



## **You're in the Room — Now What? 14 Board Diversity Arguments for In-house Counsel**

**Cultural Competence**

**Skills and Professional Development**



In-house counsel wield the unique power of being in the same room as their CEOs and chairpersons. In addition to their roles as lawyers and risk managers, many in-house counsel are also decision-makers and influencers. Because in-house counsel are trusted advisors, key decision-makers, and

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know their CEOs and chairpersons best, they are particularly positioned to advocate for board diversity in their companies. But once you have a seat at the table, what do you say? These 14 compelling arguments can be used to convince your company to pursue board diversity.

## **1. Diversity on boards is good for business**

Having women on boards has proven to be very beneficial for business enterprises. Financial performance seems to be better when there is a higher percentage of women. This is a clear indication that CEOs and chairpersons should not prevent women from joining crucial meetings. In fact, women should be encouraged to join boardrooms. Studies show that women are very educated and well accomplished, especially in key fields such as [medicine and law](#). They also connect well with the customer and client base, motivating an increase in both sales and overall company development.

## **2. Diversity creates an enhanced pool of talent for the board**

Everyone has special skills and unique backgrounds in their field of work. Members of minority groups may have the expertise that your company needs. By maintaining a homogenous board, even inadvertently, your company may be overlooking the opportunity to enhance its talent pool. With a larger number of minority board members, your board has a greater chance of identifying personnel who will have a positive impact on your organizational goals and other tasks.

## **3. Diversity improves performance at all levels of the company**

As the head of any company, it is your duty to ensure that all departments at different work levels are performing well. When women and other minorities are employed on the board, this enhances diversity at other levels of the company as well. A diverse board will both spur the company's progress and create a diversified workforce.

## **4. Diversity improves overall corporate culture**

Two heads are better than one and you can achieve this by diversifying your board. By engaging individuals from different areas of your organization, you open a new platform where everyone can speak on their thoughts and bring new ideas to the table. For maximum effectiveness, ensure that you listen to everyone's view and genuinely consider the ideas brought forward during meetings. This will not only attract better overall talent to the company, but it will also improve the company's culture, morale, and resilience.

## **5. Diversity boosts brand recognition**

When your company embraces board diversity, it sends a message that the board is made up of considerate people who understand the importance of equality. By eliminating signs of even inadvertent discrimination and ensuring that the company is actively working on inclusion at all levels, you can assure stakeholders that company leadership will maintain a positive brand image.

## **6. Diversity helps create a good rapport with the community**

A company that has a diverse board will bolster good relationships with the community where it operates. Inclusive hiring at all levels of the company is an excellent way to give back and show that

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your company cares about making a positive impact. Diverse board members will also help ensure the company's actions do not negatively affect important groups that may otherwise be overlooked. To strengthen ties with the community at large and build on the organization's reputation, consider board diversity as a means of establishing the necessary relationships.

## **7. Diversity broadens the investor base**

Diversity makes companies more appealing to investors for a variety of reasons. Investors prefer companies with mixtures of people rather than homogenous ones. Investors are looking for investment opportunities with excellent corporate social responsibility and ties to wider customer and client bases, which are some of the benefits that come with diverse boards. Susan Baker, vice president of Trillium, an independent investment advisor focused exclusively on sustainable and responsible investing, notes that "boards with diverse talents and perspectives inclusive of gender and race enhance the culture of innovation and critical thinking in the boardroom. Measures of financial health and stock performance can improve."

## **8. Diversity gives you an increased competitive advantage**

Having a diverse board is like killing two birds with one stone, especially in the dynamic, fast-paced business world. With diverse business challenges, a company requires plenty of minds to help overcome the storm and get past challenges with ease. Without a homogenous talent pool, it is easier to make the best informed choices.

## **9. Diverse boards are more effective at planning board work**

There are certain procedures that need to be followed when participating in company's activities. With a handful of biased members, the chances of achieving success and effective planning are low. However, incorporating board diversity helps clear paths of uncertainty and mistakes since a larger number of people have vetted the concepts used and the strategies to be followed. According to Baker, "boards with diverse talents and perspectives inclusive of gender and race enhance the culture of innovation and critical thinking in the boardroom."

