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More women on boards of directors: ten proven ideas to put into practice

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Preamble

The 'Swiss Code of Best Practice for Corporate Governance' (Swiss Code) proposes that companies' boards of directors comprise representatives of both genders and show a reasonable level of diversity.

Since 2013, the Swiss Employers Confederation has carried out several projects focused on the achievement of this goal:

- October 2013: the Swiss Employers Confederation and Z Capital conduct a joint study about the future development of the number of women on boards of directors
- August 2014: the 'Swiss Code of Best Practice for Corporate Governance' is revised: balanced composition of boards of directors (comply or explain)
- April 2015: the Swiss Employers Confederation and five project partners publish 'Frauen im Verwaltungsrat – 400 Vorschläge für Schweizer Gesellschaften' ('Women on boards of directors – 400 suggestions for Swiss companies')
- November 2016: selected board chairmen hold discussions with the board chairmen of the top 150 companies in Switzerland that still do not have a woman on their board of directors. There are still 42 such companies as at June 2017.
- March 2017: the Code of Conduct for executive search companies, aimed at increasing the number of women on boards of directors, is signed by 32 executive search companies.

The Swiss Employers Confederation initiates another project in partnership with a group of project partners: the project team developed ten ideas as recommended actions for supporting companies in their endeavours to achieve more gender diversity on their boards of directors with concrete suggestions.

Project partners:

- **Valentin Vogt**, Chairman of the Swiss Employers Confederation, Chairman of the Burckhardt Compression Holding AG Board of Directors
- **Gilbert Achermann**, Chairman of the Straumann Holding AG Board of Directors
- **Jens Alder**, Chairman of the Alpiq and Goldbach Group
- **Kristine Braden**, Chairman of Advance Women in Swiss Business
- **Calvin Grieder**, Chairman of the Givaudan SA and Bühler AG Board of Directors
- **Hans Hess**, Chairman of the Comet and Reichle & De-Massari Board of Directors
- **Carole Hübscher**, Chairman of the Caran d'Ache SA Board of Directors
- **Monika Ribar**, Chairman of the SBB Board of Directors
- **Simone Stebler**, Consultant at Egon Zehnder
- **Pierin Vincenz**, Chairman of the Helvetia and Leonteq Board of Directors.



Trends in filling positions on boards of directors

As the significance of an effective board of directors has become apparent, boards of directors are increasingly adopting an extensive and professional approach to evaluating and filling such positions. There is growing interest in the objectivity, benchmarking and professionalism of boards of directors. The chairmen of the boards of directors are investing more and more time in personnel planning, critically examining the board and looking to improve its effectiveness and composition.

1. Focus on diversity in succession planning

Succession planning on the board of directors is one of the core duties of the chairman of the board of directors. Early succession planning can significantly reduce the potential for surprises in terms of replacements on the board. The chairman of the board of directors should not only remain mindful of when the statutory retirement age will be reached and/or of the maximum term of office, but also discuss the personal planning of individual boards of directors. Role changes within the board of directors (e.g. an existing member of the board moving to another board committee in order to make room for a new, less experienced member) can significantly expand the pool of candidates. Identify potential candidates, both male and female, in good time and create a list of possible candidates that can make it onto a long list. Ensure that genders are balanced. Establish a network outside of your normal environment, e.g. with organisations that focus on diversity in boards of directors. Make a deliberate effort to attend events in which potential female board of directors members take part. Women must be actively discovered, because they talk about their skills and abilities less frequently with those around them than their male counterparts do.

2. Rethink the composition of the board of directors

The experience and expertise represented on the board of directors should support the company's strategic goals in the best possible way. Always examine the make-up of the board of directors with this in mind and ensure that new skills, abilities and ways of thinking that will be required in the future can be incorporated onto the board. It is important to bear in mind that in many areas of the economy women represent the key customer group. In this analysis, pay special attention to the gender diversity required for coping with future challenges. Set yourself internal quantifiable objectives for composing your board of directors, which you can communicate, resolutely pursue and evaluate.

