Survey: N.C. board rooms lack diversity

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North Carolina's top corporations lag the nation in appointing women and minorities to their governing boards, according to a new survey from UNC-Chapel Hill.

Women represent 11.2 percent of board members in the state, for example, compared with 17 percent in the Fortune 100.

Three Triad companies rank among the state's five most diverse companies, according to the 2006 figures, the year the group chose to study. But the region also has five companies with no women or minorities on their boards.

The survey shows little improvement when compared to a News & Record survey of the state's top 50 companies in 2003.

Some reasons include:

* Candidates are in limited supply until more talented young executives enter the pipeline;

* Smaller businesses don't always have the resources to search for qualified women and minority candidates; and

* Corporate boards are shrinking, creating fewer slots overall.

A board of directors navigates a company, working with its senior executives to make major decisions. Directors are nominated and then elected by shareholders.

Although women make up 51 percent of the state's population and minorities about 30 percent, women make up only 11.2 percent and minorities only 6 percent of corporate boards of the state's top 50 companies, according to the study by the school's Director Diversity Initiative.

The leader of the UNC-Chapel Hill program, Lissa L. Broome, said a diverse board has benefits, including:

* It's the right thing to do. Women are half the population. And minorities are a significant percentage.

* A diverse board can help monitor management better and lend different perspectives in decision-making.

* Diverse members are more likely to engage in constructive dissent.

* Customers of all types will get a sense that the company cares about diversity.

VF Corp., one of Greensboro's largest companies and No. 4 on the diversity list, has a score of 33.3 percent for minorities and women on its board.

Its 12-member board has two women and two minorities.
"For a global company like VF, diversity is a business imperative," VF Chairman Mackey J. McDonald said in a written response to questions submitted by the News & Record. "Our associates and our board must offer diverse perspectives for our business to be successful — points of view that come from differences in ethnicity, gender, age, culture and life's experiences."

Broome, who compiled the study, said, "If you have a less homogenous group it takes more time to make decisions, but you have better decisions. It might be frustrating in some sense … but in the end you may have a more creative solution to the problem."

Through its Director Diversity Database, the initiative collects resumes of women and minority candidates who want to serve on boards.

Broome, who is director of the Center for Banking and Finance at the law school, helps corporations shop for director candidates and then contacts those individuals for an interview.

But candidates must be ready when they're needed. "Broadening Corporate Board Diversity: Earning a Board Seat" and the North Carolina Bank Director's College are two boot-camp programs to get executives ready.

About eight executives have already joined boards as a result, including Greensboro's Suzanne B. Rudy, who joined the board of FNB United Corp. in Asheboro earlier this year.

UNC-Chapel Hill "totally prepared me," said Rudy, who is a vice president, corporate treasurer, compliance officer and assistant secretary for RF Micro Devices.

When her boss told her she should consider finding a board to serve on, she knew it would be an excellent development experience. But was she ready?

"They made me think about things I had never thought about. Who's on boards? What are they looking for? They had presidents of companies saying what they were looking for. They had people that had attended the class that were on boards," she said. "It really was thorough. I was so happy that I had that experience. I shudder to think that I might have gotten on the board without that experience. They call it diversity but I thought it was much broader than that."

Michael C. Miller started thinking about diversity when he attended a meeting at the Federal Reserve Bank of Charlotte and saw what a diverse board it has.

"It was something that interested me and rubbed off on me," said Miller, chairman, president and chief executive officer of FNB United, which does business as CommunityOne.

He began talking with Fed executives about their diversity programs and attended another program at UNC-Chapel Hill, where he met Broome and later found Rudy.

Although the bank's 15-member board has only one woman, Miller said diversity is now a permanent factor in recruiting.

"Performance is a priority and inasmuch as companies with better diversity perform better, we want to do that," he said.

Still, Broome is searching for patterns in the numbers.
"It's hard to figure out why some (companies) are better and others aren't," Broome said. "I think if the CEO cares about diversity, it's a lot more likely to happen than if the CEO is agnostic about it. Also, I think once you get a critical mass, once there may be one or two diverse directors, then they don't want to be alone."

Rudy isn't sure whether she offers a different perspective because she's a woman, or because she simply thinks a little differently. "I've worked with men all of my life. It's always been a male-dominated situation," she said. "I'm fairly outspoken. I'm on nonprofit boards. There's definitely a different view. I don't know if the view is different because I'm a woman or because I'm a little bit out of the box."

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