## **10. Diversity creates a positive change in the board's overall behavior**

A male-dominated board contributes to a traditionally "masculine" corporate culture. When male board members are implicitly expected to fulfill this "masculine" corporate culture, ineffective workplace behavior flourishes. Although outright misogyny or sexism only occurs in the most extreme cases, even well meaning companies can develop a culture of unnecessary risk-taking, lack of communication, and inflated egos. When boards are diverse, more traditionally "feminine" values, which are historically less valued, can take hold. These include communication, collaboration, and acknowledging mistakes. This leads to a more effective company.

## **11. Diversity leads to more effective corporate governance**

In the face of challenges, board diversity promotes corporate governance by giving its members the chance to brainstorm various incentives to manage the issues. A more diverse boardroom ensures that everyone has a voice to channel ideas and their views, which are all vital for governing the company and promoting its success.

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In fact, more effective corporate governance can boost diversity down the line, making for a more sustainable commitment to diversity. Of 15 companies Trillium engaged through dialogue and/or filing shareholder proposals over the past couple of years, all have revised corporate governance documents by adding clear commitments to gender, race, and ethnicity in the criteria they look to in building a board, and nine companies including eBay, Wabtec, Stifel Financial, Palo Alto Networks, Superior Energy, Hartford Financial, Lowe's, Apple, Discovery Communications, and Cree, have appointed one or more women to serve on the company's board of director.

## **12. Diversity creates better redress for complex issues**

To carefully determine solutions to complex, impactful issues, a company needs a larger number of people who will bring their minds together and share their past experiences and the knowledge they have acquired. With a diverse board, your board members will have a wide variety of experiences, skill sets, and knowledge bases. You can expect to have better approaches to managing risks and alleviating the issues appropriately.

## **13. Diversity enhances member and culture appreciation**

Diverse boards can help your company tackle issues with a better head and from new directions. When making any decision, you should understand its impact. Every person associated with the board has a different background, beliefs, and ways of thinking. By including these people in key decisions, you ensure that the company's decisions accommodate and respect multiple groups and cultures.

## **14. Diversity aids with the re-evaluation of business goals and requirements**

Once you have included board members from a wide variety of backgrounds, you must re-evaluate what the company needs and what you want to achieve at the end of the day. By spurring this re-evaluation process, a diverse board helps in rejuvenating the company.

Your company needs a diverse board, and as in-house counsel, you can help make that happen. Diverse boards have plenty of benefits — besides the fact that hiring diverse leadership is the right thing to do. But making this important change isn't simple. In this new generation of business and technology, it's important to rally as many supporters and key decision makers as possible so that the company can make progress, even in your absence. As key decision makers and influencers in close proximity to company leadership, in-house counsel are well positioned to lead this charge. With these 14 compelling arguments, you can use your position as in-house counsel to achieve board diversity at your company.

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Mack is also an award-winning (such as the prestigious ACC 2018 Top 10 30-Somethings and ABA 2022 Women of Legal Tech) general counsel, operations professional, startup advisor, public speaker, adjunct professor, and entrepreneur. She co-founded SunLaw, an organization dedicated to preparing women in-house attorneys to become general counsels and legal leaders, and WISE to help female law firm partners become rainmakers.

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She has authored numerous books, including *Get on Board: Earning Your Ticket to a Corporate Board Seat*, *Fundamentals of Smart Contract Security* and *Blockchain Value: Transforming Business Models, Society, and Communities*. She is working on her next books: *Visual IQ for Lawyers* (ABA 2024), *The Rise of Product Lawyers: An Analytical Framework to Systematically Advise Your Clients Throughout the Product Lifecycle* (Globe Law and Business 2024), and *Legal Operations in the Age of AI and Data* (Globe Law and Business 2024).