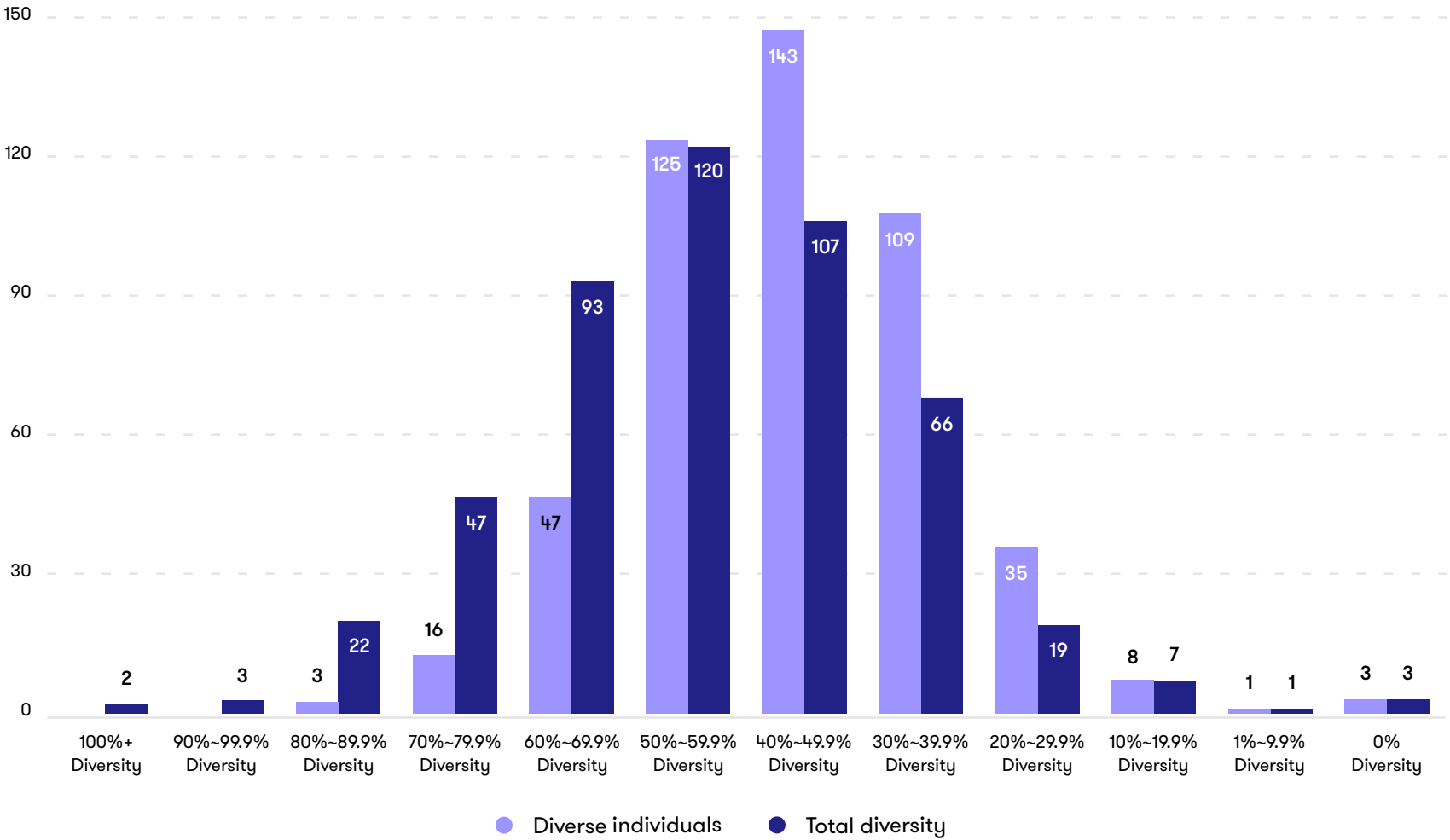
	PERCENTAGE OF MINORITY INDIVIDUALS		TOTAL DIVERSITY ¹⁵	
	TOP 10 HIGHEST	TOP 10 LOWEST	TOP 10 HIGHEST	TOP 10 LOWEST
1	#363 Yum China Holdings 80% • Food Service	#81 Energy Transfer 0% • Energy	#363 Yum China Holdings 110% • Food Services	#81 Energy Transfer 0% • Energy
2	#229 Omnicom Group 80% • Advertising	#151 NGL Energy Partners 0% • Energy	#229 Omnicom Group 100% • Advertising	#151 NGL Energy Partners 0% • Energy
3	#212 Stryker 80% • Medical Technology	#361 Global Partners 0% • Energy	#56 HP 92.3% • Computer Hardware	#361 Global Partners 0% • Energy
4	#121 Broadcom 77.8% • Semiconductors	#103 CHS 5.9% • Agricultural	#212 Stryker 90% • Medical Technology	#103 CHS 5.9% • Agricultural
5	#132 Rite Aid 77.8% • Retail #116 Gilead Sciences 7.8% • Biotechnology	#308 Sonic Automotive 11% • Automotive	#365 Intercontinental Exchange 90% • Financial Services	#308 Sonic Automotive 11% • Automotive
6	#22 General Motors 76.9% • Automotive	#442 DCP Midstream 12.5% • Energy	#441 MasTec 87.5% • Energy	#442 DCP Midstream 12.5% • Energy
7	#109 ViacomCBS 75% • Mass Media	#64 Charter Communications 14.3% • Telecommunications	#425 Williams-Sonoma 85.7% • Retail	#105 Enterprise Products Partners 15.4% • Energy
8	#186 Jones Lang LaSalle 75% • Real Estate Services	#105 Enterprise Products Partners 15.4% • Energy	#118 Eli Lilly 84.6% • Pharmaceutical	#389 Navistar International 16.7% • Automotive
9	#180 Bank of New York Mellon 72.7% • Financial Services	#389 Navistar International 16.7% • Automotive	#201 Mastercard 84.6% • Financial Services	#420 Beacon Roofing Supply 16.7% • Building Materials
10	#226 Edison International 72.7% • Energy #313 AES, #333 NRG Energy 72.7% • Energy #391 Booz Allen Hamilton Holding 72.7% • Consulting	#420 Beacon Roofing Supply 16.7% • Building Material	#22 General Motors 84.6% • Automotive	#319 Steel Dynamics 18.2% • Steel #127 Plains GP Holdings 18.2% • Energy

