

## Maximizing Board Diversity



Recently I read the article, “Why Diversity Can Backfire on Company Boards,” in the January 25, 2010 issue of *Wall Street Journal*. The authors discussed a number of reasons why diversity can backfire. They say that “people often feel baffled, threatened or even annoyed by persons with views and backgrounds very different from their own.” Some existing board members can dismiss new members by judging them prematurely, being impatient with different behaviors, projecting stereotypical labels, and treating them in a rude manner. All of these behaviors detract from board and organizational effectiveness. Have you ever found yourself engaged in any of these behaviors? If you take an honest look at yourself, can you truly say that these behaviors are serving the board and the company you represent? **To build a more productive board, I recommend that directors focus on building their awareness of style, values and reactive tendencies.**

### **Develop Self Awareness of Board Directors**

Many of the challenges these boards face relate to human differences in style, strengths, motivators and reactive tendencies. In the article, the authors suggest that the new board members be “savvy and aware of how they come across to others.” I recommend that all directors develop a strong level of self awareness in order to create an effective team. This idea may lead to skepticism and resistance. Building self awareness may be perceived as “touchy feely” or a waste of time. **However, aren’t dismissive behaviors, stereotypes, silos, and early judgments a waste of time?**

Personal development is not weak. It takes courage to look at oneself honestly. In his book, *The Education of an American Dreamer*, Peter G. Peterson discusses his journey into self awareness. Peterson, co-founder of Blackstone Group, does not view self exploration as a sign of weakness. In fact, he says, “*self exploration grows from the confidence that you can handle what you find.*”

We have reached unprecedented levels of uncertainty in global business and economies. The road ahead is likely to be bumpy and full of surprises. The leverage that has grown around the world will subdue overall economic growth for some time especially in developed economies. Total U.S debt as a percentage of GDP was 370% in 3Q 2009 well above the 300% level reached during the Depression. As a result, leadership will be more critical than ever. Maximizing resources including human resources will have an impact on the bottom line. **Corporate boards and senior leadership teams have the ability to evolve and set the standard for engagement from the top.**

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As board directors and leaders develop self awareness, I suggest looking into three areas including different behavioral styles, values and motivators, and reactive tendencies. The degree of depth grows throughout these three approaches. Where the team begins depends on the existing structure and culture of the board. In his book, *Boards That Deliver*, Ram Charan discusses three levels of boards that have expanding degrees of contribution, dialogue, collaboration and focus. These board types are called Ceremonial, Liberated and Progressive Boards. According to Charan, ceremonial boards were more prevalent before the passage of the Sarbanes-Oxley Act of 2002. They tended to focus on compliance and “rubber stamping” CEO decisions. Liberated boards have evolved since 2002 with more active participation from individual directors. The progressive board combines the contribution from individual directors into a more cohesive and collaborative board effort.

## **1) Understand and Respect Different Styles**

People have different behavioral and communication styles. It is especially challenging for people with opposite styles to understand and respect one another. There are a variety of tools that can be used to understand self and others. A commonly-used assessment is called “DISC.” It provides a neutral framework for understanding style differences. On a broad level, people tend to be extraverted (external processors) or introverted (internal processors). Some are fast-paced, while others are slower paced. Communication styles can be direct or indirect. And, people may be task-oriented or relationship-oriented.

These styles are not good or bad, they are just different. Each style has strengths and weaknesses. While a fast-paced person can be decisive and quick to act, he or she can lose sight of important details. Because of a desire to take action, an individual with this primary style can be impatient and not listen to peers and direct reports. Conversely, a slower-paced person may be thorough and detail-oriented, but he or she can miss the big picture. An individual who excels at working with people can become very frustrated by the person who focuses on tasks.

These examples provide a brief insight into these styles. Understanding these differences in a deeper way and respecting the strengths of each person’s style can help a board create a more collaborative and effective team.

## **2) Appreciate Values and Motivators**

In addition to differences in behavioral style, individuals are motivated by a variety of values and interests. A tool called “Personal Interests, Attitudes, and Values (PIAV)” highlights six primary motivators of human beings. Significant differences in these motivators can lead to conflict. With a greater awareness of individual motivators, a board or team can learn how to maximize the effectiveness of the group.

The six primary motivators are Theoretical, Utilitarian, Aesthetic, Social, Individualistic, and Traditional. A person’s behavior is influenced by his or her strongest values. For example, a person with a strong Utilitarian value tends to be practical, focus on results, and seek a return on investment on time, money, and/or resources. An individual driven by a Theoretical interest may conduct a lot of research and use an objective approach to decision-making. Each value can be reflected in a positive or negative way. Building awareness of these six motivators can lead to an appreciation of what motivates board members and create a stronger team.

### 3) Recognize Leadership Reactive Tendencies

Most people learn strategies in their youth to help them survive and feel worthy. Frequently, these strategies carry on into adulthood. They can have a positive impact on one's success for many years. However, these strategies can have adverse effects as well. I use The Leadership Circle's 360 Profile, which measures a leader's competencies as well as reactive tendencies. The three reactive tendencies include complying, protecting, and controlling character structures. They can be counterproductive in a variety of ways. Complying strategies may focus on pleasing others, belonging and fitting in. Protecting behaviors can be critical, argumentative, and dismissive. Controlling strategies may be dominating, autocratic and achievement-oriented. The underlying beliefs may be that a person behaves in these ways in order to feel okay about him or herself.

Each structure has strengths and weaknesses. The key is to understand when one's behaviors are counterproductive and learn to maximize one's gifts. People who have a tendency toward complying behaviors can be great at building relationships. An individual with protecting behaviors may have the gift of discernment and inquisitiveness. People who tend toward controlling strategies have the ability to achieve outstanding results against all the odds.

Peter Peterson reviews his pattern of behavior throughout his career in his book. His willingness to reveal himself so openly is admirable. He calls himself a "relentless workaholic" and a "lifetime overachiever." He experienced great success in his career, but he also realized that his behaviors had a negative impact on some professional and personal relationships and his effectiveness. He realized that he sought perfection in his business life. Peterson states, "I was trying too hard to achieve it, wasting time and resources to gain that last incremental measure of perfection, too often on some marginal issue, when I could have used the same time and resources better elsewhere." Workaholic, overachieving, and perfectionist behaviors all fit into the controlling character structure.

### Moving Toward a Progressive Board

For boards to become more progressive, individual directors will need to contribute more directly and engage in authentic dialogue. Authentic dialogue requires honesty, compassion and courage. People need to state their own point of view and seek to understand other perspectives. A more controlling person will have a tendency to dominate conversations and should practice inquiring into other points of view. While, a more complying person may be more agreeable and needs to focus on taking a stand.

Building each director's self awareness is an important step in creating a high-functioning and collaborative board. A progressive board is taking a more active role in the strategy of a company. In his book, Ram Charan refers to a quote regarding the goal of a great board by Andy Grove, former CEO and Chairman of the Board of Intel Corporation. In the August 23, 2004 issue of *Fortune*, **Grove said "the goal is to ensure that the success of a company is longer lasting than any CEO's reign, than any market opportunity, than any product cycle."** His quote speaks to the role of a more evolved and progressive board of directors.



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## Websites

[www.theleadershipcircle.com](http://www.theleadershipcircle.com)