



THE MILLENNIAL ADVANTAGE

There are more of them than there are baby boomers. They have market power, they understand artificial intelligence and blockchain technologies, and they're adept at using social media. So why aren't any of them on your board? Virginia Galt looks at why millennials are an untapped resource



It's not often that directors' meetings are conducted with a baby in the room. But with millennials inching their way into the boardroom, it's hardly surprising.

When civil engineer Lauren Lake, the 26-year-old co-founder of a construction technology company, and her 28-year-old husband Stephen, an entrepreneur focused on wearable tech, attended a recent board meeting with their infant daughter in tow, the veteran directors of the organization didn't blink a collective eye. This despite the fact that the board of Communitech – a not-for-profit organization in Ontario that supports tech growth and innovation in the Kitchener-Waterloo region – includes deputy ministers, senior academics, tech executives and a bank co-chair.

"In fact, [our directors] would be proud that it was something that could occur. That's the kind of thing you want to be involved with," says Michael Litt, who co-chairs Communitech's board.

In the hypercompetitive market for top talent, the tech industry has become more responsive to the needs of parents as they balance work and family, and more accommodating of the millennial preference for flexible work arrangements, Litt said in an interview. As for the Lake baby, "she's a cutie."

Litt, 31, believes that having people of different ages and experience on the board of Communitech helps to underpin its decisions when positioning Kitchener-Waterloo as a world-class tech hub. The young founders on the board provide insights into the most effective ways to nurture entrepreneurs as they launch and expand their businesses, while the veteran directors "represent the experience" to take what is happening locally to the global stage, said Litt, co-founder and CEO of Vidyard, an online video platform for business. His firm has grown to 250 employees.

CRITICAL COHORT

In the broader governance community, board diversity initiatives to date have focused primarily on gender and, to a lesser extent, racial diversity. Savvy boards are now adding age to that list. And while millennials – a group of almost 10 million in Canada born between 1980 and 1995 – may at first glance seem too young and inexperienced to be considered for appointments, their comfort with new technologies and their aggregate market power make them a source of rich and largely overlooked talent.

“People are clearly raising the issue” of age, says corporate director Rebecca Schalm, a Vancouver-based management psychologist and executive advisor who currently sits on the national board of the Heart & Stroke Foundation and holds the ICD.D designation.

At the Institute of Corporate Directors’ annual convention in Vancouver in May, delegates were asked to indicate, by a show of hands, how many people in the room had somebody under 40 on their board. “There were actually more hands than you might imagine,” said Schalm, who attended the event.

“My guess is that the bulk of them were in the not-for-profit sector, but I think even now, in the for-profit sector, you are starting to see it. There are lots of newer companies led by younger people and they are bringing other younger people along with them.”

In the United States, people under 50 make up only 6 per cent of seats on S&P 500 boards, and people under 45 account for fewer than 2 per cent

of board seats. However, directors are starting to recognize that “diversity of age is important to achieving diversity of thought,” PricewaterhouseCoopers (PwC) said in a recent report on corporate governance.

Older directors, who have been through several business cycles, bring the value of experience and perspective, the PwC researchers wrote. But younger directors may be “particularly well positioned” to tackle emerging issues. Robotics and artificial intelligence are reshaping corporate opportunities and the work force. “A corporate scandal, real or imagined, can erupt over social media in the matter of a few hours,” the PwC report said. Millennials, whose spending habits and priorities are different than those of any previous generation, are about to become the most powerful consumer group in North America.

In Vancouver, at the ICD conference, Mark Wiseman, a senior managing director at investment firm BlackRock Inc., commented that, “in the world of millennials, Twitter and social media, the sand shifts quickly underneath you. ...

“The board today has a new responsibility to engage directly with stakeholders: major shareholders, major customers, employees and communities. It’s a new version of visiting the plant floor.”

This is not to suggest that every board should appoint a millennial, the PwC researchers said in their report on the value of younger directors. “But if your board doesn’t have a single director who was born after the baby boom ended [that is, after 1965 in Canada], it might be time to give age a second thought.”