¹⁵ The Total Diversity percentage is a scale from 0-200%, where 0% represents a board that has all white and male members, and 200% represents a board that is comprised entirely of minority groups. Note that both ends of the spectrum are in need of diversity improvements.

Company Diversity Percentages

Company Diversity percentages

Diverse individuals vs. Total diversity



Diversity by Industry

Relevant industry experience is typically a “must have” for board searches. We want to challenge that practice.

Are you looking for a specific industry experience because that’s what you need, or because that’s how you’ve always reviewed Board Member profiles? Are all your Board Members from the same or similar industries? Would having a Board Member from a different industry benefit your company in any way?

Industry experience is certainly helpful. But for already-existing boards, chances are you already have a Board of Directors with that background. Examine what skills and experiences you are missing from your current board. Challenge your assumptions and ask if your current hiring “must-haves” are actually “nice-to-haves.”

Consider board members from industries that could be complementary. Is there an industry that most of your clients are from? That adjacent industry could be an opportunity for expansion, and that market experience will be a fresh perspective.

Expanding your requirements opens your search to candidates with a breadth of new experiences that can truly add to your board, rather than just expanding it.

In our analysis, we're seeing higher levels of diversity in industries that serve a wide range of customers (i.e., retail, distribution) and are evenly spread across the country (i.e., healthcare, education).

Even though the top 10 industries are still under 50% diversity at the board level, we are beginning to see the results from companies actively working toward improving their diversity efforts.

