



ALICE KORNGOLD

DEVELOPING BUSINESS LEADERS
FOR A BETTER WORLD

INSIGHTS FOR ACTION 2020



DIVERSITY, EQUITY, AND INCLUSION (DEI) LESSONS FOR BUSINESS FROM NONPROFIT BOARDS

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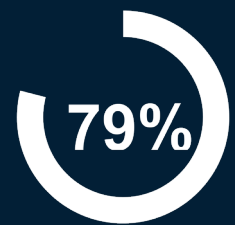


INTRODUCTION

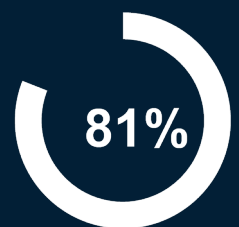
Insights for Action: DEI is for companies and nonprofits seeking to advance diversity, equity, and inclusion (DEI). This report is the sequel to reports¹ published in 2017, 2018, and 2019 demonstrating the benefits of nonprofit board service to companies, their employees, nonprofits,² and communities. The most powerful reveal that came out of Better World Leadership(BWL)'s previous reports was the value to companies in advancing diversity and inclusion when their employees serve on nonprofit boards.

53%
of companies match
employees to nonprofit
boards³

BOARD SERVICE ADVANCES DIVERSITY AND INCLUSION AT THE WORKPLACE.⁴



Serve with **board members** who have different backgrounds than their own.



Serve organizations with **clients** who have different backgrounds than their own.

¹ Alice Korngold, "Better World Leadership Reports," (2017, 2018, 2019), <https://alicekorngold.com/studies/> [referred to as "Korngold, Better World Leadership Reports"].

² In this report, the term "boards" refers to nonprofit boards. Additionally, the term "nonprofits" includes nongovernmental organizations (NGOs), charities, and civil society organizations.

³ Korngold, Better World Leadership Reports, n. 1.

⁴ Responses from business people who serve on boards, Korngold, Better World Leadership Reports, n. 1.

INTRODUCTION

2020 Insights for Action: DEI demonstrates a highly effective approach for companies to advance DEI. By serving on boards, business employees gain a deeper appreciation for the imperative for DEI, learn what works in advancing DEI, and bring lessons learned back to their companies.

Insights for Action: DEI provides lessons for companies as well as lessons for nonprofits—for companies to promote DEI, and for nonprofit boards to advance progress.

Insights for Action: DEI comes at a critical time. In the face of growing expectations for racial equity, many companies and nonprofit organizations are beginning to recognize the imperative to build more racially diverse leadership and workforces, while also centering their organizational values and strategies on DEI. Nonprofits in particular are responding with a sense of urgency by accelerating their efforts to build more racially diverse and inclusive boards and staffs, in addition to making DEI a core focus of their work.

Although there has been abundant evidence that greater diversity results in a higher ROI for companies,⁵ and greater achievements for nonprofits, progress has been limited.⁶ The murder of George Floyd on May 25 was the catalyst that finally ignited a powerful surge in demand for racial equity and racial justice. Many companies and nonprofits suddenly broadcasted their commitments to promote DEI, but only some are following through with fundamental and systemic change.

The series of annual studies and reports, from 2017 to now, are informed by

- The Better World Leadership Council, comprised of business and nonprofit leaders,⁷ and chaired by Grady Crosby, Vice President of Public Affairs and Chief Diversity Officer, Johnson Controls, and President, Johnson Controls Foundation. In one of several meetings to determine the research focus for this year's report, the Leadership Council met with Pamela Newkirk, author of *Diversity, Inc.: The Fight for Racial Equality in the Workplace*.⁸
- Needs assessments conducted by Korngold Consulting for the purposes of training and matching business executives to nonprofit boards.

Previous insights about the value of board service in promoting diversity and inclusion are also offered in *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses* (2005).⁹

⁵ Alice Korngold, Chapter 17: "Corporate Governance to Advance Business and Society," in *The Handbook of Board Governance*, ed: Dr. Richard Leblanc (Wiley, 2020), https://www.amazon.com/Handbook-Board-Governance-Not-Profit/dp/1119537169/ref=sr_1_3?dchild=1&keywords=handbook+of+board+governance&qid=1604329417&s=books&sr=1-3 [referred to as "Korngold, Corporate Governance"].

⁶ McKinsey & Company, "Diversity Wins: How inclusion matters," (May 2020), <https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Diversity%20and%20Inclusion/Diversity%20wins%20How%20inclusion%20matters/Diversity-wins-How-inclusion-matters-vF.pdf>.

⁷ Better World Leadership Council. <https://alicekorngold.com/leadershipcouncil/>.

⁸ Pamela Newkirk, *Diversity Inc.: The Fight for Racial Equality in the Workplace*, (Bold Type Books, 2020), https://www.amazon.com/Diversity-Inc-Racial-Equality-Workplace/dp/1568588259/ref=sr_1_1?dchild=1&keywords=Diversity+Inc&qid=1604329472&s=books&sr=1-1 [referred to as "Newkirk"].

