



R

January 2021

Not-for-Profit Board Diversity & Inclusion: Is it essentially window-dressing?

L. Robin Cardozo and Matt Fullbrook

Rotman

**The David and Sharon
Johnston Centre for
Corporate Governance
Innovation**

Preface

Some years ago, I was invited to join the board of a Toronto hospital. It was a time of opportunity and challenge in Ontario's hospital sector. Looking back on my memorable seven years on that board, I'd like to think that my professional accounting and governance background, and my management experience, allowed me to make useful contributions at a time of huge change. But I would be hard-pressed to identify a single contribution that was connected to my being a member of a minority community. The fact that I was the only person of colour on the board when I joined (yes... in Toronto... in the 2000's) was never a factor, one way or the other.

An amusing incident occurred during those years. I was featured by a reporter who was doing a piece on the lack of diversity on Canadian Not-for-Profit (NFP) boards, and the reporter also interviewed the hospital's CEO for the article. The CEO cheerfully noted that they were looking forward to my opening doors into Toronto's Pakistani-Canadian community. While I was indeed born in Pakistan, I had almost no connections into that particular community, and I found myself explaining to friends and colleagues that this comment puzzled me as much as it did them.

Is it window dressing?

Having served on several NFP boards over the past three decades, and also having worked closely with boards during that time as a senior manager in the sector, I've had the privilege of observing hundreds of volunteer board members, with a huge range of professional skills, community experience, and to some extent, diverse racialized backgrounds. Overwhelmingly, they have been thoughtful members of the community, seeking to make a contribution, to 'give back'.

But have those contributions – including my own – typically reflected a person's racial, cultural or demographic background? Or have they been the contributions of a lawyer, an NFP executive, an accountant – a professional who simply wanted to 'give back'? Of this question I was less sure.

I've actively supported the cause of board diversity for decades. In the past year, it has again become a high-profile cause, with good reason. But when I reflect on my personal experience and observation, I'm sometimes left wondering: Does board diversity really make a difference, beyond the optics? Or is it essentially window dressing?

Seeking to go beyond board diversity

So I set out to speak with some of the finest NFP board members and executives I've been privileged to meet during my 30-year career in the sector. My colleague and friend Matt Fullbrook, Manager of the David & Sharon Johnston Centre for Corporate Governance Innovation, joined me in this initiative. Between

us, we spoke with 26 leaders, each of whom has contributed significantly to board governance in the sector. We were deliberate in reaching out to a broad cross-section of community leaders, including members of Canada's Black, Indigenous and People of Colour (BIPOC) communities.

We asked our survey participants about what they had experienced and observed – looking beyond diverse recruitment initiatives:

- Could they point to specific examples that would demonstrate the benefits of board diversity?
- Had they observed how boards had changed?
- What advice would they offer, to make a diverse board more effective, more inclusive?

For the most part, we did not discuss the business case or the moral case for diversity, or successful recruitment strategies. We took these as givens; much has been said and written about these important matters, and we didn't want to duplicate. Rather, *we wanted to go beyond diversity objectives and candidate recruitment strategies*, to ask:

- So, is it really making a difference?
- What advice would you offer to assist others in the journey to successful inclusion at the boardroom table?

The Conversations

Not surprisingly, our survey participants believed strongly in the value of board diversity. For the most part, the organizations they talked about were working on building more diverse boards, often as part of a broader organizational strategy

of Diversity, Equity and Inclusion (DE&I). Many acknowledged that while this objective is a priority, it remains a 'work in progress'.

While progress is being made, though, we heard only a limited number of specific examples of the impact of board diversity. We heard several stories of individuals who felt that they had been recruited to a board position primarily to help with the optics of diversity. And we heard a number of stories of boards needing to go beyond diversity strategies, to do a better job of inclusion – making new members genuinely feel part of the governance leadership of the organization.

Mostly, we heard thoughtful advice on how we could all be doing a better job of inclusion in the boardroom – on the diversity-to-inclusion continuum, how boards could be more intentional in including or accommodating new cultures, new perspectives, new expectations. And we observed that it all ties back to the principles of sound governance.