Notably, industries that have traditionally lacked diversity (particularly accounting, law, and financial services) are increasingly expanding their candidate pool to hire from a broad range of schools, majors, and backgrounds.

Each industry has its own story, complex history, and interactions with diverse communities. We recognize that it takes time to make changes at the board level. What matters is continually making forward progress.



Top 10 average gender diverse by industry

INDUSTRY	# OF COMPANIES	DIVERSITY (%)
Retail	46	35.4%
Profession Services	16	35%
Computer	17	34.5%
IT	17	34.3%
Logistics	6	34.2%
Financial Services	59	33.3%
Consumer Goods	25	32.9%
Food & Beverage	27	32.4%
Real Estate	5	32.2%
Insurance	33	31.8%

Lowest 10 average gender diverse by industry

INDUSTRY	# OF COMPANIES	DIVERSITY (%)
Telecommunications	12	23.4%
Packaging	7	24.2%
Construction	14	26.6%
Agriculture	8	26.7%
Transportation	11	27.1%
Automotive	21	27.4%
Manufacturing	26	28.7%
Defense & Aerospace	10	29.6%
Bioscience	7	29.6%
Healthcare	23	30%

Top 10 average ethnically diverse by industry

INDUSTRY	# OF COMPANIES	DIVERSITY (%)
Real Estate	5	32.8%
Computer	17	27.6%
Professional Services	16	25.2%
Food & Beverage	27	24.9%
Healthcare	23	23.7%
IT	17	23.5%
Entertainment	11	23.3%
Financial Services	59	23.2%
Consumer Goods	25	23.1%
Medical Services	8	23%

Lowest 10 average ethnically diverse by industry

INDUSTRY	# OF COMPANIES	DIVERSITY (%)
Agriculture	8	8.8%
Packaging	7	14.6%
Automotive	21	15.1%
Defense & Aerospace	10	16.5%
Materials	12	16.6%
Logistics	6	18.4%
Manufacturing	26	19.1%
Construction	14	19.2%
Energy	57	19.8%
Insurance	33	20%

Top 10 average total diversity by industry

INDUSTRY	# OF COMPANIES	DIVERSITY (%)
Real Estate	5	65%
Computer	17	62%
Professional Services	16	60.2%
IT	17	57.7%
Retail	46	57.4%
Food & Beverage	27	57.4%
Financial Services	59	56.5%
Consumer Goods	25	56%
Entertainment	11	55%
Healthcare	23	53.7%

Lowest 10 average total diversity by industry

INDUSTRY	# OF COMPANIES	DIVERSITY (%)
Agriculture	8	35.4%
Packaging	7	38.8%
Automotive	21	42.6%
Construction	14	45.8%
Defense & Aerospace	10	46.1%
Telecommunications	12	46.4%
Energy	57	46.5%
Materials	12	47.1%
Manufacturing	26	47.8%
Transportation	11	49.8%

Diversity Impacts on Business Results

Studies have shown that promoting diversity across an organization means better business results:

- 43% of companies with diverse boards generate higher profits.¹⁶
- Companies in the top-quartile for ethnic/cultural diversity on executive teams are 33% more likely to have industry-leading profitability.¹⁷
- A diverse leadership team boosts revenue by 19% vs the competition.¹⁸

To gain an advantage in today's globally competitive world, a diverse Board of Directors must include a wide range of perspectives, skills, ages, genders, cultures, and ethnicities. This boosts decision-making ability, expands guidance, and mitigates risk management.

Today, a diverse board is a business imperative.



¹⁶ Hunt, Vivian, et al. "Delivering through Diversity." McKinsey & Company, McKinsey & Company, 2018, <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/delivering-through-diversity>.

¹⁷ Hunt, Vivian, et al. "Delivering through Diversity." McKinsey & Company, McKinsey & Company, 2018, <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/delivering-through-diversity>.

¹⁸ Lorenzo, Rocío, et al. "How Diverse Leadership Teams Boost Innovation." BCG Global, BCG Global, 16 Dec. 2018, <https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation>.