⁹ Alice Korngold, *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*, (Jossey-Bass, 2005), <https://www.amazon.com/Leveraging-Good-Will-Strengthening-Nonprofits/dp/047090755X>, [referred to as "Korngold, Leveraging Goodwill"].



THE REPORT

This report is divided into three sections: Insights, Recommendations, and Tools. The report is based on interviews with nonprofit CEOs (15) and business people who serve on boards (8). They represent 20 nonprofit organizations—global (8), national (5), and regional (7).

The organizations' missions address arts, climate and environment, economic development, education, entrepreneurship, global development, healthcare, philanthropy, social services, gender equity for women and girls, and workforce development.

Annual revenues for all 20 organizations total \$261.5 million. Annual revenues for each organization range between \$1 million to \$74 million. The average is \$13.1 million, and the median is \$8.25 million.

The report also draws on data and insights from the Better World Leadership Reports of 2017, 2018, and 2019, in addition to material in Korngold's book, *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*.¹⁰

CONTENTS

Insights:	Page 5
Recommendations:	Page 9
DEI Tools:	Page 14
Leadership Council:	Page 19

¹⁰Korngold, *Leveraging Good Will*, n.9.

I. Greater Diversity, Equity, and Inclusion (DEI) advances companies and nonprofits.

Greater board member diversity results in a higher ROI for companies. Abundant evidence shows the value of racial diversity in executive leadership and on corporate boards.¹¹ Furthermore, “with 43% of the 75 million Millennials in the U.S. identifying as African American, Hispanic or Asian, if a brand doesn’t have a multicultural strategy, it doesn’t have a growth strategy.”¹²

Until recently, however, progress in promoting racially diverse corporate boards and leadership has been limited.¹³ The same goes for building racial equity in the workforce—often plenty of discussion and diversity training, yet not much progress. Since Spring 2020, customers and employees, as well as investors, are assessing and judging companies based on new standards for racial diversity in leadership and throughout the workforce.

Furthermore, companies grow value by advancing sustainability—by finding innovative solutions to social, economic, and environmental challenges.¹⁴ DEI is fundamental to progress in promoting sustainability.¹⁵

While companies have been slow to advance DEI among their boards and leadership, many nonprofit organizations have shown greater ambition and progress. Effective DEI practices can advance nonprofits.¹⁶ Since Spring 2020, nonprofit boards have been advancing DEI with greater urgency.

1. At the board level and executive leadership.
2. In the organization’s workforce.
3. In strategically advancing DEI in the context of the nonprofit’s mission.
4. By measuring and assessing an organization’s progress in achieving its mission with a DEI lens.¹⁷

BOARD SERVICE PROVIDES EXPERIENTIAL LEARNING.¹⁷

85%

Increases appreciation of perspectives of people from different backgrounds.

83%

Deepens their understanding of the challenges people face.

76%

Makes them more empathetic.

¹¹ Korngold, *Corporate Governance*, n. 5.

¹² Nielsen, “Black Impact: Consumer Categories Where African-Americans Move Markets,” 2020, <https://www.nielsen.com/us/en/insights/article/2018/black-impact-consumer-categories-where-african-americans-move-markets/>.

¹³ Newkirk, n. 8.

¹⁴ Alice Korngold, *A Better World, Inc: How Companies Profit by Finding Solutions to Global Problems...Where Governments Cannot*, (Springer, 2014), <https://www.amazon.com/Better-World-Inc-Companies-Governments/dp/1137327650>.

¹⁵ Alice Korngold, “Achieving Racial Equity is Fundamental to Sustainability,” (Presidio Graduate School, November 2020). <https://www.presidio.edu/blog/achieving-racial-equity-is-integral-to-sustainability/> [referred to as “Korngold, Advancing Racial Equity”].

¹⁶ See Mary-Frances Winters, “Equity and Inclusion: The Roots of Organizational Well-Being,” (Stanford Social Innovation Review, 2020), https://ssir.org/articles/entry/equity_and_inclusion_the_roots_of_organizational_well_being.

¹⁷ Korngold, *Advancing Racial Equity*, n. 15.

¹⁸ Responses from business people who serve on boards, Korngold, *Better World Leadership Reports*, n. 1.

II. Nonprofit board service is uniquely effective for companies to advance DEI.

Interviews for this report build on the Better World Leadership's previous reports, in 2017, 2018, and 2019, that show the value of board service in advancing DEI. This is seen in a number of ways.

1. Business people who serve on boards report that they
 - Develop greater empathy.
 - Gain an appreciation of the value of the perspectives of board members from different backgrounds than their own.
 - Change their behaviors back at work by listening more attentively to the perspectives of people from different backgrounds than their own; forming more inclusive teams and committees; and hiring and promoting more inclusively.

*"When I started, I thought about my own value, rather than the collective perspective. And I thought about how to facilitate...to develop the momentum of a discussion. I realized that this requires a lot of skill. Then I reflected on the value of various perspectives. It's very humbling. I thought I knew most of what I needed to know. And yet I've learned so much from my board interactions that I bring back to my corporate world."*¹⁹

2. A higher percentage of business people from diverse racial and ethnic backgrounds who do not serve on boards report that they want to serve on boards. This presents a leadership development opportunity for companies to advance people of color.²⁰

EMPLOYEES WHO SERVE ON BOARDS REPORT THAT THE EXPERIENCE CHANGES THEIR BEHAVIORS BACK AT WORK.²¹

78%

Listen more carefully to different views.

