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Home of the Boardology™ Institute

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& Boardology™ Lead Facilitator

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Mission:  
*Fostering good governance, independence  
and diversity in the 21<sup>st</sup> century corporate  
boardroom.*

September 11, 2009

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC, 20549-1090

Re: PROXY DISCLOSURE AND SOLICITATION ENHANCEMENTS  
File No. S7-13-09  
Items 401(a) and 407(c)(2)(v) of Regulation S-K

Dear Ms. Murphy:

On behalf of the Boardroom Bound® Board of Directors, I wish to acknowledge the SEC for addressing much needed changes to disclosure and solicitation rules during a time when contributing elements of the recent financial meltdown of 2008 require examination. We write to offer comment on the proposed rule issued July 1, 2009, regarding "**Enhanced Director Nominee Disclosure.**" We strongly support the intent of these measures be undertaken to improve corporate governance and accountability structures by advancing diversity up the human capital supply chain and into the corporate boardroom in view of the sea change taking place in the American population demographic **AND** the considerable investment our nation has made in advancing the diversity aggregate into business leadership positions.

The business case for employment diversity has proven profitable for the corporate bottom line to the extent that industry insiders have begun publicly endorsing advancing diversity to the boardroom. \* We authored a report in 2002 illustrating the investment America has made in diversity wherein we presented the case for including diversity in the boardroom as a matter of national economic security. The abridged version (2007) is attached for review entitled, "***The Next Frontier, Diversity in the Corporate Boardroom.***"

For the past 10 years, Boardroom Bound has been a leader in the movement to help companies advance diversity beyond the executive suite as a 21<sup>st</sup> century Best Business Practice. Public companies have contributed greatly to advancing diversity to business leadership positions. As a result they have developed a fresh pool of diverse talent from which to source next-generation board directors. Corporate leaders know diverse candidates exist in numbers commensurate with their ability to step into board seats being vacated daily. Failure to champion their diversity success by advancing it to the boardroom suggests a disconnect between a best business practice availability and willingness to implement it.

For this reason our Boardology™ Institute provides easy access to this talent pool as a public service connector. We recognize the need to accelerate the rate by which diverse candidates enter board service is a pre-requisite in a diverse, global economy. Further, we know there is wisdom in preparing next-generation diverse directors to enter the corporate boardroom who are ready to make their mark by providing inclusive and quality governance.

Sincerely,

Linda K. Bolliger  
Founder & Board Chair

Cc: SEC Commissioners Aguilar, Casey, Paredes, Shapiro and Walter

Attachment: "***The Next Frontier, Diversity in the Corporate Boardroom***" Report (2002)

\* CII, the Corporate Library, CALpers and NACD are examples of many.



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HOME OF THE BOARDOLOGY™ INSTITUTE  
*Mission: Fostering good governance, independence  
and diversity in the 21<sup>st</sup> century corporate boardroom.*  
A Public Service Pipeline to the Corporate Boardroom

## *The Next Frontier: Diversity in the Corporate Boardroom*

By Arthur A. Fletcher, Ph.D., Linda K. Bolliger, M.A., and Sylvester E. Williams III, Ph.D.  
(Abridged version March, 2007)

**The purpose of this report is to illustrate why diversity in today's corporate boardroom is an important ingredient going forward to maintain America's global market position in view of today's changing demographics that are reducing the dominance of a business culture of the elite. And why the boardroom represents diversity's "Next Frontier." Consider: America and its democratic system of capitalism has become the world's dominant military and financial superpower, and has partially done so by utilizing more of its human capital than any other country in the world. The majority of our citizenry are financially self-sufficient, literate, believe in their system of government; they want global peace and prosperity today's generation contains the diverse business leaders of tomorrow. This report will highlight the practices that brought us to this point, and where we can go by continuing to invest in America's human capital through best practices in employment and business conduct. And translate these practices into the American boardroom in time to facilitate the coming generational change from the monoculture business leaders of today and the business leaders of tomorrow who are far more diverse than their predecessors.**

## *Moving Into The Next Frontier*

The landmark 1954 Supreme Court decision in *Brown v Board of education*, the 1964 Civil Rights Act, President Johnson's subsequent Executive Order 11246 (1967) establishing equal employment requirements, the 1969 "Revised Philadelphia Plan" and HR 50-50 (1988), the Women's Business Owner Legislation incrementally gave rise to a movement whose time had come. The movement—first known as Equal Employment Opportunity in the 1970s, then Affirmative Action in the 1980s and 1990s, and now Diversity Best Practices—has left its mark on America by enfranchising millions of white women and all people of color in the U.S. economic mainstream. By converting them to job holders, home owners, and community builders...assets all to their communities and their nation, America now has a diverse asset base that represents a rich resource of talent to tap for future board service. To the more than six billion people in the world, in all stages of development, America's best practice of developing its human capital on a diverse basis has set an enviable standard. Examples include:

### **Black-Americans**

- African-Americans expend over \$847 billion in the consumer market
- African-American home ownership continues to outpace any other citizen subset
- African-American families headed by women who have completed high school, attended college, have AA degrees or BA degrees are more stable and have higher incomes than comparable female-headed families from other subsets of American single female-headed families
- African-Americans hold less than five per cent of board seats in the S&P 500

### **Latino Americans**

- Latinos will represent 1 trillion dollars in consumer purchasing power BY 2010
- 30 million Latino immigrants in the USA are an increasingly important factor in the housing market
- Latinos now comprise the largest minority group in the USA
- Latinos hold less than 3 per cent of board seats in the S&P 500