Board Best Practices in 4 Steps

Mogul's diversified executive search experts recommend the following steps to guide your board search.

STEP 1

Define your ideal board member through an inclusive lens

Assess your current board and determine what functions or skill sets are missing. Consider roles and functions outside the traditional CFO or CEO that make up most boards. What would complement current leadership?

Also, consider expanding the search to non-C-Suite leadership. Prioritize the competencies and experiences needed for the role. Outline the resources required to make the right hire, including cost and timeline.

From there, work on your inclusive search strategy. That should include target industries, sectors, companies, candidate profiles, and areas of opportunities among specific board committees.



STEP 2**Run a comprehensive search to surface underrepresented leadership**

Assemble an extensive diversified list by expanding outside the board and leadership's personal and professional contacts, and approach candidates to gauge interest. For confidential searches, the identification of candidates should be conducted through research and complemented with discreet references.

Engage a search firm specializing in DE&I Board placements. A recruiting firm can be a great partner/advisor and help expand its network beyond traditional and "usual suspects." They also advise ways to open up the search to more diversity and keep the role confidential.



STEP 3**Evaluate your board prospect**

Conduct standardized interviews based on your ideal board member profile, and use scorecards to evaluate and rank. Include a comprehensive plan to assess relevant past experience, present readiness, and future potential value add. Be aware of unconscious biases as you create your short-list and evaluate it for diversity before introducing it to your decision-makers.

STEP 4**Place and integrate your new Board Director**

Conduct final reference checks on competencies, skills, and experiences, then work with the candidate to agree upon the compensation package. Use external benchmarks to reduce the risk of bias. Create an external communications plan and prepare market announcement materials. Finally, encourage open communication and have conversations about diversity issues in the leadership pipeline.



**Build Better Boards to
Build a Better World**

While it's heartening to know that diversity on boards is rising, we still have a long way to go.

The average tenure for seated directors is 9.7 years.¹⁹

With slow turnover, each new board hire must be made with diversity in mind to make progress.

We acknowledge and applaud the organizations taking strides to develop diverse boards. And we are here to help companies that are ready to accelerate their business.

A board comprised entirely of white men is not diverse, but neither is a board consisting entirely, for example, of Black women. High-performing boards are intersectional, with members who are different from one another, with various backgrounds and experiences.

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Engage a search firm specializing in DE&I Board placements. A recruiting firm can be a great partner/advisor and help expand its network beyond traditional and "usual suspects." They also advise ways to open up the search to more diversity and keep the role confidential

¹⁹ Tonello, Matteo. "Corporate Board Practices in the Russell 3000 and S&P 500." *The Harvard Law School Forum on Corporate Governance*, 18 Oct. 2020.

Today's state of the Fortune 500 highlights clear areas of improvement: gender, ethnicity, and Intersectionality.

Building a better, diverse board is so much more than simply checking boxes on demographics.

Each company in its respective industry will have a different answer to its board demographics to guide company decisions effectively. Ultimately, what is clear is that having a homogeneous board of directors is not the way forward.

It's time to make diversity an active choice.



TOGETHER, LET'S BUILD BETTER BOARDS.

For more information on building better boards for your company,
visit onmogul.com/boards.

Further Reading

[The Board Diversity Census of Women and Minorities on Fortune 500 Boards](#), The Harvard Law School Forum on Corporate Governance.

[The State of Black Women in Corporate America](#) Lean In.

[Missing Pieces Report: The Board Diversity Census](#) Deloitte.

[The Push For Corporate Board Diversity Requires Your Attention, Regardless of Legal Challenges](#), JDSupra.

[Board Diversity Increased in 2021. Some Ask What Took So Long](#), the New York Times.

[Labor Force Statistics from the Current Population Survey](#), the US Bureau of Labor Statistics.

[Corporate Board Practices in the Russell 3000 and S&P 500](#), The Harvard Law School Forum on Corporate Governance.

[Corporate Board Diversity: Next Steps for Employers After Court Strikes Down California Board Diversity Law](#), Littler.