Better World Leadership

Nonprofit Board Programs to Develop Business Leaders for a Sustainable Future

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By Alice Korngold
Korngold Consulting LLC
BetterWorldLeadership.com

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Nonprofit board programs are uniquely effective for companies to advance leadership development, diversity and inclusion, recruitment and retention, sustainability, and corporate responsibility.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>4</td>
</tr>
<tr>
<td>2019 STUDY KEY FINDINGS</td>
<td>5-7</td>
</tr>
<tr>
<td>RECOMMENDATIONS TO COMPANIES</td>
<td>8</td>
</tr>
<tr>
<td>BOARD SERVICE IS UNIQUELY EFFECTIVE</td>
<td>9-11</td>
</tr>
<tr>
<td>ABOUT THE AUTHOR</td>
<td>12</td>
</tr>
</tbody>
</table>
THE 2019 STUDY EXAMINES COMPANY PRACTICES

The 2019 study reports on company practices for nonprofit board training and matching based on information provided by 30 companies: 28 multinational corporations and 2 national companies. These include financial services, manufacturing, information technology and communications companies, retailers, pharmaceutical companies, professional services firms, and others. Additionally, the 2019 study integrates data from the 2017 and 2018 studies that include survey responses from 1,802 employees of nine multinational corporations.

30 Participating Companies:

- American Express
- Bayer
- Berkshire Bank
- Delta Dental of NJ & CT
- Dow
- Guidehouse
- Johnson Controls
- Nasdaq
- Pfizer
- PIMCO
- Symantec Corporation
- Target
- Tata Consultancy Services
- Western Union

16 additional companies completed the questionnaire confidentially. These responses are included in the aggregated data.
## 2019 Study – Key Findings

### Companies Provide Services to Support Employees Who Serve on Boards

<table>
<thead>
<tr>
<th>Service Provided</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Flexibility to attend board meetings</td>
<td>77%</td>
</tr>
<tr>
<td>Matching grants for nonprofits where employees serve on boards</td>
<td>64%</td>
</tr>
<tr>
<td>Matching employees to nonprofit boards</td>
<td>53%</td>
</tr>
<tr>
<td>Training employees for board service</td>
<td>37%</td>
</tr>
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83% of companies support employees serving on boards.

### More Companies Are Integrating Training with Board Matching

<table>
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<tr>
<th>Years Offering Services</th>
<th>Training</th>
<th>Matching</th>
</tr>
</thead>
<tbody>
<tr>
<td>10+ years</td>
<td>7%</td>
<td>10+ years 33%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>5-10 years 20%</td>
<td>5-10 years 27%</td>
</tr>
<tr>
<td>1-5 years</td>
<td>1-5 years 53%</td>
<td>1-5 years 40%</td>
</tr>
<tr>
<td>Not Offering</td>
<td>Not Offering 20%</td>
<td>Not Offering</td>
</tr>
</tbody>
</table>

### There are three reasons for Johnson Controls to encourage and support nonprofit board service for our employees.

**Community:** We want to share our talent with the community. This is an extension of our philanthropic and corporate social responsibility. Our best gift is not just dollars but sharing talent.

**Our people:** Nonprofit board service is integral to learning and development for our leaders. These are stretch assignments. Board service advances diversity and inclusion, loyalty, and personal and professional development.

**Our philanthropic strategy:** When we have more ears and eyes and hands working in the community, that informs our philanthropic strategy. That personal engagement gives us a better understanding of the organizations that are doing the heavy lifting.

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*Grady Crosby*
Vice President Public Affairs and Chief Diversity Officer
Johnson Controls
President
Johnson Controls Foundation

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BOARD TRAINING IS MOSTLY OUTSOURCED, WHILE BOARD MATCHING IS PRIMARILY DONE INTERNALLY

THE MAJORITY OF BOARD PROGRAMS ARE FOCUSED ON SENIOR EXECUTIVES: FOR C-SUITE EXECUTIVES, VICE PRESIDENTS, AND MANAGING DIRECTORS

From a substantiality perspective, there are three reasons for Dow to encourage and support nonprofit board service for our employees.

