

## **Interview: Reflections on Diversity in the Boardroom with Elin Hurvenes by Karin Mugnaini**

Elin Hurvenes set up the Professional Boards Forum in 2003 in response to the Norwegian government's introduction of a controversial quota law to ensure that 40 percent of company board members are women. Since then, she has been introducing exceptional women non-executive directors to chairpersons in Norway, the UK, the Netherlands, Germany and Switzerland. She makes these introductions at creative case-study events where high-level company board representatives and female candidates meet to analyze, tackle and solve real-world simulations that reveal the candidates' relevance and capabilities to the decision makers.

This hands-on, real-life simulation recruiting model can help family businesses and family offices, where women are increasingly being groomed, called in or delegated to take management reins in hand. Lorange Network was recently able to speak to Elin about key milestones and personal reflections gleaned across the organizations in the search for more female leadership.

### **Besides Norway, other countries' governments have instituted similar initiatives or tried to, such as France, Spain and Sweden. Why was Norway so successful?**

The reason why it worked was basically fear. The law gave the government the ability to close down, or de-list from the stock exchange, those companies that were not complying. This was unprecedented. Quota introductions in other countries had been attempted before, but they were not as rigid. Companies in Norway feared the legislation, and that is why it worked. In one way, it was quite sad to have had to revert to such a measure.

I have always known that there are talented women out there who would be assets to almost any board, so why do we need this legislation? But looking back, it worked. Now since 2008, women make up 40 percent of boards in Norway. Maybe some feared that the law would assign underqualified women to the boards just to meet the quota, but this did not happen. And there was a popular belief that the law would only help the "golden skirts," the nickname given to a tiny handful of omni-present female directors, but that, too, was a myth. Now 80 percent of the so-called "golden skirts" have maximum two to three board roles. So a vast majority has a small portfolio of positions.

I work a lot in the UK; it was the first country outside Norway where I chose to set up the Professional Boards Forum. When I started in 2008, only 11 percent of the FTSE ("Footsie") 100 companies had a female director, and there was little focus on the topic. Now there is not a single FTSE 100 company with an all-male board. This has been a big achievement in 10 years. In the case of the UK, though, progress was achieved not with a quota or law but through the focus and determination of both the companies and their chairmen. A target of 25 percent for female representation was set for UK boards, and this set the tone going forward. The target allowed chairmen to take charge and to fix the discrepancy themselves.

The number is growing steadily and has now hit 27 percent. Recently, the target has increased to 33 percent. So, in the UK, it was and is a more shared effort. In Norway, it was non-negotiable and sharp. In the UK, the issue of diversity or female entry onto boards has been addressed in a much more collaborative manner, which may be a better route in a way. It seems more in tune with today's general business environment.

I also think that this collaborative atmosphere and handing the responsibility directly to the companies and its chairmen is reflective of a 2018 "fix it yourself" approach. Norway may certainly have helped to get the ball rolling, but I prefer the UK method, which takes away the ambiguity about this or that woman being "qualified." And the collaborative approach allows you to cast the net further when looking for non-executive directors who are women. Once you start looking, it is not difficult. There is a pipeline of candidates out there. Also, for the future, it is important to continue to appoint women to senior executive roles in order to create a further pipeline. It is important to focus on both aspects, getting the candidates on board now and developing women in senior executive roles, so that you know you have the right experience to bring them on board with the right capacity later on.

### **In your view, what can we generalize as the main positive traits of female directors? In other words, what do female directors deliver best to their boards?**

#### **Improved Atmosphere**

I have spoken to so many FTSE100 chairmen over the years, and they do identify a few things that women have in common although generalizing is difficult. One is that when women are in the board room, their presence generates a better atmosphere, a tone which is not so competitive but is based on dialogue, collaboration and taking out some of the internal rivalry.

#### **More Questioning**

Women are good at challenging the status quo, and they are not afraid of asking what some might call "stupid questions." For example, when I asked the chairman of a large insurance company who brought a woman on board, "What is it like?" he replied, "She asks a lot of questions. This is exactly how I want my board members to behave."

#### **Risk Awareness**

There is the cliché that women are too "risk averse" and therefore don't have a personality suitable for board work. I would argue that women are not "risk averse" but "risk aware." Look at big companies such as Lehman Brothers. Then think about what would have happened if it had been Lehman Sisters.

