

Trustee Insights

BOARD COMPOSITION & SELECTION



The New BoardThink: In Search of Cognitive Diversity

Accelerating Board Innovation and Performance via Cognitive Diversity

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Boards are becoming more diverse — both in for-profit and not-for-profit organizations. Black, Asian, Hispanic, or Middle Eastern directors occupy 4,500 seats on company boards, a 25% increase over the end of 2020 and a 50% increase over the end of 2019, according to the New York Times.

Unfortunately, many boards focus diversity enhancement on gender, race and ethnicity, leaving broad areas of uniqueness and differentiation untouched. These categories include disability, social class, military experience, parental status,

personality type and work style.

Health care boards can benefit from a broader, more expansive concept of diversity and inclusion that embraces internal, external and functional diversity, world view and cognition.

Following is a multi-step roadmap for how health care boards can extend and expand on standard definitions of diversity to accelerate innovation and clinical and business performance.

Step One

Assess the potential benefits of an expanded concept of board diversity or Board Diversity 2.0.

Board Perspective: How would

more diverse backgrounds and experiences expand the board's perspective and point of view?

Board Strategy: How would more diverse points of view refine and accelerate board problem-solving, decision-making and strategy development?

Image and Reputation: How would a more diverse board strengthen the organization's credibility and track record for achieving diversity, equity, inclusion and belonging?

Recruitment and Engagement: How would a more diverse board serve as a magnet for other diverse board members, employees, partners and supporters?

Performance Upgrade: How would a more diverse board turbocharge clinical and business performance with gains in digital transformation, value-based care, ESG/sustainability and cybersecurity?

Building a more diverse board begins by analyzing where the board stands on internal, external, functional and cognitive diversity and worldview.

Internal diversity: Evaluate your current board for internal diversity. Consider how board members—and board committees and task forces—reflect variations in race, ethnicity, age, national origin, sexual orientation, culture, gender, physical ability and cognitive ability.

External diversity: Examine your existing board for external diversity. Consider how board members

reflect variations in personal interests or passions, education, appearance, citizenship, religion, geographic location, relationship, family and socioeconomic status and life experience.

Functional board diversity:

Review your board for functional diversity, including job function and level, corporate and not-for-profit experience, management/executive status, compensation and seniority.

World view diversity: Take a second look at your board's view of life, work and the world. Among the issues:

- How do members' political beliefs — from progressive and libertarian to conservative and liberal — influence board decision-making?
- How do members' values and ethics affect their language, communication and behavior? What is their moral compass?
- How does life outlook shape board members' ability to analyze, solve and resolve conflicts?

Once you have analyzed your existing board, think about the ideal or optimum board and how it would benefit from the right blend of internal, external and functional diversity and varied world views.

Step Two

Reflect on the Value of Board Members who "Think Different."

As you evaluate your board on varied dimensions of diversity, pay attention to cognitive diversity or diversity of thought in member recruitment and development. By zeroing in on cognitive diversity, boards can find members who reflect varied thinking styles, ideas, concepts and

intellectual perspectives.

In the search for cognitive diversity, boards recruit members for what they can add to the board rather than how they fit in with an existing board. They also predict how board members will tackle challenges in their board and committee roles.

Cognitive diversity emanates from a blend of education, experience and culture.

Learned cognitive strategies evolve from where and how board members acquired their knowledge, skills and leadership style. For example, the dean of a school of engineering and applied sciences at a high-profile university would probably bring a different problem-solving style than a Stanford MBA who served in the Obama White House.

Culture also influences cognitive diversity. A graduate of Harvard Business School who grew up in China and speaks Mandarin may bring a different perspective than a Latino woman who leads an energy company.

The bottom-line: Any experience or identity that distinguishes one person from another contributes to diversity of thought or cognitive diversity.

The Diverse Thinking Advantage

Diversity of thought fosters innovation and growth. The evidence is in: Groups populated by those who think differently solve problems faster than groups whose members think alike. Cognitively diverse groups can boost innovation by as much as 20 percent.

Speed/Efficiency: A cognitively

diverse board solves problems, makes decisions and reaches conclusions with greater speed and efficiency, giving health care organizations more time to adapt and respond to disruption and change.

Creativity and Culture:

Cognitive diversity strengthens board and organizational culture. People tend to gravitate toward those who look, act, speak and think as they do. The result is an "unconscious bias" that promotes "group think," suppresses controversy and blocks innovation.

Engagement: Recruiting board members for cognitive diversity enhances engagement by offering safe spaces to share under-the-radar, out-of-the-box ideas.

Empathy: Cognitive diversity builds understanding and empathy among board members, widening the pathway to a more creative, collaborative board culture.

Step Three

Plan your Roadmap to Cognitive Diversity

CEOs, C-Suite executives and board chairs can build a pathway to enhanced cognitive diversity through these strategies:

Target and recruit board members for needed skills and competencies. Precise requirements could reduce the number of board candidates you're able to access and recruit, but by focusing on board candidates with the skills and experience to move the board and organization forward, you will create a wider pool of board talent and enhance the prospect of finding diverse candidates.

Seek board candidates who add value rather than mesh with the board's status quo.

- Look for candidates from adjacent but evolving industries — from hospitality, transportation and real estate to media, banking and technology.
- Examine candidates in emerging disciplines — from biotechnology, artificial intelligence and green energy to data analytics, edge computing and pharmaceuticals.
- Seek candidates from entrepreneurial startups tackling issues ranging from diabetes, Alzheimer's disease and cancer to addiction, brain health and fitness. These entrepreneurs could deliver fresh perspectives and outside-the-lines thinking.
- Be on the lookout for members with the discipline, courage and resilience to ask tough questions and take on accepted policies and

practices.

- Open doors to the neurodiverse, including those with autism spectrum disorder and dyslexia. These individuals excel at math and pattern recognition, but often face rejection in the world of work and volunteerism. Tap outside expertise on how to partner with organizations that represent the disabled and launch new forms of recruitment, support and career planning.

Evaluate board members' cognitive strengths through the "Six Hats of Thinking." The white, or objective hat focuses on facts and logic. The red, or intuitive hat focuses on emotion and instinct. The black, or cautious hat predicts negative outcomes. The yellow, or optimistic hat looks for positive outcomes. The green, or creative hat generates ideas. The blue, or control hat manages and organizes. Evaluate

how board candidates would rely on one or all of the six hats to analyze financial data, build a strategic plan, ensure legal compliance and manage resources.

Cognitive diversity is powerful. It drives board member engagement, boosts problem-solving and minimizes group think. CEOs and board chairs can fulfill their DEI agenda if they integrate the best elements of internal, external, functional and cognitive diversity and worldview.

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