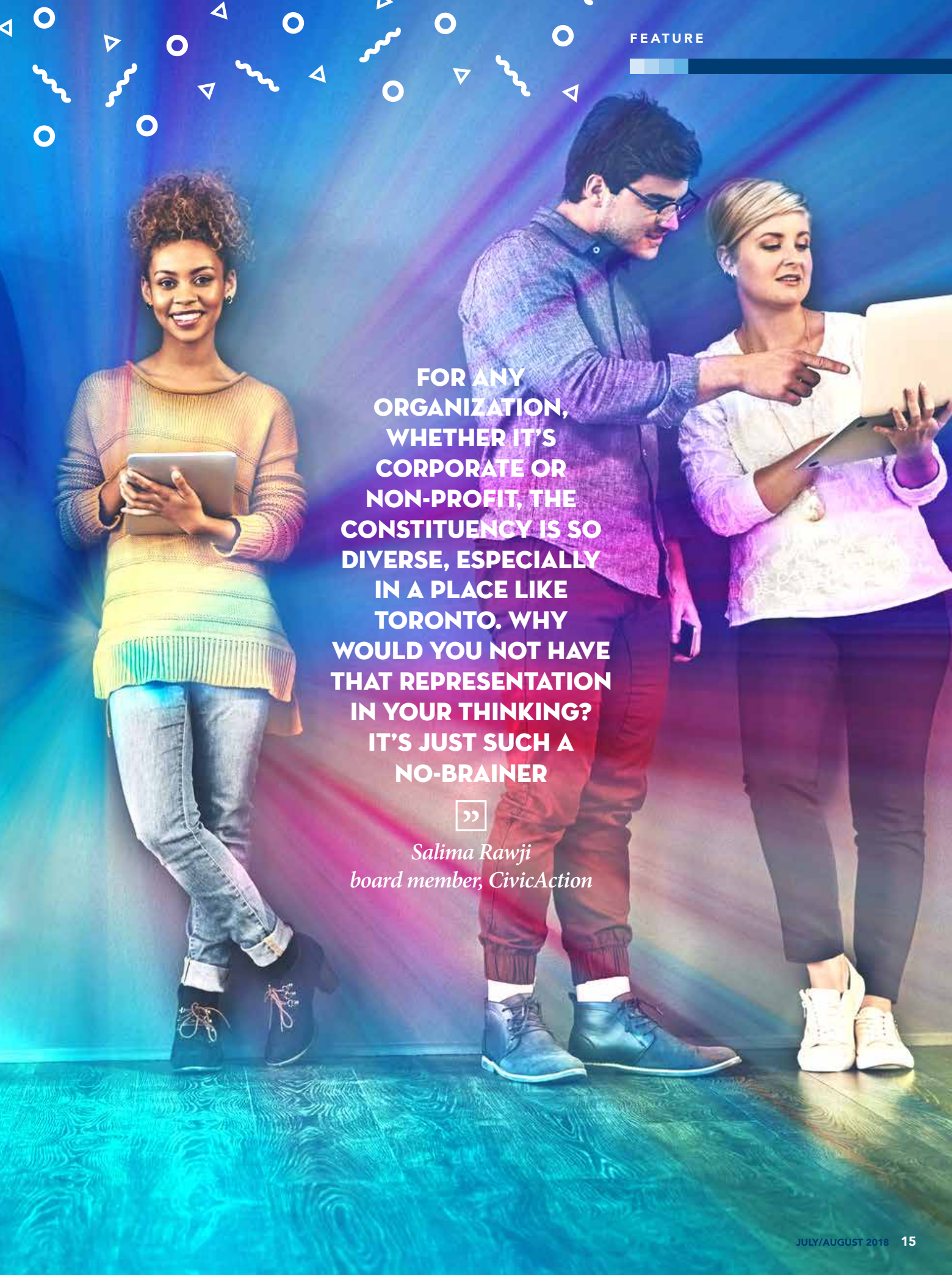
MORE THAN COSMETIC

One of the most high-profile appointments of a millennial to a large corporation’s board occurred in April at Estée Lauder Inc. The global cosmetic and hair care manufacturer appointed 37-year-old entrepreneur Jennifer Hyman, co-founder of Rent the Runway Inc. – which rents designer apparel to women – to its board of directors. “Hyman brings her very impressive creativity and know-how in the worlds of entrepreneurship, disruptive retail, the millennial consumer and omnichannel [serving customers through multiple outlets, from bricks and mortar retail stores to the latest digital platforms],” executive chair William Lauder said in announcing her appointment.