In conclusion, I still actively support the importance of board diversity. There is a significant body of evidence suggesting that the sharing of diverse perspectives will always lead to stronger decisions. **That said, I believe that focusing only on diversity will be meaningless unless we pay equal attention to all the aspects of inclusion at the board table.** Without meaningful inclusion, a strategy to build a diverse board will, indeed, end up as an exercise in window dressing.

– L. Robin Cardozo, ICD.D, FCPA

What We Heard: The Major Themes

The conversations were rich and thoughtful. Sifting through the stories and the observations, these are the major themes that emerged:



Board diversity is unlikely to be effective – unless there’s a parallel commitment to inclusion

While much attention is being paid to the importance of strengthening board diversity, we still have much to learn about how this will truly make a difference, beyond the optics. Successful boards have emphasized the importance of proactive inclusion.



Successful inclusion depends on determined leadership from the Chair

The Chair, with the CEO’s support, needs to lead the board’s diversity and inclusion agenda with vision and determination. Without the Chair’s unambiguous leadership on the issue, diversity and inclusion success will be limited.



Board candidates deserve clarity on how they might contribute to the organization

There needs to be a shared understanding as to why a candidate is being recruited to the board, and how he or she will contribute to the success of the organization.



On-boarding for new board members needs to be re-imagined

To strengthen a culture of inclusivity, recruitment and on-boarding need to be re-imagined; a ‘one-size-fits-all’ approach to on-boarding will not help build a meaningfully inclusive board.



Lived experience can contribute hugely to a diversity of perspectives on the board

Board members with lived experience will add to the board’s knowledge and understanding of the communities served, and will contribute to the sharing of diverse perspectives.



Sound diversity and inclusion principles are aligned with the broad principles of good governance

Ultimately, board diversity does matter, and a focus on strengthening diversity and inclusion will inevitably enhance all aspects of a board’s governance practice.

Acknowledgments

We would like to express our gratitude to the following leaders in the NFP sector for generously and thoughtfully sharing their observations and experiences with us:

Sharon Avery, President & CEO,
Toronto Foundation

Michelle Baldwin, Executive Director,
Pillar Nonprofit Network

Rahul K. Bhardwaj, President & CEO,
Institute of Corporate Directors

Raksha Manaktala Bhayana, CEO,
Bhayana Family Foundation

Helen Burstyn, Chair, Evergreen

Brigitte Catellier, VP Corporate Governance,
Meridian Credit Union

Nick Chambers, Partner,
Boyden Executive Search

Meg Comiskey, Manager, Corporate
Governance, Vancouver Airport Authority

Charmain Emerson, Partner & Marketing
Communications Strategist, Cultured
Communications

Tim Fox, Chair,
The Circle on Philanthropy and
Aboriginal Peoples in Canada

Ted Garrard, CEO,
SickKids Foundation

Hamlin Grange, Chair,
Responsible Gambling Council

Victoria Grant,
Advisor to Indigenous Peoples Resilience Fund

Kulvir Singh Gill, Chair,
Seva Food Bank

Helen Harakis, Executive Director,
Brands for Canada

Zabeen Hirji, Chair,
CivicAction

Peter Jewett, Chair,
Board of Directors, Shaw Festival

Jennifer Lynn, CEO,
Diversity Advantage International

Harvey McCue,
Consultant specializing in aboriginal issues

Earl Miller, Chair,
CEE Centre for Young Black Professionals

Abdul Nakua, Director of Operations,
Muslim Association of Canada

Senator Ratna Omidvar, Senate of Canada

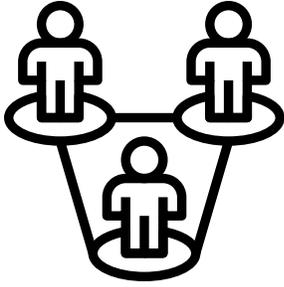
Emily Pang, Chief Operating Officer,
SickKids Foundation

Nalini Stewart, Chair,
Necessary Angel Theatre

Shelley White, CEO,
Responsible Gambling Council

Greg Wilkinson, Chair,
Toronto Foundation

The Conversations: Major Themes



Board diversity is unlikely to be effective – unless there's a parallel commitment to inclusion

While much attention is being paid to the importance of strengthening board diversity, we still have much to learn about how this will truly make a difference, beyond the optics. Successful boards have emphasized the importance of pro-active inclusion.