3. Set out a structured process

Successfully evaluating and selecting future board of directors' members requires a structured process. Therefore, establish a clear process that begins with assessing the effectiveness and composition of the board. Then clearly define role specifications for future board of directors' members (including drawing up a profile with the required experience, skills, personality), systematically and comprehensively identify and evaluate male and female candidates, and subsequently put candidates up for nomination. Get in touch with chairmen of boards of directors who are more advanced than your company in terms of diversity. Ask them what actions they took in the search process.



4. Do not necessarily replace departures with identical candidates

New members of boards of directors do not necessarily have to replicate the skills and expertise of outgoing board members. Do not therefore feel compelled to replace departing members with identical candidates, but rather ensure that new members of the board bring abilities and expertise with them that are required for current and future strategic challenges. Be bold and nominate people with differing profiles and mindsets to them. Do not be deceived by a person's public profile as this is no guarantee that they will add value to the board of directors.

5. Rethink the ideal skills for future members of the board of directors

Rethink the typical male role profiles for future members of the board of directors. Gender diversity cannot be fostered in a long-lasting way as long as members of boards of directors are still being primarily selected from talent pools of former CEOs or CFOs. Question the widely accepted criterion of experience required to be on a board of directors. Women are less likely to have previous board experience than their male colleagues, which leads to a vicious circle. The skills required to be on a board of directors, including having a strategic mindset, being results-driven, independence and teamwork, can also be found in other backgrounds of experience. Ensure that future members of the board have the ability to think and act in an entrepreneurial manner.

6. Ensure a balanced gender profile in the search process

Do not hesitate to identify only women in the first search step, if your company does not yet have a woman on its board of directors. If you still cannot find any suitable women, ensure that the gender is balanced when creating the long list and short list. If your board is critical of a board of directors' candidate, remove ages, names and genders from files in an initial step so that only the candidates' CVs are taken into account. There should always be at least two women on the short list to avoid any 'this one or no one' situation arising. If you cannot come to a decision yourself, do not shy away from calling on external help. When using external support, make a proven track record in recruiting women a decisive selection criterion. If you make use of advisory services offered by external executive search companies, ensure that they adhere to the 'Code of Conduct' of the Swiss Employers Confederation.

7. Support new board members

Offer support to new board of directors' members, particularly those without prior experience on a board, so that they can quickly and efficiently learn the ropes of their new role and work successfully as soon as possible.

8. Women should hold a visible role

Women should increasingly take on the position of vice chairman of the board of directors or a chairman of a committee. This way, women have the chance to be role models for the next generation and also to be recommended to become chairmen of boards of directors.



9. Practice 'inclusiveness'

Ensure that women feel as included in boards as men and make sure that different perspectives are actively welcomed and listened to in board discussions. This enables you to gain pioneering insights from a heterogeneous, diverse team and prevent group thinking. Experience shows that it is better to have more than one woman on a board of directors with more than five members.

10. Create your own talent pool

Open the path for women in your company to make their way into management positions, as Switzerland needs more female managers who will later be taken into account as potential board of directors' candidates. The following measures should be adopted to widen female talent pools:

- Specifically support your talented female managers from the early stages of their careers. Make young female talent aware of the prospects they have in your company.
- Develop alternative career models (e.g. specialist or project careers instead of traditional linear careers).
- Support the compatibility of having a family and a career in a targeted way. In particular part-time and other flexible working time models for both parents create the prerequisites for diversity in the company. Establish a results-oriented culture that is not primarily based on having to spend a large amount of time at work.
- Introduce programmes tailored chiefly to women's needs (e.g. mentoring).
- Ensure that your performance and behavioural evaluations are systematically conducted using the dual control principle, thus increasing the objectivity of staff appraisals.
- Entrust your talented female managers with the management of strategic projects. This increases their visibility within the company.
- Rethink or reduce the travel required (e.g. by introducing professional video and communication systems).
- Support the relocation of young families (e.g. by looking for accommodation in a family-friendly area).

The more women that are members of a management board, the higher the gender diversity on a board of directors level.