

Change must start with boards

ORGANISATIONAL diversity is fast becoming a business imperative, says Sandra Burmeister, CEO of Landelahni Business Leaders.

"Nontransformed boards equate to nontransformed organisations. Resourcing and employment equity strategy is determined by the board, so how can we expect change if boards themselves have not embraced transformation?"

Landelahni recently conducted a survey into gender and race representation on the boards of SA's top 100 listed entities.

"We wanted to get a sense of how transformed boards are, because if boards are providing strategic leadership and strategic intent then organisations will take their lead.

"In some areas we found boards more transformed than expected. But if you look at the overall statistics across about 1 300 board members, white male representation is 71%, black males 18%, white females 4% and black females 7%.

"Thirty of these companies don't have any females on their boards, and 30 have only one female. Eleven companies have no blacks on their boards and 18 have one."

Burmeister says the main constraint to board transformation in SA is the size of the board.

"Boards are relatively small, at about 12 members. Add a lengthy tenure averaging seven years and you will have a time-lag before the numbers start coming through.

"Another constraint to diversity is conflicts of interest, when black board membership is often linked to a BEE shareholding deal rather than to an independent director."

She says to overcome these hurdles boards should review the appointment process.

"The appointment process is often network-based as opposed to looking at a proper search process as for an executive team.

"International best practice is moving towards transparent search and selection that incorporates a full interview and evaluation



Sandra Burmeister

process. Diversity internationally is more about skills and experience, and race and gender is just one component. Race and gender is more relevant in SA in the context of legislation."

Boards must assess whether they have the correct skills and experience mix to provide a strategic understanding of the market, says Burmeister.

"Often, board members are appointed on the basis of their knowledge and experience of the industry in which the company trades. But the question is: is that the appropriate experience profile for the board given how fast the external environment is changing?"

It is important to manage the pipeline because creating board skills takes time, she says.

"Internationally, there are a number of interesting models. For example, in the UK a number of

chairmen have got together and are coaching people, specifically women, into these roles, and not necessarily in the organisations that they're chairing."

By comparison very little is happening in SA, says Burmeister.

"Everything here is geared to management development or executive mentoring, but very little is focused on creating independent board skills.

"If we're just looking at employment equity, all executives in organisations are potential board members because they're already functioning at a strategic business level.

"There's a ready pool of female and black candidates. It will take time to develop executives into well rounded, contributing board members, but we need to start mentoring people now; we need to start allowing our executives to sit on other boards," says Burmeister.