The moral case and the business case for board diversity are clear. A significant amount of research has been done to demonstrate that diverse boards make better decisions. Responsible NFP boards are looking at themselves today, and are asking whether they are appropriately diverse.

Even where there is strong support for broadening a board's diversity, we often heard that little thought is given to what might actually change – beyond the optics. And change can be slow to manifest itself – at a pace of one or two new board members each year, it can take years for the demographic make-up of a board to shift. And the chances are that, over this period, the board will continue with its business as before. In other words – as many of our participants indicated – for board diversity to be effective, it must be accompanied by a strong commitment to inclusion, and to change.

“Over the years at different organizations, I have seen boards that have worked hard to recruit for diversity – but in reality this changed what the board looked like, but it did not necessarily change how the board worked [...] for the most part new board members adapted to the culture of the board.”

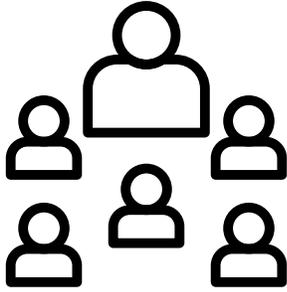
Raksha Manaktala Bhayana,
CEO Bhayana Family Foundation

“I was invited to join a board where I sensed, at my first meeting, that recruiting an indigenous woman appeared to be more about the optics than about a desire to evolve. I asked to meet with the Board Chair and the CEO, I made a clear case for the role that I could play, and I'm pleased to say that, having had the conversation, they were very supportive and open to my ideas”

Victoria Grant,
Advisor to Indigenous Peoples Resilience Fund

“I have observed situations where recruitment from minority communities is mainly a numbers game. They have not thought about whether they are ready to share power, or to give a voice to different perspectives.”

Abdul Nakua, Director of Operations,
Muslim Association of Canada



Successful inclusion depends on determined leadership from the Chair

The Chair, with the CEO's support, needs to lead the board's diversity and inclusion agenda with vision and determination. Without the Chair's unambiguous leadership on the issue, diversity and inclusion success will be limited.

The Chair has a critical role to play in leading an effective board and championing the DE&I strategy. In the NFP sector, Chairs seem to be generally supportive of initiatives to increase demographic diversity, but rarely drive the DE&I strategy.

We heard that a board Chair, working with the CEO, can establish an inclusive culture that welcomes difference. To accommodate diversity, the norms of board business – agendas, presentations, discussions, decision-making – are allowed to evolve.

We also heard that board Chairs have an important role to play in dispelling any notions that board members from racialized communities or under-represented groups can be expected to 'speak for their communities'. A number of our interviewees had encountered this dynamic at board tables, where they had to explain that they could share a perspective, but could not represent a community view.

"Our Chair's passion for DE&I has kept us focused on ongoing improvement, including hiring a new CEO who may be even more passionate. The Chair sets the tone through her behaviour, not just her words."

Meg Comiskey, Manager,
Corporate Governance,
Vancouver Airport Authority

"As Chair, I seek to actively engage every member of the board, including those who may be inclined not to speak up, unless prompted to do so. This sometimes includes connecting with a board member before a meeting, and asking them to share their thoughts on an agenda topic."

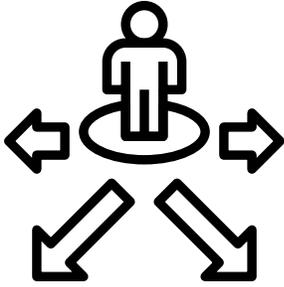
Hamlin Grange, Chair,
Responsible Gambling Council

"The idea that our indigenous director is on the board just to represent the indigenous world is not correct. He was the Associate Director of the Smithsonian. He's there to bring his perspective, experience and skill to benefit Shaw! We need to give diverse directors more credit – the purpose of diversity is to have a stronger board."

