



# Conference of Fund Leaders Roundtable

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## *Board Diversity: Facing the Barriers*

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# *Board Diversity: Best Practices – Be Intentional*

- Diversity on mutual fund boards sends a clear message to management that we expect diversity at the advisor as well. Furthermore, demographic shifts in the US and worldwide compel this diversity.
- Boards operate on the premise of collegiality; therefore, to develop an "intentional" approach to diversity, other board members must be in agreement.
- Important to develop board consensus that diversity (gender and ethnic), in concert with the other attributes sought, should be a priority. How to achieve this:
  - Lead Independent Director & Chair of Nominating/Governance Committee should drive this process.
  - Cultivate support of the Advisor.
  - Communicate that the quantified value that diversity brings to performance can be applied to board excellence as well.
- If the search is being led by an executive search firm, then this priority has to be clearly articulated. If one of the priorities is to select from a pool of CEOs, make sure the board has a clear picture of the challenges this can create with finding diverse candidates.
- Target outside sources for potential board candidates (MFDF, LCDA, ELC).
- Ensure multiple candidates are considered.

Duane E. Hill  
Partner – TSG Ventures  
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# *Board Diversity at The Hartford Funds: How We Did It*

1. Developed an ongoing succession planning process to ensure we had sufficient lead time to recruit new directors.
2. Had strong leadership on diversity issues at the board chair level.
3. Developed an internal culture and consensus on the importance of diversity across a wide spectrum of criteria, e.g. expertise (investments, legal, operations, distribution); gender; ethnicity, etc.
4. Whenever we recruited, we polled each director individually and the board collectively to develop a consensus profile of the next director candidate.
5. Engaged a search firm to assist in our recruiting process, but also cast a wide net amongst other sources to identify candidates, e.g. board members, outside counsel, advisor, sub advisors, other outside organizations.
6. Made sure the search firm understood that bringing quality, diverse candidates was a part of their mandate.
7. Made sure the search firm brought wide array of candidates.
8. Conducted rigorous interviews after identifying the best candidates.
9. Maintained a transparent process with other board members and provided frequent updates on progress.
10. Created a robust onboarding and orientation program for new directors.



George Wilbanks  
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# Board Diversity: Focus on Recruiting Basics

**There are a handful of basic activities that every Nominating Committee needs to build into their business processes to be effective in diversity recruiting. It is like the check list for a pilot on a commercial aircraft; don't go flying without it!**

- Get the buy in from all members of the jury. Spend time in advance with every member of the Board that has a veto right on any candidate, and secure their input and support around the job description, skills, background requirements, and the importance of diversity.
- Extend the time committed to recruiting by starting way in advance of any deadlines. Make recruiting a constant, year-round endeavor, where every Board member is a stake holder investing time to source interesting and creative high-quality ideas.
- The best candidates are not highly visible and waiting for your call, and never assume that a prospect would not be interested. The best solutions will not be applicants, they will take considerable effort and time to recruit.
- The Nominating Committee should maintain a data base in order to organize good ideas, to ensure that prospects are treated with respect and courtesy (timely follow-up), and so that there is a track record to reward effort (accountability.)
- Leverage your resources through the use of dedicated staff and strategic vendors such as recruiters, independent counsel and consultants, budget for their involvement, and set timelines and deliverables for them. Be determined and purposeful in integrating their support, rather than making casual requests.
- As each director is assigned responsibilities in recruiting, document initiatives to move out of your comfort zone in sourcing for candidate ideas, such as using cohort specific associations and conferences (Black Corporate Directors Conference, Latino Corporate Directors Association, WomenCorporateDirectors Foundation, etc.) Always make sure to make time for discussions on findings in subsequent board meetings.