It’s important that we be a strong contributor to our community. We need to be part of improving conditions in our community by matching people with nonprofits that ignite their passion.

Employees who serve on boards develop valuable skills, while also seeing how the rest of the world operates. It’s powerful when you bring the for-profit and nonprofit worlds together. Our employees bring skills to the boards, at the same time that they learn how to problem solve with a variety of people.

We want to help enrich the experience for new employees by connecting them with their passions.

Mary Draves
Vice President and Chief Sustainability Officer
Dow
## 2019 STUDY – KEY FINDINGS

### INSUFFICIENT RESOURCES LIMIT COMPANIES IN ESTABLISHING BOARD TRAINING OR MATCHING SERVICES

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<tr>
<td>43%</td>
<td>58%</td>
</tr>
<tr>
<td>of Companies do not offer board training or matching</td>
<td>Do not have the capacity or resources</td>
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**WHY**

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<tbody>
<tr>
<td>25%</td>
<td></td>
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<tr>
<td>Need help establishing a board matching program</td>
<td></td>
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### MOST BOARD PROGRAMS ARE OFFERED BY THE CORPORATE SOCIAL RESPONSIBILITY (CSR) AND GLOBAL CITIZENSHIP TEAMS

- 75% of nonprofit board programs are the primary responsibility of CSR and/or Global Citizenship

**These offices collaborate in board programs:**

- 67% Human Resources
- 64% Diversity & Inclusion
- 37% Leadership and/or Talent Development

**It is part of Target’s DNA to have our team be a contributing member to our local communities, while also providing our team members with meaningful developmental experiences.**

--

Tracey Burton
Senior Director, Corporate Responsibility
Target

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RECOMMENDATIONS TO COMPANIES

NONPROFIT BOARD SERVICE IS UNIQUELY EFFECTIVE in developing employees for leadership. This was demonstrated by data in the 2017 and 2018 studies. Employees develop skills for higher job performance within just one to two years of board service. They describe themselves as more confident, better leaders, accepting more responsibility, feeling more useful, and better qualified for promotion. They develop skills in board governance, networking, communication, strategic planning, decision-making, and critical thinking and problem solving. Employees continue to grow with longer service on boards. They report further development, particularly in conflict resolution, board governance, team leadership, decision-making, consensus building, and communication.

Companies will maximize the benefits of their board programs if they increase resources to:

1. OFFER BOARD SERVICE OPPORTUNITIES FOR ALL EMPLOYEES WHO ARE INTERESTED. Companies will derive the greatest value from their board programs by offering opportunities to all employees. Presently, companies that offer board programs focus primarily on senior executives (92%). Yet employees who might not be in these higher ranks are also interested in serving. This is an opportunity for companies to develop people for whom the win-win-win might be greatest—for the company, the employee, and the community.

Importantly, those who want to serve include a higher percentage of women, young professionals, and employees from diverse racial and ethnic backgrounds than those who already serve.

- 19% of young professionals serve on boards. Yet 39% of young professional respondents who do not serve would like to.
- 17% of employees from diverse racial and ethnic backgrounds serve on boards. Yet 31% of diverse respondents who do not serve would like to.

2. OFFER SERVICES TO TRAIN, PREPARE, AND MATCH EMPLOYEES TO BOARDS. Employees who do not serve on boards indicate that they are more likely to do so if they are offered assistance in preparing and training for service and being matched to a suitable organization. Given the value in developing more diverse, inclusive and high performing workforces, companies will benefit by offering both board training and matching services. An additional benefit to companies is that employees whose companies offer board training and matching services have a better impression of their employer. According to the 2017 and 2018 studies, 52% of employees whose companies offered at least one board service appreciated their companies, while 82% of employees whose companies specifically offered board training and matching services appreciated their companies.

