

services to society's most vulnerable. The number of nonprofits in the United States has doubled over the past 20 years, while the share of gross domestic product going to charitable giving has remained flat at roughly 2 percent, according to Social Venture Partners Boston.

For many social service agencies, primary funding comes from the state and federal government, with private foundations (built by wealth generated from success in business) and the business community itself ranking as the next-largest providers.

community. While it's true that Boston's theaters have struggled of late to find marquee corporate sponsors, as have signature events such as First Night and Boston's Fourth of July celebration, it's not from a lack of overall giving by the business community. According to Business Journal research stretching back a decade, total cash contributions from the 20 largest local corporate donors has grown from \$91 million in 2006 to \$169 million in 2013 and \$173 million last year.

No one is suggesting that our city's grandest theaters and arts organizations are not worthy of corporate support.

glimpse of every fiscal challenge, is a dangerous strategy. Few global brands will say no to the ask. But when it comes time to expand or to grow – or when a fellow CEO calls from some other part of the country asking whether Massachusetts is a good place for them to do business – they'll remember whose hands were out first and fastest.

Of course the business community should do more for its fellow citizens. We all should. But we should also make graciousness and gratitude our focus this season.

**TONI WOLFMAN & SUSAN ADAMS**

## Success in diversity flows from intentional board turnover

The Boston Club's 2015 Census of Women Directors and Executive Officers found modest progress in the number of women placed in leadership roles of the state's largest 100 public companies as well as opportunities for accelerated gains in the future. A record 78 of the largest 100 public companies in the state now have at least one woman director, comprising 16.1 percent of board seats, the Census found.

But board turnover is slow, and many boards are in great need of renewal. At least 40 percent of the directors of Census boards have served together for 15 years or more; and in 28 of the companies at least one-third of the independent directors are over 70 years old. At this pace, it will be decades before there is gender equality in the boardroom.

Investors and governance experts increasingly question the independence of directors who serve for lengthy terms, particularly when several are on a single board. Many companies have adopted mandatory retirement ages or term limits, which offer simple bright lines for replenishing boards with new skill sets and diverse perspectives. But like any one-size-fits-all tools, they are not as effective as careful and rigorous evaluation of directors.

While Massachusetts boards pay close attention to CEO succession, too few subject their own members to similar scrutiny. Rightly placing a high premium on board collegiality, they tend to shy



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away from the hard tasks of evaluating individual directors and devising exit strategies for those who no longer contribute sufficiently to the success of the company.

Nominating committees need to revise the criteria they use to screen candidates for re-nomination and determine whether each candidate, regardless of age or length of tenure, still offers sufficient

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value. They need to continually assess whether the board as a whole has the necessary balance of experience, diversity of perspectives, and functional expertise. Sitting directors should be measured against the same criteria used to vet new directors.

Gov. Charlie Baker said earlier this month at The Boston Club's Corporate Salute that companies have missed too many opportunities to bring in talented women. Our research shows that the companies who add women directors boost credentials as well: a substantially higher percentage of women than men directors have post-graduate degrees and track records on for-profit boards, as well as corporate work experience. Baker described how Harvard Pilgrim Health Care successfully reshaped its board when he was its CEO. And the Census detailed Boston Private Financial Holdings' renewal of its board as some long-standing directors rotated off and new directors added. In both cases, the number of women directors significantly increased, an expected outcome of thoughtful succession planning and nominating committees that open their eyes to new sources of talented directors. The Boston Club has plenty of resumes of qualified women who meet boards' desired qualifications.

Pressure to diversify is increasing from investors, customers and the public sector. The stakeholders in Massachusetts' public companies deserve no less.