

## OPINION

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COMMENTARY

## Diverse board crucial in fast-changing world: Bloomberg

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TO stay nimble in today's complex, fast-changing environment, companies need diverse boards to inform their decision-making, says Bloomberg chairman Peter Grauer.

"Board diversity is no longer a 'nice to have'," he says in an email interview with The Business Times ahead of a visit to Singapore on Sept 19. "It is a business imperative across gender, geography, ethnicity, expertise and professional background.

"The challenges of operating in a complex environment mean we need diversity of thought and experience to help a company stay nimble and avoid the kind of groupthink and unconscious biases that can cloud effective decision making."

Mr Grauer was in town to give the keynote speech at the inaugural Chairmen's Conversation, organised by the Diversity Action Committee which advocates for more women directors on the boards of Singapore-listed companies. Sponsored by DBS, the event discussed board resilience and diversity, and how companies can navigate disruptive changes in technology, markets and supply chains.

Against the turbulent backdrop of a changing economic order and industry disruption, leaders must engage in "real dialogue" to find solutions and ways forward, says Mr Grauer. Boards today face challenges such as managing innovation and staying ahead of change.

Might this be aided by including technology experts on boards, for instance? Replies Mr Grauer: "Innovation requires a real cultural shift in how companies and boards hire, think, learn, collaborate and solve problems. This culture of innovation needs to come from the top.

"Boards need to take a broad look, establishing a baseline of where the company is today before focusing on where it aspires to be in the future. They need to understand the strategic value and risks of technology – and having technology experts in the boardroom can certainly help."

This is just one aspect in which board diversity can bring benefits. Says Mr Grauer: "Diversity and inclusion isn't just about doing the right thing for our employees. It's also about doing the right thing for our company. Today, the war for the best people is greater than ever and we have to access the full pool of talent."

He notes that in 2017, major asset managers such as BlackRock, Vanguard and State Street recognised this need for diversity, challenging companies with shareholder proposals to add more women and diverse directors to their boardrooms.

"It sent a powerful signal to the wider investment community: diversity is critical for responsible and competitive corporate governance."

A lack of diversity can no longer be attributed to a lack of 'supply': "We must recognise that it is clearly a matter of demand - and that precedent-setting demand must come from the very top of companies."

As a provider of market data and analysis, Bloomberg itself has a role to play. Mr Grauer notes that investors are increasingly looking at environmental, social and governance aspects, including diversity, when evaluating firms. Bloomberg is thus "continually identifying and bringing clarity to opaque areas of the market" such as the above.

Recognising a lack of available data on gender equality, Bloomberg launched the Bloomberg Financial Services Gender Equality Index in 2016 and a sector-neutral Bloomberg Gender-Equality Index in 2018, with 104 companies across 24 countries and regions including Singapore.

### **30% CLUB**

Gender balance on boards is a particular concern of Mr Grauer's in his role as founding chairman of the US 30% Club, which campaigns for greater representation of women on the boards of listed companies in the United States. "We believe gender balance encourages better leadership and governance, contributing to better decision making and ultimately, stronger corporate performance."

Taking after the original 30% Club founded in the United Kingdom in 2010, the US 30% Club's members are chairpeople and chief executive officers who are committed to achieving better gender balance across all levels of their organisations.

Says Mr Grauer: "It is the responsibility of the chairman to charge the Nominations and Governance Committee, and hold them accountable for this whole initiative around diversity and inclusion at the board level. It goes beyond the board - it has to be driven up and down the organisation for the best long-term results."

The US chapter was founded in 2014 with the goal of having women form 30 per cent of directors on S&P 100 boards by 2020, up from 20.2 per cent then. Today, 24.7 per cent of S&P 100 directors are women.

"Even more encouraging, members of US 30% Club have achieved an average of 30 per cent women on their boards, up from 21.7 per cent when we launched - a testament to what business leaders are able to achieve when they commit to driving change," says Mr Grauer.

As lead director of listed healthcare services company DaVita Health Care Partners, Inc, he has seen first-hand how board diversity can develop. "We put our first woman on the board of DaVita Inc five years ago, now we have three."

"It's almost unfair to just have one," he adds, noting that the first female director's outspokenness was "dramatically bolstered when she had more female colleagues at her side".

"I think when we talk about diversity, it's not just about having one underrepresented colleague on the board. It's really about building up that slate. The three women we have now are hugely impactful in the discussion around some pretty complicated regulatory and business, cultural-related issues. And they really got their voice when one became two, and even more forcefully when two became three."