



# The Importance of Establishing Diversity in Peer Advisory Councils

*Setting up diversity in a peer advisory council (PaC) allows for the most incredible range of ideas and challenges.*

Diversity in your peer advisory council gives your clients an edge in the marketplace, a true competitive advantage. It becomes your job to carefully and intentionally select members for your group representing different perspectives in gender, age, and race. But what are the science and the art behind diversity in peer groups, and why is it so important?

## Diversity in Peer Advisory Councils

You have read numerous articles about corporate America and the benefits of having diverse board directors. For example, Diversity Matters, an often-cited 2015 McKinsey & Co. report, claims that diversity on corporate boards benefits the bottom line. In a study of 366 public companies in Canada, Latin America, the U.S., and the U.K., companies with boards ranked in the top quartile for racial diversity were 33 percent more likely to outperform those in the bottom quartile. Those in the top quartile for gender diversity were 21 percent more likely to outperform those in the bottom quartile, the report said. A less homogenous board doesn't necessarily guarantee higher profits. Still, the McKinsey report noted: "More diverse companies, we believe, are better able to win top talent and improve their customer orientation, employee satisfaction, and decision making, all that leads to a virtuous cycle of increasing returns."

These articles and statistics have been bombarding the media for a few years now, and as a result, governments and the financial markets have enforced new mandates and rules.

It's common sense and logical to understand that diverse boards, leadership, and the workforce bring valuable insights, opinions, and perspectives on solving problems. Perspectives that can make a good decision, a great decision. Wouldn't you rather have significant decisions vs. mediocre decisions?



Everything that has been written addresses public corporations and their benefits. But what is the benefit for privately held companies?

## More Benefits of Diversity in a Business Peer Advisory Council

A diverse peer board can do much more than “check the box or act as a feel-good.” Let’s look at the benefits of diversity in peer-to-peer groups called business peer advisory councils.

A diverse member will:

- expand the knowledge, experience, and insight that go into a company’s decision-making because they have different experiences that shape their viewpoints
- create “ah-ha” moments by looking at something from a different lens
- create clarity around why a problem exists that keeps surfacing
- cover your blind spots that you didn’t know you had
- solidify and expand the culture of your business by showing you the benefits of working with people with different backgrounds than you as the leader
- help understand and educate your thinking of different genders and ethnic backgrounds
- expand your leadership skills beyond your comfort zone by working with people who think differently

A great example is when Black Lives Matter was top of mind. Many privately held business leaders did not think they needed to address their teams about what was happening. They thought the issue was more for the “big” corporations, not them. They believed silence was okay, and there was no need to bring up the subject unless someone on the team did. They felt there was no need to articulate the company’s stance and expectations of how others would be treated or a commitment to a more diverse workforce. They felt if everything seemed fine, then don’t rock the boat with what they perceived would be a political statement. Saying nothing is saying something and speaking about what you believe and value. Silence isn’t silence.

The peer groups with diverse members of race and gender thought otherwise. They communicated with their employees about the topic; they made a plan to fill the gaps in critical positions with diversity and become more inclusive. Why? Because their fellow members of different races and gender explained the value of doing so. As a result, their teams had more open discussions, became more vulnerable because they felt safe, had ideas about where opportunities were in the company for diversity, and offered to help and lead initiatives. Overall,



it increased company engagement, employee retention, and talent acquisition because they showed they understood a vital issue in today's society.

## **Women's Peer Advisory Councils - Can an all-female peer advisory council be more beneficial for women leaders?**

There are pros and cons to women-only business peer advisory councils. I have never read anywhere a compelling case as to why there should only be a peer advisory council of women CEOs. However, I can think of a few reasons why and a few reasons why not.

Women business leaders can face unique challenges. Challenges include balancing work and family life if they are a new mother. New mothers likely play more of a role with a newborn than the father, depending on if they are breastfeeding, etc. Balancing new motherhood with the pressures of running a business adds to the complexity of managing emotions, perceptions, and new challenges. Challenges that those not mothers might need help understanding or be able to emphasize.

According to LinkedIn and McKinsey & Company's "[2020 Women in the Workplace](#)" report, *"the pandemic has intensified challenges that women already faced. Working mothers have always worked a "double shift"—a full day followed by hours spent caring for children and doing household labor. The supports that made this possible—including school and childcare—have been upended."*

And if a woman is a single parent, the "double shift" is more significant. The report also cited, "Senior-level women are nearly twice as likely as women overall to be "Onlys"—the only or one of the only women in the room at work. [That comes with its own challenges](#): women who are Onlys are more likely than women who work with other women to feel pressure to work more and to experience microaggressions, including needing to provide additional evidence of their competence." In 2019, women-owned businesses represented 42% of all businesses in the United States. And while these firms are multiplying, there is still a significant disparity in size between these firms and others, according to the [2019 State of Women-Owned Businesses Report](#) published by American Express. Women business owners face greater challenges accessing capital, resources, and mentorship – partly because unconscious bias and institutionalized barriers stand in the way of such access.

For women in both executive leadership and women business owners, being part of a group of like-minded female leaders who can relate to those challenges may be beneficial to the growth of their career and their businesses. However, being in a confidential environment with men business owners can give women business owners additional support and insight to conquer



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these challenges. And particularly to benefit from understanding how to navigate a world of predominantly men CEOs.

### **How Do I Create a Diverse Peer Advisory Council and What Does it Look Like?**

The biggest challenge of creating a diverse in-person CEO peer group is the need for more diversity in some geographies. Some areas of the country have clusters of races more than others. For example, the District of Columbia has a higher number of Black CEOs running privately held businesses than Blacksburg, VA, per capita. That does not make one area of the country terrible or better; it's just the makeup of that geography. A pool of diverse business owners in those areas beyond white males running a business can be a very small pool. This makes forming a diverse group challenging to find the correct fit peer. Mainly rural, smaller communities will have this challenge vs. larger metropolitan areas.

The second challenge is it's easy to identify some business owners' gender and race by their name but not always. When intentionally building a diverse group, which you will have to be, it can be challenging to find these business owners. Talking to the local chamber of commerce, business organizations, economic development, etc., will help you identify these owners.

Another challenge is numerous minority businesses have under \$1M in revenue. They typically need to be more suitable for the traditional CEO peer advisory council. They are still in the infancy stage of being strategic in a peer group setting. This further reduces your pool of candidates.

However, when you are intentionally searching for the right-fit diverse candidates, you will find them. What you cannot do is just hope it happens, take the easy route of finding any company that can be a suitable fit but not add the diverse factor into the equation. While it makes adding a member to your group harder, in the long run, you are building a stronger peer advisory council that has many more benefits than a non-diverse group. You are operating at a higher level and creating a unique experience your members can not replicate alone. But more importantly, by having a diverse PaC (peer advisory council), you are doing right by your members and giving them an authentic experience of diverse thought, approaches, perspectives, insight, and learning that will give them a better chance of reaching their vision and mission.

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