Hyman herself clearly believes that her relative youth adds value, saying at the time of her appointment: “When you are younger and you’ve had a less-established career, you tend to think more in the white space of an industry instead of what can never work.”

Communitech’s Michael Litt agrees. “I think a board needs to represent the demographics it serves.” The inclusion of young directors – whose questions might sometimes seem naïve – can also breathe new life into ideas that had previously been considered and discarded by the board as unworkable at the time, he says.

Corporate director Brian Hayward, ICD.D, chairs the board of Winnipeg-based Farmers Edge, which is pioneering the use of artificial intelligence in agriculture operations. As long-time



FOR ANY ORGANIZATION, WHETHER IT'S CORPORATE OR NON-PROFIT, THE CONSTITUENCY IS SO DIVERSE, ESPECIALLY IN A PLACE LIKE TORONTO. WHY WOULD YOU NOT HAVE THAT REPRESENTATION IN YOUR THINKING? IT'S JUST SUCH A NO-BRAINER



Salima Rawji
board member, CivicAction



chair of the advisory board at family-controlled Princess Auto Ltd., he is guiding the transition as control of the company is handed off to the owner's sons, now in their 20s.

What he finds refreshing about the young people he works with is that they “have a mindset that jogs your thinking a bit, they bring creativity because they ask different kinds of questions.”

Still, he cautions, “you don't need diversity just for the sake of diversity.” In his governance consulting practice, Hayward advises clients to first focus on the needs of the business and the skills and expertise they need on the board – and then source the candidates who might fit the bill.

The issue of age diversity does come up. “It's interesting. Sometimes it has come up because there will be an old white guy . . . who will say, ‘We really need somebody who knows all about that Facebook thing.’ They don't use social media and think, ‘Oh well, we will get somebody who can help us.’”

GETTING HELP AND GIVING BACK

“I can definitely say, from the not-for-profit side, that every board I have sat on in the past four years has had a discussion about age,” Heart & Stroke's Schalm said in an interview. “In terms of fundraising, research tells us that younger people are giving differently. . . . Loyalty to a particular organization doesn't necessarily play out the same way [as with older generations].”

“They are more driven around the cause that is engaging them,” Schalm said, and can be “very fluid” in terms of what they want their donations to support over time. “There is an interest [at the board level] in getting to know better, and hearing from, that constituency in terms of how to engage them.”

In Kitchener-Waterloo, Lauren Lake, the young engineer – who says her daughter is now crawling and “a little too active” to go to future board meetings – has served as a director at Communitech for the past three years as “a way of giving back . . . and helping other companies.” She credits Communitech with supporting her startup, Bridgit Inc., “in so many ways” as she and co-founder Mallorie Brodie developed their construction management software and took it to market. They sell their product, which helps contractors quickly identify deficiencies and bottlenecks, in Canada and the United States.

“[The board work] has been a very good experience and a great place to meet a lot of people who are much, much more experienced than us,” Lake says.

Corporate director and economist Kevin Lynch, former clerk of the federal Privy Council and vice-chair of Bank of Montreal, has been a powerful role model for the young founders on good governance practices, both she and Litt said.

For their part, the young directors bring their experience with “ground-level things. . . . Communitech is constantly trying to figure out how to support different companies at different stages and how to attract new companies to the area,” Lake says.

For that, they need the talent base – and while the focus is typically on tech talent, companies cannot meet their potential without business development

managers and sales executives. In recent postings for these positions, Lake says her firm focuses on compensation (“office ping pong is fun, but paying your bills is better”), flexible schedules “to help our team members stay balanced,” a collegial and supportive work environment, and unlimited vacation (“you read that right.”) These things matter to the younger generation of workers.