### **Women (General)**

- More American women than men earn associate, bachelor's and master's degrees
- Over half of the workforce is female
- Women are starting business enterprises at a rate twice that of males, with Latinas in the lead on a 6-1 ratio
- Women own forty-eight per cent of American small business enterprise and employ one of four American workers
- Women hold 10.6% of board seats in the S&P 500<sup>1</sup>

### **Asian Americans**

- Asians are more likely than the total population to be in traditional, married-couple families
- The majority of the foreign-born Asian population entered the country in the past 20 years.  
44.1% of Asians hold a B.A. degree or higher, versus only 24.4% of the total population
- Asians are more likely than the total population to be in management, professional, and related occupations
- The median annual income of Asian families is almost \$10,000 higher than the median income for all families in the country
- 53.2% of Asians own their own homes
- Asians hold less than three percent of board seats in the S&P 500

Each of these bullet points represents ways in which the diversity aggregate have directly benefited from equal employment law and affirmative action programs. Business leaders are using diversity programs to develop human capital because it is fiscally sound to do so. **Further, it is in the interest of national security to develop diverse human capital if America is to continue to effectively compete in the global economy. This new reality is causing America's business leadership in every industry to do the following:**

- Acknowledge the facts
- Assess the future
- Embrace reality and step-up to lead an economic equity "Diversity Best Practices Initiative"

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<sup>1</sup> Statistics are from the U.S. Small Business Administration; Center For Women's Business Research; "No Seat at the Table: How Corporate Governance and Law Keep Women Out of the Boardroom;" Douglas Branson, Law Professor, University of Pittsburg (whose statistics count only 1 woman per board seat versus multiple board seats held by a single woman) and Boardroom Bound®.

The diversity initiative as a corporate best practice is daily being accepted by America's premier corporate leadership, especially by Human Resource Departments in the "Race for Talent, and is guided and driven by the profit motive. In today's ultra-competitive domestic and global markets, adding the element of diversity into the mix of best practices is the pragmatic action to take for businesses to be successful. With America's Baby Boomer generation beginning to retire, now is the time to advance Diversity Best Practices into the boardroom by tapping the talent in the diversity aggregate for board service.

Further, research documents a demographic picture that affects companies.

1. By 2008, white males will constitute the Nation's largest "minority" group<sup>2</sup>
2. As of 2006: there are an estimated 10.6 million privately held, women-owned firms in the U.S., accounting for nearly half (48%) of all privately-held firms in the country.
3. Women and minorities are ascending into corporate senior management in unprecedented numbers

Combined: white women, all people of color and recent immigrants currently affect over 90% of all consumer decisions

### **Changing Corporate Governance:**

Corporate governance has changed! Publicly held companies now are required to increase the number of independent directors. Boards are now likely to meet more often without management present. Companies entering into the IPO process will have to appoint new independent directors and private companies will voluntarily follow suit (to appease lending sources). Primarily the changes were precipitated by business scandals such as Enron, WorldCom, Global Crossings and Tyco at the turn of the century that resulted in Congress passing the Sarbanes-Oxley Legislative Act of 2002, which mandated better governance practices by requiring more independent directors and for CEOs to sign-off on corporate financials.

Suddenly, there was an anomaly of open board seats (though it didn't last since the trend went to smaller boards). Result, board appointments have become more competitive.

- A. Companies have been forced to look beyond the monoculture of the elite for ways to identify qualified candidates.
- B. Business schools like UCLA, Harvard, Stanford and Northwestern University are capitalizing on the changing corporate governance climate/demographic shift by offering Director Development seminars
- C. Recent recognition that individuals within the diversity aggregate bring different perspectives to the boardroom
- D. Because of recent business scandals, many companies want to be seen as competent stewards

Part of America's challenge today is to build on the development of the diversity movement **AS A MATTER OF ECONOMIC NATIONAL SECURITY**. And to begin to implement Diversity Best Practices in all phases of American life, especially in business in order to maintain our nation's market and global leadership status. Diversifying the boardroom now will facilitate the exchange

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<sup>2</sup> Statistically predicted by the 2002 U.S. Census.

of business culture and practices between the incoming diverse business leader and the declining number of older leaders. The boardroom is the perfect forum to share knowledge, wisdom and culture of the elite's business leadership to the next generation.

This is THE step that will move the Nation along into the **Next Frontier** by using its 20<sup>th</sup> century investment in diversity to protect, grow and prosper in the 21<sup>st</sup> century. Pushing it to the forefront now ensures greater success in the act of passing of the torch from an elite monoculture to diverse leadership in the American corporate boardroom.

**As a 501(C)(3) National Public Service, Boardroom Bound® fosters good governance in the corporate boardroom by educating independent, diverse, next-generation business leaders how to govern prior to inducting them into our national delivery pipeline as candidates for board service. "50 X 15" is our CALL TO ACTION for 50% boardroom diversity by 2015. Our Mantra: (DIVERSITY) "From the Mailroom to the Boardroom!" for promotion to private and public companies.**

**The program is dedicated to the memory of Arthur A. Fletcher, Ph.D., the celebrated "Father of Affirmative Action."**

**NOTE:** The Report was updated in an abridged version March 2007; the original document was released to the press November 22, 2002, in Washington, DC.

About the authors:

- Arthur A. Fletcher, Ph.D., (1924-2005), Teacher, Speaker, Business Consultant, Mentor and Advisor to five U.S. Presidents
- Linda K. Bolliger, M.A., Founder & Chair, Boardroom Bound®, a Washington, D.C.-area based program
- Sylvester E. Williams III, Ph.D., a Chicago, IL-based Business Consultant and Demographer.