### **What are some other issues to consider when seeking more female representation on the boards of family-run or family-owned businesses?**

#### **Room to Reveal Personality**

By and large, all board members bring with them their background, experience, capabilities and personality. This goes for everyone. So if you have diversity in the boardroom, it helps boards have a more open and well-rounded discussion. When you have a diverse board, it may take longer to reach conclusions, but when you do get there, you achieve a conclusion with

more diverse perspectives, thus often producing better outcomes and helping reduce risk. Creating space on the board for personalities to play out contributes to the general diversity.

#### Foster and Value Listening

You can have men who are good listeners. The best listener I know is a chairman of one of the largest companies in the world, and when I speak to him, he is the listener. That is a personality thing, but listening is a skill everyone can acquire with effort. There is a reason why some leaders have reached the heights they have. Top leaders often have curiosity in common. What is curiosity but an incredible quest for information and knowledge? And listening goes along with curiosity. What can I learn from you? This question or attitude makes the person a good listener. And I am loath to generalize, but women are often good listeners.

#### Recognize and Build Experience

Experience is the most important part because experience is what a board is looking for in terms of background. I think female leaders or board members will have a better time and be more successful if they have run a business before and been part of the business themselves.

For example, having P&L experience is actually very important. Some of the candidates I invite have it, but many have gone into staff functions where there is little P&L experience to acquire. If a company does not move you around or if you are stuck in one staff function, it is difficult to build experience. When working in a family business or with family businesses, all key executives should be more focused on bringing in other women, moving them around, giving them training, and increasing their tool kit and bag of experience. They need the same exposure as men. Perhaps all women need to start earlier, even in family businesses.

#### Building or Getting on "the Bench"

Few women get to the CEO "bench." You need to be vocal about your ambition and be prepared to be moved around, get P&L experience, ask to run a business unit.

It is a bit harder for a woman to be inspired to be a CEO. It is difficult for a woman to imagine herself as a CEO when she has only worked with men. In a Norwegian entertainment company I know, there were three consecutive female CEOs. When asked, "Is it unusual what happened?" I was told by the chairman that the first one was so good they could not imagine the next one being a man.

But in most other companies, the opposite occurs. Men are appointed CEO time after time. And changing this culture takes time.

### **Why did you choose the case study model? Besides large corporations or publicly held firms, can smaller firms and family-run and -owned businesses use this model, too?**

When selecting the case study topics, I want them to be topical. I look for what is going on in the world. The case we used in November 2017, for example, involved a merger in the aviation industry and subsequent shareholder action. The cases always have two parts. Here in this one, a merger was to take place, and the candidate "joined board" just when things started to go sour. Trouble began when activists came out saying that the merger was not going off. The company was going to have to sell off more aircraft and change its strategy. This is not an easy situation, but it happens. The cases are real-world.

Chairmen want to know what happens in the case discussion to get a feel for what may happen in the boardroom. The case generates a lively discussion and is measurable. The chairmen want to know what is going on in the heads of their candidates. We do not distribute the case in advance. Candidates have to think on their feet. Can they transfer their knowledge? Can they understand the core issue? Sometimes there is so much information. When experienced chairmen scan page after page of documents, files and materials in their real-world board meetings, they have to get to the core issue quickly. This is the skill.

Case studies or simulations can be an excellent tool or model for leadership transformation, management development and board dynamics for smaller businesses and family businesses. Try to put in younger generations with different families or older generations, and try to test talent in friendly environments. And for the more seasoned members who are candidates for a position, act as family mentors. This could be really good for leadership development.

#### **Concluding remarks**

Diversity. Diversity is important. With seven men and one woman on a board, it is a tall order that she can deliver all that gender diversity can bring. As a rule of thumb, 30 percent female representation on a board is a good ratio. Then you have critical mass. And when you have it, gender stops being the focal point. Then the point goes back to each member, whether male or female, bringing his or her own skills and experience to the boardroom.

#### **Discussion questions**

1. How is gender diversity reflected on the board of your company? And are you working to improve it?
2. How is gender equality in business in your country? And what are the general trends?
3. This interview provides important clues as to leadership development in general. Would you like to comment or expand on them?