

So many public companies, so few women directors

Despite a professed demand from corporate boards, women directors remain in short supply.

BY BONNIE W. GWIN AND ANNE LIM-O'BRIEN

OVER THE past several months, we have held a series of conversations with diverse groups of current and aspiring women directors across North America. Convened in major cities throughout the U.S. and Canada, our intimate breakfasts brought together women representing virtually every industry — health care, technology, financial services, retail, consumer products, hospitality, and the industrial and public sectors — to talk candidly about their experiences. We wanted to understand the paths these women took to their boards, what they found when they got there, and why their numbers are still so few. More important, we wanted to explore what companies that are serious about gender diversity — and the business advantages it brings — can do to secure more women as directors.

These meetings offered a revealing look at the unique position women occupy on boards today: Women directors are at once a much sought-after commodity and severely underrepresented. The National Association of Corpo-

rate Directors, for example, reports that two out of three board nominating committees now favor diversity initiatives to attract more women and people of color as directors. And we as a firm are increasingly being asked by our clients to assist in the identification of female directors. Yet, five years into the 21st century, corporate boards still look, as many have put it, “male, pale, and stale.”

Why does the advancement of women in the executive suite and in the boardroom seem to have stalled?

The urgency factor

According to our own research, women occupy only 16.2 percent of Fortune 100 board seats. And while many boards express a desire for gender diversity, when left to their own devices and their own networks they often will say that they simply cannot find a suitable female candidate with the experience required to be on a board. Sarbanes-Oxley and other corporate governance regulations *have* changed the landscape of the board, by making it more difficult — at least theoretically — for boards to rely on their

traditional networks when hiring independent directors. But, as one woman told us, “It takes a bold CEO to say, ‘I want a woman.’”

And it takes a truly progressive CEO to add more than one. Many of the women we met feel that after a company has appointed one woman director, it loses its urgency to bring on others. “Once you have one on the board, companies think it’s enough,” said one woman, a CEO who holds two board seats. “When you’re the only woman on the board and you talk about adding another woman, they say, ‘But we’ve got you...’” said another CEO who is also a director.

Inside the boardroom: The female experience

Across cities, functions, industries, and personal demography, the women directors we met shared virtually identical experiences. And while all agree that being a director can be rewarding, along with the business challenges, women face a set of gender-driven challenges that men do not.

• Women on boards often go along to get along ...

There has been a change in the composition and dynamic of corporate boards, but most women still have a hard time fitting in. Many women we met feel they must rein in their “aggressiveness” to avoid being marginalized on their boards. “You have to judge how much

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change a board or organization can take, because if you go in too strong or push too hard, you face isolation for a period of time,” one said. Another woman we met said she tries not to have as much “edge” on a board as she does in her “real” life.

Women directors also often find themselves shut out of the social side of board life. We heard numerous examples of board outings — golfing, auto racing, and the like — that the women felt were not exactly geared toward their own interests.

• ... but being female does have its advantages

More than just being “the right thing to do,” gender diversity can positively affect board functioning. “Anybody a little bit different and new coming into a board — especially a woman — makes the rest of the board sit up straight,” said one longtime director.

Many women we met felt that women directors are more willing to be confrontational and to drive change, serving as their boards’ “conscience.” One possible explanation: “It’s impossible to get a good decision if you don’t say what you’re thinking. Women, because they weren’t part of the team to begin with, feel the onus to step up and say something. Men are more likely to be politically correct.”

Another longtime director offered a different take on the intangible qualities women bring to a board: “I don’t see it so much as a ‘woman thing’ but as an issue of personality — how a woman enhances collaboration on a board, versus the sort of viewpoint she brings.”



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— Bonnie Gwin

Beating a path to the boardroom

As the women we talked with prove, qualified female candidates do make it onto boards despite the many obstacles in their way. These current and former presidents and CEOs, COOs, CFOs, EVPs and SVPs, partners, and general managers have journeyed along similar paths to their respective boardrooms. Some are full-time corporate directors, some juggle upward of three directorships with their responsibilities as corporate leaders, and some are engaged in

a “portfolio” of self-directed activities, including private consulting and public and nonprofit board work. What emerged from our conversations is that there is a certain career path to being elected to a board — a path that not enough women follow.