63%

Create more inclusive committees/teams.

50%

Make more inclusive hiring decisions.

41%

Make more inclusive promotions.

¹⁹ Author interview with company executive, (October 2019), <https://alicekorgold.com/studies/>.

²⁰ Alice Korngold, "Fixing the Broken Rung: Study Reveals the Opportunity for Companies to Advance Diversity and Inclusion with Nonprofit Board Programs," (LinkedIn, 2019), <https://www.linkedin.com/pulse/nonprofit-board-service-uniquely-effective-develop-leaders-korgold/>.

²¹ Responses from business people who serve on boards, Korngold, Better World Leadership Reports, n. 1.

III. Nonprofits are accelerating their efforts to advance DEI in the boardroom and executive leadership, the workforce, and core values and strategies.

Nonprofits often lead the way in driving social progress because improving people’s lives is fundamental to their missions. As such, in response to newly heightened awareness of racial inequity, many nonprofit boards have become more ambitious in promoting DEI. This report looks at the value of board service for business people to gain a deeper understanding of challenges facing communities of color and effective ways to advance DEI back at their companies.

Twenty nonprofits were evaluated in terms of the board’s level of engagement in advancing DEI and organizational results in three areas: the governing board and executive leadership; the workforce; and core values and strategy.

1. **Stuck.** One of the boards (5%) shows *no interest* in DEI.
2. **Work to do.** One group of boards is *discussing* DEI with regard to the board and leadership (25%), the workforce (40%), and organizational values and strategies (20%). However, actions and results are still somewhat limited.
3. **All systems go.** One group of boards is *committed and engaged* in building more diverse and inclusive boards and leadership (40%), advancing DEI within the workforce (35%), and revising organizational values and strategies to ensure that DEI is at the center of their work (55%).
4. **Progress!** One group of boards is *showing results* from fifteen months or more dedicated to building more diverse and inclusive boards and leadership (30%), advancing DEI within the workforce (20%), and revising organizational values and strategies to ensure that DEI is at the center of their work (20%).

LEVEL OF NONPROFIT BOARD ENGAGEMENT IN DEI

This chart is a breakdown of the 20 nonprofits that were studied for this report.

	Stuck	Work to do	All systems go	Progress!
DEI Focus	Board is not interested.	DEI is discussed, but actions and results are limited.	Board and CEO are deeply committed and engaged in strategy and oversight.	Board and CEO are seeing results from 15+ months of focus. Keeping foot on the gas.
Board/Executive Leadership	5%	25%	40%	30%
Staff/Workforce	5%	40%	35%	20%
Values/Strategy	5%	20%	55%	20%

- Use the **DEI: Self-Assessment Tool** on page 14 to assess your board's DEI effectiveness.
- Use the **DEI: Survey** at alicekorngold.com to see how your board's DEI practices compare with other nonprofits.

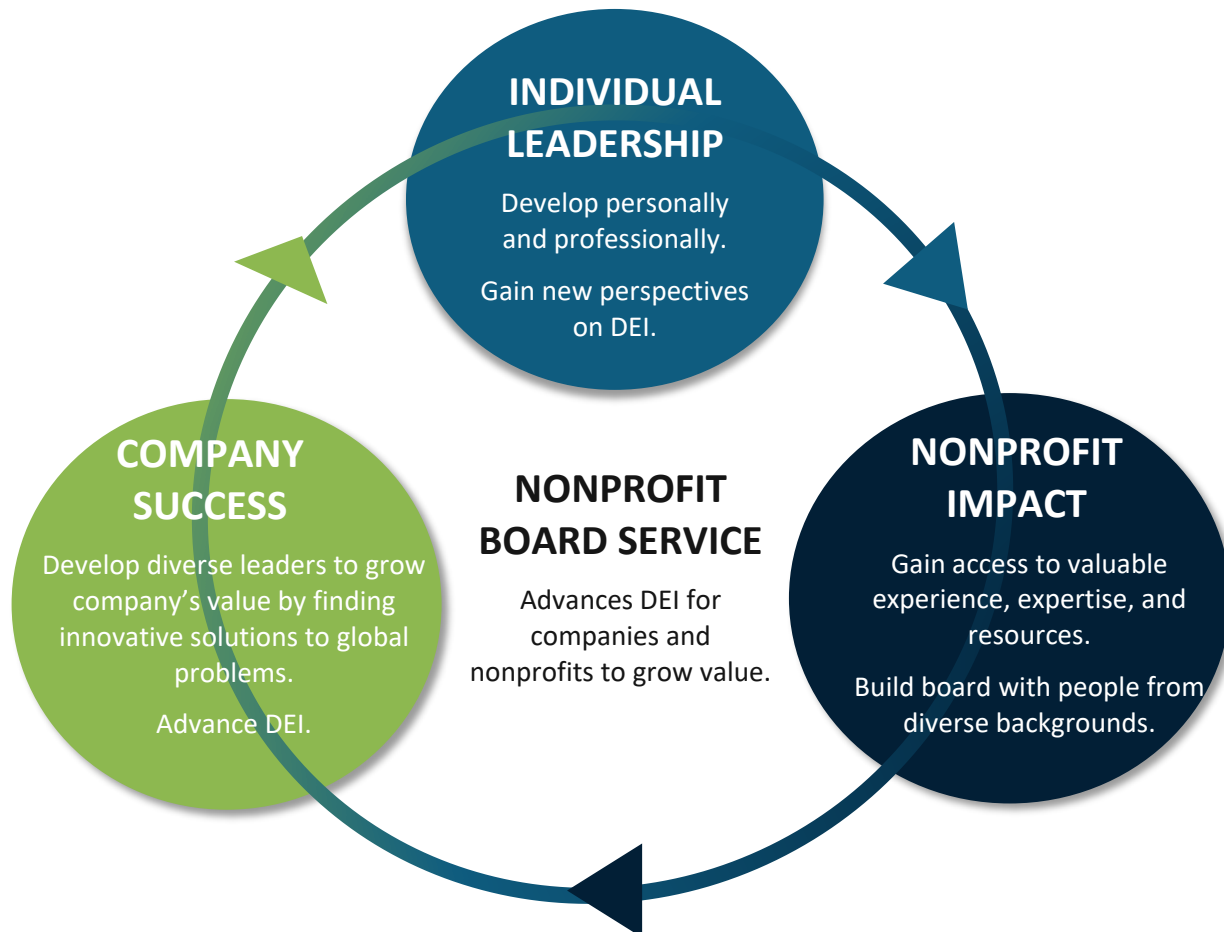
IV. Business people who serve on nonprofit boards engage in discussions and learn new practices that may be useful to their companies in advancing DEI.

