How Boards Can Use Technology to Diversify and Fill Skills Gaps

By Rob Kunzler

Rob Kunzler is chief marketing officer of OnBoard, a board management software company. This article explores how boards that oversee governance at businesses and organizations are utilizing technology to securely plan and build diverse leadership teams.

Environmental, social, and governance (ESG), and diversity, equity, and inclusion (DEI) are two of the most important trends for boards of directors in 2022, according to *Forbes*.[1] Recruiting the right people with the right skills to have the right discussions at board meetings is critical in today's social and business environment. And one of the best ways to set a board up for success is using technology to expand networks and find skill gaps.

How Did Boards Work in the Old Days?

In the old days, board memberships were often determined by "who do you know?" The old boys' network—and it really was mostly men—was the ultimate gatekeeper for deciding who to trust and to bring on. But relying on their networks and resources to find qualified candidates for vacant board positions was time-consuming and often resulted in a lack of diversity.

But that's not how you find other skilled professionals to help run your business. True, board members occupy unique positions of trust within an organization, so finding the right person is not just a question of "they're qualified, bring 'em in." It's also about finding people that other board members can trust. That isn't easy.

There are online resources, not to mention specific programs now, that can help boards find qualified candidates for vacant board positions. The University of North Carolina has a Director Diversity Initiative that works with for-profit and nonprofit boards of directors to increase their gender, racial, and ethnic diversity.[2] The NACD Accelerate Program prepares the next generation of board leaders by providing dedicated executives the tools, support, and resources to become directors.[3] These are just a couple of resources that can help boards diversify and find gaps in their skill sets.

How Can Technology Help?

DEI conversations have dramatically shifted to include more transparency and accountability, so broadening the scope for board recruiting is essential. Indeed, the Nasdaq Board Diversity Rules[4] now require annual disclosure of aggregate "statistical information about the board's voluntary self-identified gender and racial characteristics and LGBTQ+ status" and that boards either include diverse members or publicly disclose why they don't have any diverse candidates.

Board management software platforms such as OnBoard can help boards find qualified candidates for vacant board positions. By providing various tools to help boards assess their skill sets and identify gaps, this software makes it easier for boards to plan for recruitment goals like improving diversity.

In the future, intelligent board management platforms can also help you analyze the current makeup of boards and, using anonymized data from similar companies, determine how your board stacks up against benchmarks in directors' gender, race, and age, among other factors.

Diversity in Skills, Too

Diversity doesn't just refer to someone's background. It includes diversity in skill sets and lived experiences, too. And that's another place board management platforms come in.

Previously, to track board skills, you might list everyone's skill set into a spreadsheet, look at who is retiring, and start thinking about filling in those gaps when the nominating committee meets to discuss new candidates.

Platforms like OnBoard will walk a board manager through the skill tracking process, determine what skills are available on the boards, and do some scenario analysis. Some board members are on their way out, so what does that do to the skills map?

With board management platforms, the software essentially gives visibility into the current board composition and the positions that will be vacated. It can identify the board's experience in specific areas and highlight gaps so boards can build a recruiting plan that fits the strategic plan. In the future, the software will become more sophisticated by having the capability to analyze LinkedIn profiles of board members, including the reported skill sets, and then—using aggregated and anonymized data from similar companies—suggest what gaps in the skill set need to be filled.

For example, a mid-sized credit union in the Northeast is looking for new blood on the board. It competes against 40 or so other mid-size credit unions in the same region. Suppose a number of them are using a board management platform like OnBoard. In that case, our credit union could discern that similar organizations in the region have cybersecurity experts with 10 or more years of experience.

Then, by including demographic and educational data from candidates, the software can recommend ways to improve diversity in background and skills for any new board members.

Agility Is Key

It's important to realize that diversity is not just a value but also adds value.

It's also vital for organizations to adapt to a fast-changing business cycle. Right now, we may be heading into a downturn. Just two months ago, we were facing disruptions from the Ukraine war. Two months before that, we were in a supply chain crisis. And two months before that, we were still in the grip of the COVID crisis.

What I call agility will be a deciding factor for boards that want to succeed. Those that can quickly and nimbly broaden their recruiting efforts to include a broader pool of candidates in both background and skills will come out ahead. ■

References:

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liability if ESG-related goals are not met.

However, a series of recently adopted and proposed regulatory rule changes signal that new standards of accountability may be taking root. Among the new regulations and benchmarks announced at the end of 2021 are proposed changes to investment considerations for ERISA plans, Treasury Department recognition of the effects of climate change, and proxy voting policies that demand increased equality. Each of these will elevate ESG issues directly to the board level. It follows that the recognition of ESG concerns in fiduciary decision-making may set the stage for new theories of liability and additional regulation in the years to come. ■

Endnotes:

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Food for Thought

"The challenge of leadership is to be strong, but not rude; be kind, but not weak; be bold, but not bully; be thoughtful, but not lazy; be humble, but not timid; be proud, but not arrogant; have humor, but without folly."

—Jim Rohn

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Create a culture and structure that will withstand third-party accountability to add value to your business. Start thinking as a serious growing company and prepare for a potential future life as a public company or increased scrutiny of investors.

Independent Perspective

Day-to-day events often distract a CEO. An outside adviser provides a sounding board to ground the CEO in real leadership duties. Typically, a board will focus on protecting the

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