I THINK A BOARD NEEDS TO REPRESENT THE DEMOGRAPHICS IT SERVES.



*Michael Litt, co-chair
Communitech*

UNIQUE ASSETS

Across Canada, quietly and under the radar, more and more accomplished young people are volunteering their time to serve on the boards of not-for-profits. They sign on to support causes that matter to them and, in the process, advance their leadership skills and get hooked on governance.

In London, Ont., entrepreneur and tech investor Larry Lau, now 30, serves on the board of Goodwill Industries Ontario Great Lakes, a social enterprise that provides skills development and work opportunities to people who face barriers such as disability or social disadvantage.

The organization operates a restaurant and has formed a commercial services division that performs general labour tasks outsourced by local industry. “We are not just a donated goods platform. Being an entrepreneur, I really love building businesses ... and we are able to create jobs for people so we can integrate them back into society,” said Lau, who is completing his executive MBA at Western University’s Ivey School of Business. However, Lau adds, he would not have added much value as a Goodwill director had he not first received a basic grounding in governance on the board of the Chinese Canadian National Council.

As much as fresh voices are being sought by an increasing number of boards, it’s not enough to just be young. “You have to read the material, take it seriously, come prepared and try to have a unique perspective [because] if you are not bringing something of value, you are also leaving an impression,” said Toronto real estate executive Salima Rawji.

In 2013, Rawji was recruited, as “an emerging leader,” to the board of the CivicAction Leadership Foundation, a not-for-profit think tank that aims to improve the quality of life for citizens in the Greater Toronto and Hamilton region. “Complex challenges need an all-hands-on-deck approach,” says the organization, whose intentionally diverse board includes former Toronto mayor David Crombie and former deputy police chief Peter Sloly.

Beyond her knowledge of housing issues, Rawji, 38, brings her perspective as a young woman of colour to the table, weighing in on the design of employment programs or leadership opportunities, for example, to ensure that they are inclusive.

“For any organization, whether it’s corporate or non-profit, the constituency is so diverse, especially in a place like Toronto. Why would you not have that representation in your thinking? It’s just such a no-brainer,” Rawji said in an interview.

ICD member Audrey Wubbenhorst, an adjunct business professor at Humber College, advises her students that – whether or not they aspire to be corporate directors one day – volunteer service on a not-for-profit board “provides really good leadership experience that you don’t necessarily get early in your career.”

Wubbenhorst was only 22 when she joined her first board, at a women’s shelter, on the advice of one of her senior managers at Bank of Montreal. She served on the Toronto Community Housing Corp. board for four years and has been a director at one of Ontario’s Local Health Integration Networks for the past six years. There is a lot of opportunity in the public and not-for-profit sectors for young directors who

are willing to dive in and work, said Wubbenhorst, who is now 39.

In the corporate sector, however, only 32 per cent of boards have developed a strategy for broader diversity, beyond gender, the ICD found in a spring survey of 584 members.

Communitech board member Sarah Prevette, a 35-year-old entrepreneur and educator, said it concerns her that Canada’s multiculturalism – “one of our greatest strengths” – is not well represented in corporate head offices and boardrooms. She concedes that it might be even more challenging to find young people with the experience – and time – to sit on corporate boards.

“But certainly, in this country, we have this really amazing ecosystem of really talented entrepreneurs who are driving new technologies and pioneering new industries.” ■

VIRGINIA GALT, a former business and education reporter for The Globe and Mail, covers legal, education and management issues for a number of publications.

DIRECTORLENS

- To date, board diversity efforts have focused mainly on gender, not age. But millennials, who comprise more than one-quarter of the population, offer a rich source of talent. They are comfortable with new technologies and wield massive market power.
- On many boards, age has become a regular point of discussion, especially in the not-for-profit sector, as directors realize that millennials think and respond differently than older generations.
- Boards that have added younger members to their ranks have realized that the leadership needs to better represent the people that the organization serves.
- Where older directors offer experience, younger board members can bring fresh ideas, clear insights into the millennial market and an understanding of how to use new technologies effectively.