Interviews for the 2020 report reveal that nonprofit board service is valuable to business people by enriching their understanding of DEI matters and learning ways to advance success back at their companies. On nonprofit boards, business people participate in DEI process as well as the application of effective practices.

People develop as leaders through experience, rather than by learning in passive settings. Participating on a board is an active leadership development opportunity.

“Every successful leader tells stories of how he or she developed leadership capabilities by dealing with a real problem in a specific context, and our survey provides supporting evidence for these anecdotes: companies with successful leadership-development programs were four to five times more likely to require participants to apply their learning in new settings over an extended period and to practice them in their job...This is just one of several modern adult-learning principles grounded in neuroscience that companies can employ to speed the behavior and mind-set shifts leaders need to thrive in today’s fast-changing environment.” (McKinsey)²²

BENEFITS OF NONPROFIT BOARD SERVICE



²² McKinsey, “What’s missing in leadership development,” (2017), <https://www.mckinsey.com/global-themes/leadership/whats-missing-in-leadership-development>.

RECOMMENDATIONS

The following recommendations are derived from the experiences of organizations that are advancing DEI.

1. **The CEO must be a key driver.** In every case where there is significant progress in advancing DEI with the board, the staff, and the organization's values and strategy, the CEO is a driver. In some cases, board members are engaged and supportive of building DEI; in others, less so. There are useful examples of variations on this theme.

CASE 1

The board was eager to advance DEI. However, the CEO had not been interested. Then, fifteen months ago, they hired a new CEO who made DEI a priority. Since then, they have had excellent results in becoming more diverse and inclusive at the board level and within the workforce, and also centered DEI in the organization's core values and strategies.

CASE 2

The CEO who was hired in July 2020 was interviewed extensively about her views and experience in advancing DEI. DEI was a priority for the board, so they made it a premium qualification for the new CEO.

CASE 3

The CEO hit a wall. The board has put "its head in the sand." There is no interest whatsoever in considering DEI, especially with regard to board composition.

CEOs who seek to advance DEI report that they are most successful when the board chair is their partner in driving DEI. Additionally, CEOs indicate that progress requires the involvement of at least a few board members in advancing DEI. As one nonprofit CEO said, "It comes down to the right chair. I've had three chairs, all very different."

Progress in advancing DEI only occurs when it is CEO-led, at companies as well as nonprofits.

"Our research at Russell Reynolds Associates reveals that an organization's senior-most leaders—CEOs, chairs and board members—play pivotal roles in creating inclusive cultures, regardless of their own diversity...While the chair and CEO can partner on tone-setting and making D&I a strategic priority, it is ultimately the CEO's role to deliver tangible results by building a diverse organization, creating an inclusive culture across all levels of the business in which all voices can be heard and consistently reinforcing the strategic imperative of the topic. To achieve these goals, many CEOs are faced with architecting a much broader transformation that includes culture change."²³

²³ Harvard Law School Forum on Corporate Governance, "Driving Diversity and Inclusion—the Role for Chairs and CEOs," (2019), <https://corpgov.law.harvard.edu/2019/04/03/driving-diversity-and-inclusion-the-role-for-chairs-and-ceos/#3>,