Peter Jewett, Board Chair, Shaw Festival

"One cannot assume that adding board members from diverse communities will, of itself, address the diversity agenda or resolve problems of the past. Board diversity is an important step, but it needs to be part of a broader action plan on diversity and inclusion."

Harvey McCue, Consultant in
aboriginal issues and former Chair,
Ontario Heritage Trust



Board candidates deserve clarity on how they might contribute to the organization

There needs to be a shared understanding as to why a candidate is being recruited to the board, and how he or she will contribute to the success of the organization.

Candidates invited to join a board deserve to know how they can make a meaningful contribution. Sometimes this is not clear. People of colour have sometimes had the feeling that they were being recruited to help build the optics of a diverse board – and that other skills, attributes and perspectives were an afterthought.

Others have had the sense that ‘allowances were being made’ in order to accommodate them. A different approach would be to acknowledge that every board member is expected to make a meaningful contribution – and the specific form of that contribution is personalized for each member’s skills, experience and opportunities.

“It’s important that every board member feels that they have a distinct contribution to make. For many, this is going to be about a financial contribution, but it’s just as important to have board members who contribute their expertise in important ways, or who open doors for us.”

Ted Garrard, CEO, SickKids Foundation

“The expectation that every board member should “give or get” is often an obstacle to building a truly diverse board. There’s too much emphasis on the financial aspect of giving and getting, when what we should be looking at is how diverse candidates contribute fresh ideas, open up new networks and add value in many other ways.

Helen Burstyn, Chair, Evergreen



On-boarding for new board members needs to be re-imagined

To strengthen a culture of inclusivity, recruitment and on-boarding need to be re-imagined; a 'one-size-fits-all' approach to on-boarding will not help to build a meaningfully inclusive board.

It is becoming clear that effective recruitment needs to be more than an exercise in focusing on the skills and experience matrix. It is virtually impossible to adequately represent diversity on a spreadsheet – the considerations are highly nuanced.

Similarly, the on-boarding process must be more than a 'one size fits all' workshop. Each board member, regardless of his or her background and experience, will benefit from appropriate customization of the orientation program. Effective orientation is much more than a single workshop with one-sided presentations.

"There have been times when I believed that I was being recruited to a board mainly to help them achieve greater diversity. I asked myself whether I thought I would be able to contribute to the mission of the organization, even if the reason for the recruitment seemed narrow."

Senator Ratna Omidvar,
Senate of Canada

"At The Circle, board orientation is much more than a workshop on the history of the organization and Board member accountabilities. We place just as much emphasis on fostering relationships, creating time and space for Board members and staff to connect at a personal level."

Tim Fox, Chair,
The Circle on Philanthropy and
Aboriginal Peoples in Canada



Lived experience can contribute hugely to a diversity of perspectives on the board

Board members with lived experience will add to the board's knowledge and understanding of the communities served, and will contribute to the sharing of diverse perspectives.

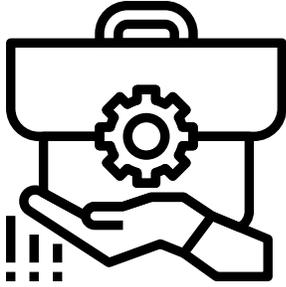
People with 'lived experience' that's relevant to the organizational mission can add immeasurably to a board's understanding of relevant issues. They can help bring diversity of thought and other forms of diversity to the boardroom, and assist board members in better understanding the realities of the communities they serve.

"The community we serve should be front and centre, but it's often an afterthought. Having people with lived experience at the table helps to remind us all why the organization exists, and who the board is serving."

Kulvir Singh Gill, Chair, Seva Food Bank.

"Our bylaws require us to have board members with lived experience of problem gambling. This experience may be personal, or it may relate to a family member or loved one. Having this perspective at the board table has been enormously helpful for all our board members, creating a better understanding of the challenges of problem gambling."

Shelley White, CEO,
Responsible Gambling Council



Sound diversity and inclusion principles are aligned with the broad principles of good governance

Ultimately, board diversity does matter, and a focus on strengthening diversity and inclusion will inevitably enhance all aspects of a board's governance practice.

