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**The New Director's Chair**
Conversations with business leaders about changing board dynamics in an age of disruption.

# "A Board with No Women is a Sign that You're Not Making Good Decisions."

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*Christa Quarles, a director at Kimberly-Clark and Affirm, shared smart insights in our interview about the role of boards as provocateurs for management, how directors can develop a feel for company culture, and the importance of diversity.*

**Q. You've been on both sides of the table, as a CEO and as a director. What have you learned about how to have effective board meetings?**

A. I remember the first time I presented to my board, I was given a piece of advice: don't underestimate how little your board retains. It was a reminder that these people are coming in five times a year, they have a lot of other things going on, they're looking at a board pack, they can't remember what was in the last board pack, and they're responding to what's right in front of them. So you need to evolve your content to both set the stage and the context to deliver a message in a simple enough way that they can focus on what they do best.

They're not operating the business, and they'll never have enough detail to operate the business. What they do best, in my view, is to be provocateurs. Give them enough so that they can provoke you, so that they're asking a question that you hadn't thought about before. To benefit the most from a board is to ignite something they see that then drives you to do something about your business.

And as a director, I ask myself, what is the provoking question here and how do we make sure that the structure of the board is such that people are positioned to feel like they can ask the provoking question? Not all boards function well. You want everybody to feel like they're in a position to ask the tough question.

**Q. I've heard many CEOs over the years talk about finding the right balance of taking the board questions as guidance rather than directives.**

A. There may be ten things they've pushed on, but there may just be two that are really important. As a CEO, you have to be able to say, here's why I thought the other eight deserve to be demoted relative to these two, which have the potential to meaningfully impact the business. A board generally is not going to have that kind of data to make that judgment. For me, as a CEO, it was about taking the provocation but then putting my data overlay on it to then decide where it falls on the list of priorities.

**Q. Other insights from your experience as a director?**

A. The ESG [environmental, social, governance] category is interesting. I would be considered, by all measures, a next-gen board director, and the way I'm going to view the ESG category may be different than a board director who is 65 or 70.

Take sustainability. There may be a sense that it's the right thing to do, but the reality is the consumer is demanding it. If you are delivering a product to a millennial consumer and you haven't thought about the sustainability of that product, you probably can't sell the product.

I look at these as fully entwined issues — that the brands and the qualities of those brands are more reflective of consumer taste and preference. If you don’t pay attention to them, you’re not going to have a business long-term.

That raises the question of the time frame that people should be thinking about. I assume when I sign up for a board it’s a seven- to ten-year commitment. It’s longer than many marriages. And therefore you’re thinking about a time scale that is longer perhaps than even a management team's. In theory, a board is going to be thinking about a longer time scale and therefore should be thinking about problems like, how are we going to be delivering sustainable paper products?

**Q. As a director, how do you get a feel for the culture of the company?**

A. The things that the company chooses to present to you are signs and signals, and so you listen for the dog that doesn’t bark. There may be a whole category of information that they’re not talking about during their presentations.

There are also signals that you can pick up just by reading about the company. If the CEO is banning employees from expensing meat as part of their T&E [as Adam Neumann, the ousted WeWork CEO, reportedly did], it’s just a head-scratcher. As a director, you wonder if issues like that warrant being elevated above others?

*"You listen for the dog that*

*doesn't bark."*

And you want to get exposure to people below. If you were to reach out and say to the CEO, "Do you mind if I sit down and dive deeper into this area of the business?" and the CEO puts up a brick wall, that's a sign. It's not like you want to be surreptitious about it. But in one of my companies, if I want to dive into their go-to-market strategy and I'm going to sit down with the head of sales, I should be able to do that, and we should all be aware of and communicating around it.

Another signal is how they communicate ethics and compliance issues. At Kimberly-Clark, where I'm a director, they communicate the volume of them and they're very transparent. It suggests a culture where we take these things seriously, we're transparent about them, we're going to talk about them, we're going to elevate them. They talk about "up-standers versus bystanders."

**Q. Please explain.**

A. Somebody who's an up-stander is somebody who cares enough to say something. They're just not a bystander. When an issue arises, it's not just about the person who did it; it's the 30 people who watched them do it and don't say anything. You have to create a culture where people feel empowered and encouraged to say, hey, something doesn't look right, so we can do something about it.

**Q. What is the role of the board in the diversity and inclusion conversation?**

A. It's to measure and hold the leadership team accountable. I'm not on the comp committee, but you're starting to see some boards want to factor it into incentive compensation. I live in California, where we're putting mandates on what companies need to do with regard to D&I. And while I wish the problem was getting solved without a mandate, the problem was not getting solved.

The data are quite clear about how, when you add diversity and inclusion, profits go up, innovation goes up, productivity goes up. If you knew there was one thing that was going to improve the fundamentals of your business, you would do it. And as a board, you should hold your CEOs accountable for doing it.

*"At Kimberly-Clark, we just added our fifth woman to the board."*

But this is an issue that still sits in the ether. If you look at the composition of boards today, they are 75 percent male in the Fortune 500. Is it still seen as sort of like ESG issues – "It's a problem but it's not really a problem because it's not my problem." ISS [Institutional Shareholder Services] has a directive for companies that, once you get to three women on a board, you get full credit on that score. Why doesn't ISS make it half?

At Kimberly Clark, we just added our fifth woman to the board, and we just had a conversation in the ladies' room about the business. Men have been having conversations in the men's room for years and we're finally able to have a conversation in the ladies' room, and it's a beautiful thing.

If more women on boards is good for business, then a board with no women is a sign that you're not making good decisions. What other 30 decisions are you now making that may be bad decisions? This seems to be one of them, but there could be 29 more. I look at it as kind of a signpost of things that people aren't paying heed to.