RECOMMENDATIONS

2. **Begin with a vision.** Together with board members who recognize the imperative for DEI, the CEO must begin by creating a vision of the organization’s greater potential, determining the role of the board in maximizing strategic and financial success, and then envisioning the ideal board. With this clarity, the CEO, Governance and Nominating Committee, and board can be deliberative about whom they recruit and how they discuss the role of the board and expectations.
3. **Build racial diversity when transitioning from a founding board to a governing board.**
 - Three of the organizations have been in the process of transitioning from a founding board of friends and family, to a governing board comprised of people with the experience, expertise, and networks that are needed to maximize strategic and financial success. Two of the three organizations had already made progress in building more racially diverse boards prior to 2020; in the third case, the board has been recruiting for racial diversity in the past several months.
 - People of color whom boards seek to recruit
 - Are less likely to be interested when they will be the first or only board member of color.
 - Must be recruited on the basis of their experience and expertise. No one wants to hear, “We want you for our board because we need diversity.”
4. **Understand that DEI for the boards of international organizations means including racially diverse Americans.** For the past several years, some global nonprofits have been intentional in recruiting board members from countries where the nonprofit provides services—countries in Africa, Asia, and Latin America, for example. More recently, some international organizations have also come to recognize that DEI means including *racially diverse Americans*. Half of the global NGOs in this report had already made progress in recruiting racially and ethnically diverse Americans prior to 2020; the others have become more deliberative in the past several months.

The CEOs of a number of nonprofits also described how the board and the team are exploring what it means to be a multicultural organization.

“As an international organization, we’ve gone further to discuss ourselves as a multicultural organization...to consider what that means in terms of racial, ethnic, religious, and other aspects of diversity.” –

Nonprofit CEO

RECOMMENDATIONS

5. **Value DEI expertise.** Some organizations are having success by engaging DEI consultants to help them. Other organizations are having success by recruiting board members who will bring DEI experience and expertise into the boardroom.
6. **Recognize leadership succession as an opportunity.** Four of the organizations are in the process of succession planning: two for new board chairs, and two for new CEOs. In each case, the organization recognizes the critical value of recruiting people of color for these key leadership positions. Furthermore, although all four organizations began leadership succession planning in early 2020, only one recognized the imperative before June to recruit a person of color.

Nonprofits that engaged search firms emphasized the importance of working with firms that have demonstrated both commitment and success in identifying candidates of color.

7. **Understand that Equity and Inclusion matter as much as Diversity.** Beyond recruiting people of color to sit on the board, it matters to include them in positions of leadership—as officers on the board. Additionally, it is important that people of color be included in the executive leadership of the organization. That means more than one person too. In the aftermath of George Floyd’s murder, some boards are beginning to make progress in advancing people of color on the board and on the executive team.

An additional imperative of DEI, reported by a number of CEOs, is that the organization must have a racially diverse board in order to be able to attract and retain the most highly qualified staff members, especially among Millennials.



RECOMMENDATIONS

8. **Recognize that term limits and mergers present opportunities.** With term limits come opportunities to refresh the board’s composition—to better align the board with the vision of the organization’s greater potential, which requires greater racial diversity. Additionally, in two cases, mergers or acquisitions of other nonprofits presented opportunities to bring on board exceptional new members who were people of color.
9. **Act on the new urgency for public accountability for DEI.** Nonprofit executives and board members interviewed for this report cited the Spring 2020 as a turning point for their boards and organizations on DEI. For all but one of the nonprofits that was interviewed, the brutal murders and demonstrations in the Spring 2020 catalyzed an urgency to accelerate DEI efforts.

Additionally, some local nonprofits in communities where police murders of Black men and women were highly publicized prior to 2020 had already accelerated efforts to build more racially diverse boards.

10. **Realize that measurement is essential.** Determining what to measure will drive strategies and incentives. With measurement comes accountability and reporting. Discuss what’s working and what’s not. Use the experience of advancing DEI to assess what practices achieve measurable results. This is useful for the organization, and it is also useful in promoting effective DEI practices in companies and among civic decision-makers.

“We need to hold a mirror to ourselves.” – Nonprofit CEO



CONCLUDING THOUGHTS

Nonprofit board service provides a unique opportunity for members of our communities to make valuable contributions to local, national, and global organizations that address vital social, economic, and environmental challenges. On nonprofit boards, people from different backgrounds come together to solve problems about which they are passionate.

Today, we are understanding more than ever the importance of having boards that are diverse, equitable, and inclusive. Only such boards can find the most innovative and effective solutions, in the spirit of a democratic and pluralistic society.

The tragic events of 2020 have accelerated the focus of many nonprofit boards on DEI and the development of policies and practices to build more racially diverse, equitable, and inclusive boards, leadership teams, workforces, values and strategies. Business people serving on these boards can add their insights to this process. They can also bring the new learning from nonprofit “laboratories of innovation” back to their companies to improve business and society.



DEI TOOL: SELF-ASSESSMENT

Nonprofit boards can use the tool below to assess how effectively they are addressing DEI. You can also visit alicekorngold.com to take a survey to see how your board's DEI practices compare with other nonprofits.

Companies can also use this tool to understand how to advance DEI.