Put simply, building a board that welcomes diversity and inclusion requires a thoughtful and intentional approach to all aspects of good governance practice. Effective diversity and inclusion practices at a NFP board includes thoughtful recruitment, customized on-boarding, and an openness to new ways of doing things. The Chair and CEO need to 'walk the talk' and lead by example. Every board member needs to have a clear sense of how he or she can contribute, based on a customized engagement plan. Every board member needs to feel that they are participating in board discussions, and that their input is welcome. Together, these attributes of a solid DE&I strategy contribute to the strengthening of an organization's overall framework for good governance.

“Fundamentally, governance is just the way that organizations make decisions, and there’s an overwhelming amount of evidence that shows diverse groups make better decisions. In other words, diversity is at the heart of good governance.”

Matt Fullbrook, Manager,
David & Sharon Johnston Centre for
Corporate Governance Innovation

Advice on Building and Contributing to a Board that is Inclusive

Listening to the experts we spoke with and building on our own experience over the years, we have compiled the following notes of advice.

For Board Candidates and New Board Members

- Remember that an interview for a board opportunity is a two-way discussion; don't hesitate to ask why you are being recruited, and what the expectations will be;
- If you feel that the primary motive for your recruitment is diversity-related, explore this question. It may not be a bad thing, but it will be helpful to discuss the expectations and build a mutual understanding as to how you might contribute;
- When considering the opportunity to join a board, ask to speak with other board members, review board materials, and become familiar with the website;
- As a new board member, be pro-active about your on-boarding, seeking opportunities to explore questions and to learn about the organization;
- Don't hesitate to ask lots of questions in the early months, but resist any temptations to 'go in with guns blazing';
- If you are speaking on an issue that relates to your community, do share your own perspectives, but be careful not to 'speak for the community';
- Look for opportunities to speak on issues that go beyond your own demographic community – you don't want to be seen as a single-issue contributor;
- Pro-actively connect with other board members and members of the senior management team to build relationships. Ask for a board buddy and a management buddy.



For Board Chairs

- In establishing the 'tone at the top', together with the CEO, be a vocal champion for diversity and inclusion;
- Engage personally with all new members, participating in their onboarding, and advising them on development of a personalized engagement plan;
- Assure new board members that they will not be expected to 'represent a community', but that their perspectives, based on their experience and knowledge, are always encouraged;
- Keep tabs, at meetings, of who is speaking and who is not. Look for opportunities to connect with quieter members offline, before or after the meeting;
- Periodically, lead a board discussion on what DE&I mean for the organization, and how the board is advancing the strategy;
- Be a catalyst and champion for DE&I training for the board, and recognize that this training will not be a one-time event.



For CEOs / Executive Directors

- In establishing the 'tone at the top', together with the board Chair, be a vocal champion for diversity and inclusion;
- Ensure that a board's DE&I plan does not stand in isolation of the organization's broader efforts. Management needs to ensure that the organization's DE&I initiatives are aligned;
- Work with each new board member, to help him or her develop a personalized engagement plan. How a new member will engage and contribute will be built on their skills, experience and demographic realities. Making sure that a new board member feels welcome, and knows how to contribute, is a critical step in building a diverse and effective board;
- Assign a board buddy and a management buddy for each new board member;
- Re-visit on-boarding traditions, and consider new personalized approaches to inform and involve board members in the work of the organization;
- Be a catalyst for periodic board training sessions in DE&I – ideally aligned with staff training on these subjects;
- Work with the chair to design board agendas that will allow for meaningful questions and discussion at board meetings, as opposed to meetings that are dominated by presentations;
- Work closely with the board in building a pipeline of potential board candidates, including candidates with lived experience;
- In a time of social distancing, consider the challenges that new board members may be experiencing in trying to understand their roles and looking for ways to contribute.



For Nominating Committee Chairs

- Review and update the board skills & experience matrix regularly, and consider how diversity fits in – it should be more than a single column to tick;
- Develop a demographic map of the communities served to help inform recruitment priorities;
- Look for candidates beyond the circle of “who do we know”;
- Consider the potential benefits of recruiting board members with ‘lived experience’;
- Be open to thinking beyond whether board members tick off a “give or get” box. A good board member should be able to contribute in many different ways;
- Identify potential paths to leadership positions for all new board members, including members from racialized communities.