3. INTEGRATE BOARD SERVICE INTO THE COMPANY’S CORPORATE SOCIAL RESPONSIBILITY STRATEGY, AND ALIGN IT WITH DIVERSITY AND INCLUSION, TALENT DEVELOPMENT, SUSTAINABILITY, AND PHILANTHROPY. By aligning these interests in developing and implementing the company’s board program, companies will maximize the value of their investment.

43% of women respondents serve on boards. Yet 46% of women respondents who do not serve would like to.

These and other employees might be stuck in the pipeline, in which case an experience to develop personally and professionally might prepare them to advance. Additionally, they would find greater satisfaction with their employers, thereby increasing retention rates. In particular, leaders of the company’s employee resource groups (ERGs) are strong candidates for the board program.

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2 In these reports, the term “boards” refers to nonprofit boards. Additionally, the term “nonprofit” includes nongovernmental organizations (NGOs), charities, and civil society organizations.

LEADERSHIP DEVELOPMENT. Experiential learning is the most effective approach to personal and professional development. Noted leadership author Morgan McCall writes that “experience—not genetics, not training programs, not business school—is the primary source of learning to lead, and although our understanding of this kind of experience is far from complete, it is absolutely the place to start.” A leadership development article in Gallup agrees.6

Experiences that create a significant difference in a leader’s growth are breakthrough experiences. Crucible moments. These sometimes transformational experiences reset how leaders view their work and their lives...Unfortunately, no classroom experience can provide this same level of learning. But timing is everything, and early exposure to experiences is key.

It is an authentic challenge and the consequences associated with that experience that drive the learning forward and make an experience developmental. Those lessons can have a lasting impact on how a person manages and leads.

In spite of spending $14 billion on leadership development in the U.S. alone, Gallup finds an alarming deficit in experiential learning. Leadership expert Gianpiero Petriglieri comments on the weaknesses of current training programs. “Leadership development often begins too late and amounts to thinly-disguised indoctrination,” says Petriglieri.7 Good leadership, he says, is “not something you do or become once you get to a leadership role. It is what gets you there.”

Board involvement presents a unique opportunity for employees to develop personally and professionally. “Nonprofit board service is the ultimate experience in ethics, accountability, leadership, group dynamics, and crisis management and communications.”8 By engaging employees on boards early enough in their careers, companies can develop people for effective leadership.

DIVERSITY AND INCLUSION. Many companies are recognizing that achieving diversity and inclusion is necessary to grow shareholder value. Yet in spite of investments in diversity and inclusion, success continues to be elusive. Research shows that the failure to move women and people from diverse backgrounds into leadership can be attributed to the “broken rung” that occurs early in a person’s career, when the next step is middle management. Board service can fix the broken rung that delays advancement. This is why it is important that board opportunities not be limited to employees who’ve already ascended the corporate ladder.

“Companies with more diverse workforces perform better financially.”9

In his book, The Diversity Bonus, Scott Page shows that “diversity can produce bonuses,” leading to “higher profits, larger market shares, and faster rates of innovation.”10 Katherine W. Phillips explains that “we need diversity if we are to grow, change, and innovate.”11 McKinsey affirms “the global relevance of the link between diversity—defined as a greater proportion of women and a more mixed ethnic and cultural composition in the leadership of large companies—and company financial outperformance.”12 Research conducted by the Wall Street Journal shows that “diverse and inclusive cultures are providing companies with a competitive edge over their peers.”13 A study by the Stanford Graduate School of Business shows that “share prices jumped when companies reported better-than-expected gender diversity; they fell when firms announced demographics that

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underwhelmed.” The World Economic Forum agrees that “it is time for a fundamental change in how talent diversity issues—whether in the realm of gender, age, ethnicity or sexual orientation—are perceived and well-known barriers tackled.”

**Diversity has many dimensions.** Business people who serve on nonprofit boards describe the diversity of their fellow board members broadly. They note differences in backgrounds and perspectives, from the variety of their jobs and industries, socio-economic factors, gender, age, religion, race, ethnicity, physical abilities, sexual orientation, and more. Their comments reflect appreciation for what Scott Page calls **cognitive diversity**—“differences in information, knowledge, representations, mental models, and heuristics”—and **identity diversity**—“differences in race, gender, age, physical capabilities, and sexual orientation.” Page explains: “Many of our complex challenges involve understanding the actions, preferences, and capabilities of diverse people. Thus, identity diversity also contributes relevant cognitive diversity.”