	Stuck	Work to do	All systems go	Progress!
DEI Focus	Board is not interested.	DEI is discussed, but actions and results are limited.	Board and CEO are deeply committed and engaged in strategy and oversight.	Board and CEO are seeing results from 15+ months of focus. Keeping foot on the gas.
Board/Executive Leadership <ul style="list-style-type: none"> • Composition • Inclusion • Leadership • Measured 	1. Discussion: NO 2. Open to change: NO	1. Discussion: SOME 2. Results: LIMITED	1. DEI on board agendas: YES 2. Commitment: YES 3. Strategy: YES 4. Oversight: YES 5. Metrics & Accountability: YES 6. Results: SOME	ONGOING 1. DEI on board agendas: YES 2. Commitment: YES 3. Strategy: YES 4. Oversight: YES 5. Metrics & Accountability: YES 6. Results: YES
Staff/Workforce <ul style="list-style-type: none"> • Composition • Inclusion • Leadership • Measured 	1. Discussion: NO 2. Open to change: NO	1. Discussion: NO 2. Oversight: NO	1. DEI on board agendas: YES 2. Commitment: YES 3. Strategy: YES 4. Oversight: YES 5. Metrics & Accountability: YES 6. Results: SOME	ONGOING 1. DEI on board agendas: YES 2. Commitment: YES 3. Strategy: YES 4. Oversight: YES 5. Metrics & Accountability: YES 6. Results: YES
Values/Strategy <ul style="list-style-type: none"> • Values • Core Strategy • Programs/ Services • Measured 	1. Discussion: NO 2. Open to change: NO	1. Discussion: SOME 2. Results: LIMITED	1. DEI on board agendas: YES 2. Board, CEO, & staff all engaged: YES 3. Commitment: YES 4. Strategy: YES 5. Oversight: YES 6. Metrics & Accountability: YES 7. Results: SOME	ONGOING 1. DEI on board agendas: YES 2. Board, CEO, & staff all engaged: YES 3. Commitment: YES 4. Strategy: YES 5. Oversight: YES 6. Metrics & Accountability: YES 7. Results: YES

DEI TOOL: TACTICS

These are tactics that nonprofit CEOs and board members recommend to advance DEI. Nonprofit boards as well as companies can use these tactics to advance DEI within the leadership and workforce.

- Dedicate time on board and committee meeting agendas for discussions of DEI—why it is an imperative, practices and policies to achieve success, and measurement and reporting.
- Recruit board members who have DEI experience and expertise.
- Recognize the value of intersectionality—that an individual board member might add valuable perspectives in a number of ways in addition to racial diversity, including for example gender and sexual orientation.
- Make sure the board knows that funders hold nonprofits accountable on the percentage of board and staff members who are people of color. This is particularly important in cases where board members are dragging their feet.
- Rotate some long-timers off of the board to make room to recruit board members who are racially diverse. This is also valuable in order to refresh the board with experience and expertise that is highly relevant to the organization’s future aspirations—strategic and financial.
- Seek candidates from new sources. Traditionally, board members recruited people they knew—often people that looked like them. Be sure to expand your pool of board candidates by looking at alumni of Historically Black Colleges and Universities (HBCUs), members of professional associations, and nonprofit board matchmakers.
- Be intentionally inclusive in board meetings.
- Hold board meetings at sites where the organization provides services (not only at corporate offices), so that board members can get closer to the experiences of clients.
- Form internal DEI committees to help drive success in building more diverse and inclusive workforces.
- For organizations that rely on a cadre of volunteers to provide services, understand how important it is to be highly intentional in recruiting, engaging, and supporting a diverse, equitable, and inclusive volunteer corps. Volunteers are often the “frontline” workers; clients must feel that the organization and its volunteers understand their needs.

“It’s one thing to say that there’s a seat at the table and you’re open to opinions and voices. It’s another thing to ensure that people are heard, and to be open to understand.” – Nonprofit CEO

APPENDIX

ADVANCING RACIAL EQUITY IS FUNDAMENTAL TO SUSTAINABILITY²⁴

BY ALICE KORNGOLD

The 2030 Agenda for Sustainable Development,²⁵ adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth—all while tackling climate change and working to preserve our oceans and forests (U.N.)²⁶. The U.N. Sustainable Development Goals (SDGs) have been embraced by thousands of companies and nonprofit organizations. However, the SDGs will only be aspirational until we recognize that racial inequity and injustice will continue to thwart progress.

Racial equity is fundamental to advancing sustainability.

As we reckon with social, economic, and environmental challenges, we must acknowledge the pernicious legacy of slavery and Jim Crow and continued discrimination.

“A close examination of wealth in the U.S. finds evidence of staggering racial disparities. Gaps in wealth between Black and white households reveal the effects of accumulated inequality and discrimination, as well as differences in power and opportunity that can be traced back to this nation’s inception. The Black-white wealth gap reflects a society that has not and does not afford equality of opportunity to all its citizens. This history matters for contemporary inequality in part because its legacy is passed down generation-to-generation through unequal monetary inheritances which make up a great deal of current wealth.” (Brookings²⁷)

Additionally, as shown by the World Economic Forum, the economic legacy of COVID-19 has been calamitous for Black Americans, “further increasing the racial wealth divide.” (WEF²⁸) The imperative to achieve racial equity is not only a matter of decency, humanity, and justice but “eliminating the racial wealth gap would actually present a tremendous opportunity for the overall US economy.”