For long-standing Board members

- Be open to change, and discussions on how board diversity can serve the long-term interests of the organization;
- Explore new ways to be part of – and contribute to – an organization you support, beyond serving as a long-term board member;
- Pro-actively welcome all new members, and in a time of social distancing, reach out to them personally;
- Don't let the presence of colleagues from different communities restrain you from sharing your own informed perspectives about those communities, in a constructive way;
- Be conscious that board members from 'diverse communities' cannot be expected to speak on behalf of those communities, but they are well positioned to share opinions that are based on their experience.



About the Authors

L. Robin Cardozo, FCPA, ICD.D, retired after 30 years in executive positions with leading not-for-profit and charitable organizations in Ontario. He is currently engaged as an executive-in-residence at the Rotman School of Management, as an executive mentor, and as a training consultant at the Institute of Corporate Directors. Mr. Cardozo currently serves on the Boards of Soulpepper Theatre and the Ontario Cultural Attractions Fund. In the recent past, he served on the Boards of the Ontario Nonprofit Network (past Chair), Centennial College and Bridgepoint Active Health.

Prior to his retirement, Mr. Cardozo served as Chief Operating Officer at SickKids Foundation. In this position, Robin's responsibilities included Finance, Legal, Human Resources, and support to the Board on governance and strategic issues.

Prior to joining the Foundation, Robin served for twelve years as Chief Executive Officer of the Ontario Trillium Foundation (OTF), one of Canada's largest grant-making foundations with a mission to help build healthy and vibrant communities in Ontario. OTF is an agency of the Government of Ontario, and during Robin's tenure more than \$1 billion in grants were made to deserving not-for-profit organizations across the province.

For a decade before that, Mr. Cardozo served as Vice President and Chief Operating Officer of United Way Greater Toronto. During those years, Mr. Cardozo's leadership earned him the United Way movement's highest national honour, the André Mailhot Award.

Mr. Cardozo was born in Pakistan, and was educated in Pakistan and in Britain. He was trained as a Chartered Accountant in the 1970's, and was elected a Fellow of the Institute of Chartered Accountants of Ontario (FCPA) in 2000. He is also a member of the Institute of Corporate Directors (ICD.D).

In 2013, he was awarded the Ontario Lieutenant Governor's Medal of Distinction in Public Administration.

Matt Fullbrook is a board effectiveness researcher and consultant, and is the Manager of the David & Sharon Johnston Centre for Corporate Governance Innovation at the Rotman School of Management. Under his direction, the Rotman School has evolved into the central hub of governance research in Canada. Matt has overseen the development and execution of all of the Centre's projects, including the Globe & Mail's Board Games governance ratings, various Pay/Performance studies, credit union board research, and an ongoing study of the governance of family firms. As an independent consultant, Matt has advised dozens of boards of directors as an educator, facilitator and researcher, helping them to maximize their effectiveness through the development and implementation of valuable governance processes, policies and structures.

In 2020, Matt launched his podcast *One Minute Governance*, where he explores complex governance issues one minute at a time.

Matt is the Co-Academic Director of the Board Dynamics for Executives Program offered by Rotman and the Institute of Corporate Directors.

Matt is also a professional musician and is the bass player for KC Roberts & the Live Revolution, an original touring 7-piece funk band based in Toronto. The band's 7th studio LP, *Grit*, will be available in spring 2021.

Our Donors

We would like to thank the following sponsors for their generous support.

Founding Partners

The Rogers Foundation

ATCO Limited

KPMG LLP

Anonymous

Founding Supporters

Great-West Life Assurance Company

Mackenzie Investments

Power Corporation of Canada

Partners

Brendan Calder

Canadian Tire Corporation Ltd.

Langar Foundation in honour of Dr. Gail Regan

Robert McEwen

The Bay Tree Foundation

The Jay and Barbara Hennick Family Foundation

The Ralph M. Barford Foundation

Viewpoint Foundation

