

Refuting Groupthink on Diversity

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Speakers at a recent Johns Hopkins University conference were addressing gender issues. Three of the panelists were SEC Commissioner Luis Aguilar, Intel Director Jane Shaw and Dutch Ambassador to the U.S. Renée Jones-Bos. Their dedication to the creation of better, stronger, more diverse corporate boards of directors cannot be challenged. Commissioner Aguilar also spoke Tuesday night at Loyola Marymount University on the major challenges ahead for the SEC as a consequence of the Dodd-Frank Act.

It is possible to respect shared goals, yet differ on the methods to achieve the end result: quality, competent and diverse boards. One topic in particular, mentioned in presentations by all three speakers, gave me grave concern. That topic is the echoing of a report from Wellesley that alleged,

1. the first woman on a corporate board will be shy, retiring and hesitant to speak her mind;
2. the second woman on a board is better because that allows for collaboration between the two; and
3. the third woman on a board “makes magic happen.”

References to this report are now so ingrained in the psyche of women-/diversity-advocates that it is referred to by its “shorthand” expression, Three Women on a Board Make Magic. When we have arrived at such shorthand, then that should be a clear warning that groupthink is at play. Such is the case with this report. Groupthink on behalf of women/diversity in governance is as anathema as groupthink by stale monolithic boards. This specific example of groupthink can be, and should be, challenged on several fronts.

First, the report was based on hearsay: “He thinks that she thinks.” CEO perceptions of the thinking of first female directors would not be acceptable in a court of law and should not be acceptable at the governance table.

Second, the sample was not representative of the thousands of women directors representing a gigantically diverse group of business professions with a wide range of ages, educations, experiences, competencies, personal styles and capacity to speak up or ponder and deliberate.

Third, the speakers in the report were anonymous – their views were “captured” by the report writers in support of a specific advocacy agenda. When we finally hear the more complete, for attribution, direct testimony of women directors, such as the more elaborate explanation provided by Jane Shaw in the above SAIS conference, it becomes clear that the individual -- like every single director, male or female -- experienced the inevitable first session assimilation challenges. We also heard that early hesitation on the part of a director was immediately addressed in the chair’s board evaluation process. Ms. Shaw stated unequivocally that Andrew Grove told her to speak up, speak her mind, or else she would not be considered an effective director. Could the message be any clearer?

Fourth, the report's three statements violate the essential duties of a corporate director. If a director did not speak her mind, she would be violating her obligation to the Nominating Committee: "the nominee agrees to serve." Sitting back on her haunches, quietly letting everyone else walk all over her, verbally, is not "serving." It is sitting like a bump on a log, taking up valuable air and director compensation without delivering competence and skills as expected and required. A director must serve – the only way to serve is to speak her mind along with every other director.

If a director failed to speak her mind, she also would be violating the duty of skill and care – the charter that she must exercise reasoned judgment in the best interests of the shareholders. Silence does not meet that standard, and she could be liable for her failure to deliberate.

If a director were a willing party to domination by her peers, she would also be failing to meet the standard of the duty to act. Failure to disclose direct or indirect intimidation tactics by other board members (if such behavior in fact existed, rather than only in her mind) to the Chair or the CEO would constitute a failure to meet the duty of disclosure. And, if such tactics were all in her head, rather than in reality, her only choice would be to resign.

Third, the statement that a second woman on a board allows for collusion or collaboration between the two is an affront to the concept of director independence. If one director cannot express her opinion without the protection or cover of an echo director, what value could the two of them possibly be? If the two collaborating directors were venture capitalists, Hispanics, African Americans, gays, lawyers, accountants or any other pair, it would be clear that the loss of independence on the part of the two directors would be unseemly. Just because women directors were alleged to have colluded does not make for good governance.

Fourth, both of these statements are patently insulting to the countless individual first and second women on corporate boards who are willing to speak their minds openly and honestly. Bandyng about such "shorthand groupthink" statements in such a cavalier manner implies that all women directors must be this way. That is categorically untrue. It exemplifies the worst form of profiling. If we said this of African Americans, Hispanics or males of any origin, they rightly would be indignant at the presumption that the first or second one could not make it on the merits.

At one time, three or four decades ago, first women directors might have been seen as "diversity tokens" back in the days when women represented a tiny percentage of the talent in business or among business leaders. Today, the women invited to be directors have solid experiential and educational credentials. They have talent and valued perspectives. Many are former CEOs, CFOs and partners in accounting and law firms. It is inappropriate to paint today's successful women directors with yesterday's stereotypes.

When advocates use such meaningless statements as "magic," directors who are experienced, competent, and genuinely concerned about diversity roll their eyes toward the back of their heads in disbelief. They say to themselves, "Here they go again!" or "Are these people really so clueless about what it takes to serve on a board?"

When groupthink is allowed to spread unchallenged, it breeds even more insidious secondary effects. On another panel, one woman said that “some women refuse to be the first woman on a board.” And in still another panel, a male said, “we have to look for two women, not just one.” In other words, allowing the groupthink to persist, as if it were true, undermines the very genuine desire to diversify board membership – the goal which the report originally sought to achieve. The effect of the report is counterproductive. It diminishes the credibility of women who potentially could add value to the corporate boardroom.

There is hard work to be done inside today’s board rooms – not magic. It is time to put this myth into the same receptacle as the other kiss-the-frog/find-the-prince urban legends. If we want more women and diversity candidates on our corporate boards, then we simply have to ensure that all board members have great orientation, terrific director training and education, and tough performance evaluations. Business people know how to stand and deliver their views and opinions. Outstanding women who want to sit among business people in the boardroom know they will learn how to do that too. No excuses. No magic.