Systemic barriers to access capital have limited the ability of people of color to build businesses, live in safe neighborhoods with good schools, and accumulate wealth. In 2010, approximately 40 percent of Black Americans lived in metropolitan areas of very high segregation, 50 percent in areas of high segregation, and only 10 percent in areas with moderate segregation ([Moving Toward Integration: The Past and Future of Fair Housing](#)²⁹). In spite of legislation, there has been continued discrimination based on race in approval of loans and the price charged for loans ([Pew Research Center](#)³⁰). Further evidence shows that Black homebuyers are more likely to be denied mortgages than other homebuyers ([Lending Tree](#)³¹). The gap in denial rates causes reduced economic opportunity for many Black Americans and diminished opportunity to access jobs and to accumulate wealth.

There is an abundance of data, research, and studies that document racial inequity. “The persistent racial wealth gap in the United States is a burden on Black Americans as well as the overall economy.” (McKinsey³²) As Pamela Newkirk cautions, however, “revelations of stark inequality in recent decades have continually failed to spark the seismic shift that’s needed to fold diversity—into integrate justice—into the center of American life. They have, instead, triggered temporary fixes, public expressions of regret, and pledges that have failed to usher in enduring change.” (Pamela Newkirk³³)

²⁴ Korngold, *Advancing Racial Equity*, n. 15.

²⁵ United Nations, “Transforming Our World: The 2030 Agenda for Sustainable Development,” <https://sustainabledevelopment.un.org/post2015/transformingourworld>

²⁶ United Nations, Sustainable Development Goals, <https://sdgs.un.org/goals>.

²⁷ Brookings, “Examining the Black-white Wealth Gap,” (February 2020), <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>.

²⁸ World Economic Forum, “COVID has hit Black Americans hardest. Healing this divide would heal the nation,” (August 2020).

<https://www.weforum.org/agenda/2020/08/covid19-racial-wealth-gap-black-americans/>.

²⁹ Richard H. Sander, Yana A. Kucheva, Jonathan M. Zasloff, *Moving Toward Integration: The Past and Future of Fair Housing*, (2018), (Harvard University Press).

³⁰ Pew Research Center, “Blacks and Hispanics Face Extra Challenges in Getting Home Loans,” (2017), <https://www.pewresearch.org/fact-tank/2017/01/10/blacks-and-hispanics-face-extra-challenges-in-getting-home-loans/>.

³¹ “Lending Tree Study: Black Homebuyers More Likely to be Denied Mortgages Than Other Homebuyers,” (2020),

<https://www.lendingtree.com/home/mortgage/lendingtree-study-black-homebuyers-more-likely-to-be-denied-mortgages-than-other-homebuyers/>.

³² McKinsey & Co., “The Economic Impact of Closing the Racial Wealth Gap,” (2019), <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap>.

³³ Newkirk, n. 8.

“Not everything that is faced can be changed, but nothing can be changed until it is faced.” —James Baldwin

We can study and learn about the social, economic, and environmental problems facing our communities and the world, including the fundamental issues of racial injustice and inequity. Yet, only when we “get proximate and close to the things we are passionate about changing,” can we truly see, feel, and understand the problems well enough to drive the necessary solutions. In his quest to right injustice, Bryan Stevenson, Executive Director and Founder of the Equal Justice Initiative (EJI)³⁴ urges us to “get close to the things that matter, get close to the places where there are inequality and suffering, get close to the spaces where people feel oppressed, burdened, and abused,” said Stevenson. “See what it does to your capacity to make a difference, see what it does to you.”

While most of us do not devote ourselves to causes in the way that Stevenson does, there is much for us to learn in how we live our lives and through service to our communities as volunteers and nonprofit board members. Getting proximate to things that matter is a valuable opportunity to bear witness and take action to improve the well-being of others and the world in which we live.

“Empathy, which is about understanding our emotional impact on others and making change as a result, is more important to a successful business than it has ever been, correlating to growth, productivity, and earnings per employee.” (Harvard Business Review)³⁵

“In [Satya] Nadella’s view, empathy is, among other things, a key source of business innovation. He said that...it is a wellspring for innovation, since innovation comes from one’s ability to grasp customers’ unmet, unarticulated needs.” (Harvard Business Review)³⁶

Through nonprofit board involvement, we have the opportunity to bear witness, tell the story, and take action. Nonprofit board service is the ultimate experience in ethics, accountability, and leadership.

Data from multi-year studies and our experience training and matching over a thousand business people to NGO and nonprofit boards for thirty years show us that board service can be transformational. In thousands of surveys³⁷ and scores of interviews with business people who serve on nonprofit boards, they attest to the value of their board experiences in helping them to

- See first-hand the imperative of a quality education, access to healthcare, workforce development, racial justice, racial equity, and environmental preservation to achieve a more prosperous and sustainable world.
- Appreciate the perspectives of people from different backgrounds than their own, even to the extent that they change their behaviors back at work by forming more inclusive teams and committees, and hiring and promoting more inclusively.
- See how their companies can drive innovative solutions to our most pressing problems. In ways, in fact, that grow value for their companies, while also improving communities where their employees and customers live and work.

