

# HEIDRICK & STRUGGLES

## Diverging Progress: Women Achieved Record High in Fortune 500 Board Appointments in 2019 While Racially and Ethnically Diverse Appointments Remained Stagnant

September 9, 2020

**- Appointments of women to boards reached a record high of 44% of all new appointments in 2019**

**- The share of racially and ethnically diverse appointments remained flat at 23% for a third straight year**

**- As part of Heidrick & Struggles' pledge to improve board diversity, a record two-thirds (66%) of the firm's board of director searches resulted in diverse candidates being added to boards in North America to date in 2020**

CHICAGO, Sept. 9, 2020 /PRNewswire/ -- Racial and ethnic diversity in the boardrooms of Fortune 500 companies has been notably slow to take shape, according to the findings from Heidrick & Struggles' (Nasdaq: HSII) [2020 U.S. Board Monitor](#). While the report found boards made significant gains in appointing gender diverse board members in 2019, with women making up an all-time high of 44% of new board seats, the number of board appointments of African Americans, Hispanics, Asians and Asian Americans has remained stalled at 23% since 2017.

Now in its eleventh year, Heidrick & Struggles' 2020 U.S. Board Monitor examined the trends in non-executive director appointments at U.S. Fortune 500 companies in the past year, finding that companies filled 467 vacant or newly created board seats with independent directors in 2019, up slightly from 462 in 2018.

"Intentional and purposeful actions towards inclusivity are more critical than ever as our country grapples with the high climate of racial injustice," said Lyndon Taylor, managing partner, Diversity & Inclusion Practice, Heidrick & Struggles. "Companies are opening their eyes and beginning to address their own systemic issues around racial equity in leadership and the workplace, and three years of stagnation in appointing board members of color requires a greater focus and commitment to a sustained effort to bring more diverse representation into boardrooms."

### Key Trends in the 2020 U.S. Board Monitor

#### 1. Women continued making significant gains on boards; representation of people of color remained stalled in 2019

- Based on the current upward trend, the report projects that by 2022, appointments of women to board positions will reach 50% among the incoming class of new directors.
- Appointments of African American board directors decreased slightly to 10% in 2019, down from a high of 11% in 2017 and 2018.
- Appointments of Hispanic board members increased slightly moving from 4% in 2018 to 5% in 2019.
- Asians and Asian American appointments remained unchanged from 2018 at 8%.

#### 2. The vast majority of new appointments had prior board, CEO or CFO experience

- Boards filled an all-time high of 72% of open seats with directors who had previous public board experience—up from 69% last year.
- Half of the new board appointments were current or former CEOs (50%), and 21% were current or former CFOs.

#### 3. Boards are increasingly appointing directors with areas of expertise across digital, cybersecurity and sustainability

- Because of the enterprise-wide importance of digital and cybersecurity, 40% of director appointments in 2019 had digital or social media experience, up from just 10% in 2016, and cybersecurity expertise increased significantly to 14% last year, up from 6% in 2017.
- One in ten (10%) new directors in 2019 had sustainability experience, illustrating the growing importance of environmental concerns.

"Most boards seek executives with previous experience serving on a board, or as CEOs or CFOs of organizations of relevant complexity and scale, however, the number of diverse leaders in these senior roles today is too low," said Jeff Sanders, vice chairman and co-managing partner, CEO & Board of Directors Practice, Heidrick & Struggles. "To increase diverse representation, boards will need to broaden their networks and criteria for board selection, going beyond the traditional CEO and CFO profiles to consider diverse leaders who have proven experience and leadership capabilities across a wider range of business areas and functions. Companies also can implement forward-thinking succession planning and build a more diverse leadership pipeline for the top leadership positions across the C-suite."

### Strategies for Building Diverse Boards

To build stronger, more diverse boards, Heidrick & Struggles recommends that boards of directors think and act differently:

- Ensure that every list of appointments, as well as longer-term board succession plans, includes diverse executives.
- Focus on abilities and competencies, not just titles, by considering executives with experience and expertise across a range of key areas, including human capital, marketing, legal, and risk, among others. The insights and skills these individuals possess can be just as valuable as those with more traditional CEO and CFO profiles.
- Broaden the board's network, and be open to individuals with demonstrated leadership abilities outside of traditional corporate roles, including academia, government, medicine, the military, and social impact and non-profit organizations.
- Build relationships early on with high potential rising executives who are diverse and likely to take on broader, more senior roles, establishing a sustainable roster of future diverse directors.

"In order to evolve and best represent the next generation of stakeholders, boards need to provide a seat at the table – as board chairs, lead independent directors and committee leaders – to new, diverse directors who have the skillsets of the future," said Bonnie Gwin, vice chairman and

co-managing partner, CEO & Board of Directors Practice, Heidrick & Struggles. "We are committed to working with companies to accelerate their board and organizational diversity, and we have made significant progress helping boards add diverse talent. So far this year, 66% of our North America board of director placements were diverse, and that figure was 61% globally."

In 2018, Heidrick & Struggles was the first executive search firm to announce that [on an annual basis at least half of the cumulative slate of initial board candidates presented globally to its clients would be diverse](#), and has exceeded the pledge goal each year. Additional efforts to expand the pipeline of diverse executives for board and senior leadership roles include Heidrick & Struggles' [Director Institute](#), an apprenticeship program designed to accelerate the development of diverse executives and prepare them for broader operating roles and corporate board service.

#### **About Heidrick & Struggles**

Heidrick & Struggles (Nasdaq: HSII) serves the senior-level talent and leadership needs of the world's top organizations as a trusted advisor across executive search, leadership assessment and development, organization and team effectiveness, and culture shaping services. Heidrick & Struggles pioneered the profession of executive search more than 60 years ago. Today, the firm provides integrated leadership solutions to help our clients change the world, one leadership team at a time. @ [www.heidrick.com](http://www.heidrick.com)

#### **Media Contacts:**

Heidrick & Struggles

Nina Chang

[nchang@heidrick.com](mailto:nchang@heidrick.com)

M Booth

John McLaughlin

[johnm@mbooth.com](mailto:johnm@mbooth.com)

 View original content: <http://www.prnewswire.com/news-releases/diverging-progress-women-achieved-record-high-in-fortune-500-board-appointments-in-2019-while-racially-and-ethnically-diverse-appointments-remained-stagnant-301126150.html>

SOURCE Heidrick & Struggles