**Current approaches to diversity and inclusion have not yielded the desired results** in spite of evidence connecting diversity to business success: “Most diversity programs aren’t increasing diversity...The positive effects of diversity training rarely last beyond a day or two, and a number of studies suggest that it can activate bias or spark a backlash.” McKinsey reports that “progress on diversification initiatives has been slow.”

More evidence is provided in a new book by Pamela Newkirk: “While white people make up 61% of the workforce, they hold 85% of executive-level positions and 71% of midlevel management positions.” The Wall Street Journal reports that “at 80% of S&P 500 firms, fewer than one-third of senior managers are women.” LeanIn.Org and McKinsey show that “women are less likely to be hired and promoted to manager: For every 100 men promoted and hired to manager, only 72 women are promoted and hired.” Additionally, “men hold 62% of manager-level positions, while women hold just 38%. The number of women decreases at every subsequent level.” And only six of the 323 companies studied “have a full range of best practices in place to support inclusive and unbiased hiring and promotions.”

**The problem in advancing women appears to be with the “broken rung.”** Research indicates that women are stuck earlier in the pipeline than we realize. To make real progress, companies must focus their efforts sooner. We often talk about the “glass ceiling” that prevents women from reaching senior leadership positions. In reality, the biggest obstacle that women face is much earlier in the pipeline, at the first step up to manager. Fixing this “broken rung” is key to achieving parity.

By providing diverse employees with leadership experiences early enough in their careers, companies will accelerate progress to become more prosperous. Nonprofit board service is the unique experience that will make that possible.
RECRUITMENT AND RETENTION. For companies seeking to recruit and retain the highest potential employees, it is important to recognize that across demographic groups, “opportunity and fairness are the strongest predictors of employee satisfaction.” LeanIn.Org and McKinsey show that “diversity efforts are about ensuring employees of all genders, races, and backgrounds have access to the same opportunities.”

When employees feel they have equal opportunity to advance and think the system is fair, they are happier with their career, plan to stay at their company longer, and are more likely to recommend it as a great place to work.23

Not only will access to board service allow all employees to develop as leaders, but they will appreciate the opportunities. The vast majority of respondents in our 2018 study report that the work of the nonprofit where they serve is meaningful to them (94%), they are able to add value (92%), and they would recommend nonprofit board service to their friends and colleagues (96%).24

SUSTAINABILITY. Employees who serve on boards develop experience and expertise to advance the company’s sustainability goals. In addition to developing vital skills, including innovation, problem solving, and creativity, they gain a deeper awareness and appreciation of the effect of social, economic, and environmental challenges on their companies and their communities. 25 They report that board experiences help them realize how businesses can become more successful by finding innovative solutions to pressing community needs, such as hunger, workforce development, and education.

CORPORATE RESPONSIBILITY. Employees who serve on boards contribute meaningfully and productively in improving communities. Within one or two years, 53% ascend to board leadership positions. Beyond the first couple of years, 72% serve in leadership positions, some serving on multiple boards and in multiple leadership positions.26 Furthermore, 92% contribute in addition to attending board meetings by raising funds, providing valuable expertise and pro bono assistance, making contributions, and more.

Nonprofit board programs are uniquely effective for companies to advance leadership development, diversity and inclusion, recruitment and retention, sustainability, and corporate responsibility.

ABOUT THE AUTHOR


Korngold is a Visiting Professor for the Masters in Financial Accountability, York University, Toronto, Canada. She is a juror for the World Environment Center’s annual Gold Medal Award for International Corporate Achievement in Sustainable Development. She is a speaker at global conferences. Korngold received a B.A., history and an M.S.Ed., psychological services, from the University of Pennsylvania.