“We cannot make good decisions from a distance,” says Stevenson, the author of *The New York Times* bestseller, *Just Mercy: A Story of Justice and Redemption*³⁸. “If you are not proximate, you cannot change the world.” Volunteering, nonprofit board service, and direct engagement with the people whose lives your company touches will make you a better leader, for your company, your community, and the world.

³⁴ Equal Justice Initiative, <https://eji.org/>.

³⁵ Harvard Business Review, “The most empathetic companies,” (2016), <https://hbr.org/2016/12/the-most-and-least-empathetic-companies-2016>.

³⁶ Knowledge @ Wharton, “Microsoft CEO Satya Nadella: How Empathy Sparks Innovation,” (2018), <http://knowledge.wharton.upenn.edu/article/microsofts-ceo-on-how-empathy-sparks-innovation/>.

³⁷ Korngold, Better World Leadership Reports, n. 1.

³⁸ Bryan Stevenson, *Just Mercy: A Story of Justice and Redemption*, (One World, 2015), https://www.amazon.com/Just-Mercy-Story-Justice-Redemption/dp/081298496X/ref=sr_1_2?dchild=1&keywords=just+mercy&qid=1605735547&sr=8-2.

ABOUT THE AUTHOR



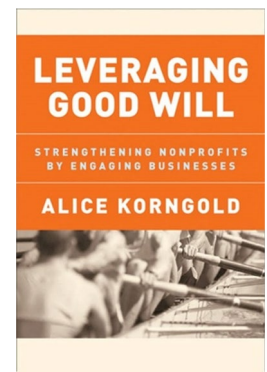
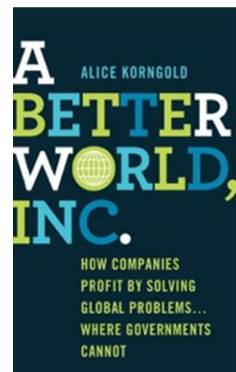
ALICE KORNGOLD, PRESIDENT AND CEO, KORNGOLD CONSULTING LLC, provides strategy advisory services for boards and executives of multinational corporations, professional services firms, and global, national, and regional nonprofits. Her areas of expertise are board governance, ESG/sustainability/CSR, and diversity and inclusion. Korngold authored *A Better World, Inc.: How Companies Profit by Solving Global Problems...Where Governments Cannot* (Springer, 2014) and *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses* (Jossey-Bass, a Wiley Imprint, 2005). She authored the chapter on Sustainability and Corporate Governance in the *Handbook on Board Governance: A Comprehensive Guide for Public, Private, and Not for Profit Board Members* (Wiley, 2016 and 2020).

Korngold is a Visiting Professor for the Masters in Financial Accountability, York University, Toronto, Canada. She is a juror for the World Environment Center's annual Gold Medal Award for International Corporate Achievement in Sustainable Development. She is a speaker at global conferences. Korngold received a B.A., history and an M.S.Ed., psychological services, from the University of Pennsylvania.



ALICE KORNGOLD
DEVELOPING BUSINESS LEADERS
FOR A BETTER WORLD

Alice Korngold
alice@korngoldconsulting.com
alicekorngold.com
twitter: [@alicekorngold](https://twitter.com/alicekorngold)



LEADERSHIP COUNCIL

2020 Better World Leadership Council

The Better World Leadership (BWL) initiative assists companies in achieving their priority goals by enhancing and scaling their nonprofit board programs. BWL studies and thoughtware provide evidence and methodologies for companies to develop high performing, diverse, and inclusive leadership for a sustainable future.

With appreciation to the BWL Leadership Council for their counsel and support of the BWL mission.



Grady Crosby

VP, Public Affairs & Chief Diversity Officer, Johnson Controls
President, Johnson Controls Foundation
Chair, BWL Leadership Council



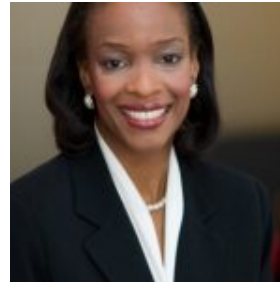
Alice Korngold

President & CEO
Korngold Consulting
Founder, BWL



Gabriela Burian

Senior Global Director, Sustainable Food Systems
Bayer



Tracey Burton, J.D.

Senior Director Corporate Social Responsibility
Target



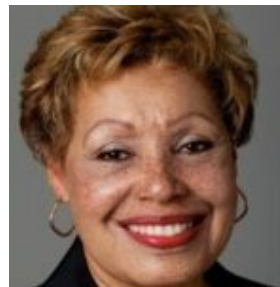
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CP Integrated Solutions



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Board Member, SCORE



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Chief Operating Officer & Executive Vice President
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Deirdre White

President & CEO
PYXERA Global