• For men and women aspiring to be directors, it’s about who you know

Boards will always look first for someone who is known by someone in their collective network. As many of the women told us, it’s still about getting into “the club,” who’s in your Rolodex, and your circle of friends. It can be hard for women to find a network that can provide them entry into a board, and those already on boards feel a keen sense of responsibility to create and maintain these networks in an effort to increase their numbers. Many women we met, though, are getting onto boards through male networks as well.

And just as men have a tendency to bring their own with them into the boardroom, women also are beginning to bring other women along. “I feel that we have an obligation to help open the door for other women if we can,” said one. This means getting themselves onto nominating committees in order to carry out this mandate.

• Women must actively seek board seats

Women hold half of all management and professional positions in the United States and have, in the past few decades, truly reshaped the work culture here. And yet, we might actually be partially responsible for our small numbers in the boardroom. Women tend not to engage in self-promotion, which means that many talented women with experience equal to that of their male counterparts simply go unnoticed. In short, women need to do a better job of publicizing themselves and seeking recognition for their achievements.

“Women think, ‘If we’re good, boards will find us,’” said one veteran female director. But if a woman wants a board position, she must make it known — by pursuing relationships with key board

Three reasons to have women on board

- Women are responsible for 83% of all direct consumer spending.
- Companies with the most women in senior management financially outperform those with the least — by a third (Catalyst study, *The Bottom Line: Connecting Corporate Performance and Gender Diversity*).
- As historical “outsiders,” women often bring a fresh perspective that can enhance a company’s bottom line.

members, assessing her skill set, and determining where she can add value.

Education on board services also is a critical aspect of finding one's way onto a board. "A board is not a training ground; you have to have something to offer," one director noted. Many women report having attended board programs — and there are a growing number of these "director boot camps" — to learn the finer points of how to become a successful corporate director.

Due diligence is an important part of the process, too. Prospective board members must use the interview process to their advantage when considering a board seat. One woman director from a typically "male" industry advises, "You need to look at the company's board and its employees — companies without women in high-level operational positions aren't going to be progressive."

• The nonprofit factor

Today women are more likely to win board seats in the nonprofit sector than in the corporate sector. But the women we met were fairly divided on whether their nonprofit work served as a springboard to corporate boards. "I've been on nonprofit boards for 20 years, but that hasn't helped me get on a public board — it's not a direct path," one woman said. However, many others argued that the value of serving on nonprofit boards shouldn't be underestimated.

With more nonprofit boards being held to Sarbanes-Oxley standards and adopting a public company-like operating structure, the nonprofit sector



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could become another important feeder for public boards. In any case, we found that nonprofit board work was a tremendous source of personal satisfaction for the majority of women we met.

Bringing more women to the boardroom

While there are indeed more women executives today than a decade ago, the pipeline of women directors has dimin-

ished. In fact, we wonder whether it will become increasingly difficult to add more women to corporate boards.

One of the single biggest obstacles for women is the prevailing notion that, unless you've been a CEO, you aren't qualified for a board seat. While this is changing, in reality some companies simply don't — or don't know how to — mine the vast supply of available women talent or cultivate a pipeline of future talent.

"Most of my friends don't want to be CEOs of Fortune 500 companies," said one director. "Boards need to change what they're looking for if [the lack of gender diversity] is going to change."

With the ever-tightening grip of corporate governance, executives are sitting on fewer boards, which means companies are looking at men and women who are heads of large divisions or senior functional leaders. This gives more women greater opportunities earlier in their careers. Yet some very qualified women simply are not on the radar screen. Heidrick & Struggles is working to identify these women earlier in their careers and track them as they advance.

For a board to be considered forward-looking, it must actually be looking — for the most diverse talent possible. Director-caliber women are out there and interested in corporate board work. Finding these qualified women is possible. We just need to look in the right places. ■

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