



Diversity Among Advisors Is Good for Business

By Sandy Nelson for Finance New Mexico

Whether it's a sole proprietorship or a multinational corporation, every New Mexico business needs an individual or group of people whose job it is to advise the owner or leadership team.

Those advisers might be family members or mentors in the case of a small business, or they might be experienced executives providing a larger company objective, expert feedback and wise direction as members of a formal board of directors.

Big or small, the group of people offering counsel should reflect the business's stakeholders, most especially its customers. It should be as diverse as its audience.



Broad-Spectrum Counsel

When competition is limited and the customer base is homogenous, businesses can sometimes succeed despite narrow, stale leadership. But today's globally competitive business world requires broader insights about market trends and customer needs and tastes — the kind of perspective that's possible only when a company's advisers embody a variety of backgrounds, experiences and business philosophies.

Savvy entrepreneurs recognize they need to hear from women, people of color, people with disabilities, and people from different cultures, geographic regions and professions — voices often underrepresented in business leadership. Such individuals can help a business recognize opportunities and avoid risks it otherwise might overlook.

A 13-year study published in 2014 by researchers at the Wake Forest University School of Business concluded that corporations with the most inclusive boards — panels that included more women and people of color and a broad spectrum of ages and work experience — were less likely to take excessive risks and more likely to pay higher dividends to shareholders. The study was based on the experiences of 2,000 publicly traded companies.

Once a business has identified its target audience, it's ready to build an advisory team that represents that diverse community.

Avoid people with conflicts of interest. Because impartiality is critical to those in an advisory role, these individuals should be financially independent of the business. If an adviser has money invested in the business's success or failure, he or she loses the dispassionate stance that is essential to clear, nonreactive thinking about business matters.

Cultivate critics — to a point. Advisers aren't doing their jobs if they rubber-stamp everything the CEO or owner wants to do or if they're reluctant to buck the boss. A diverse group is more likely to challenge assumptions and biases and to encourage dynamic, wide-angle thinking among a company's decision makers rather than sticking to familiar ground. But it's equally important that anyone weighing in on strategic decisions about policy or direction agree with the company's overall mission and vision.

Recruit from the rainbow. Its tri-cultural heritage endows New Mexico with a large, colorful pool of prospective business advisers. The state's rural residents face different realities than its urban dwellers, and New Mexico's cultural traditions retain their relevance amid a changing, increasingly inclusive society. Understanding this complexity is easier when a business invites and respects contributions from all segments of the population.

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