

Boardroom parity in the U.S. by 2022

For gender diversity, that is. And yes, it can happen — without quotas. Here's how.

BY JANICE REALS ELLIG AND KATHRYN S. WYLDE

A SEISMIC SHIFT is occurring in boardrooms around the world that will arguably have greater impact on how corporations are run than any other single development in the history of publicly traded companies. This shift: requiring more women on corporate boards.

This shift began in Norway nearly 10 years ago, and is now mandated in more than 16 countries. Through legislation or strong government guidelines, these countries are calling for 30% to 40% female representation on public company boards. In just five years Norway went from 7% to 40% representation. (See “It Happened in Norway,” the cover feature of the Third Quarter 2010 issue of *DIRECTORS & BOARDS* in which a Norwegian Minister offered a case study of the implementation of this program.)

Though women occupy only 16% of the Fortune 500 board seats, we believe that in the U.S. it is possible to achieve the goal of parity on boards within 10 years — with quality appointments, the commitment of the board, and without quotas. Norway did it (albeit with quotas) with a smaller pipeline of

female talent. Why not in the U.S. by 2022?

Here is how it can be done: by celebrating companies with diverse boards, creating a database of CEO-sponsored board-ready women, and filling new/vacant positions with qualified diverse candidates.

Step One: Celebrating gender diversity of U.S. boards

Over 250 people spilled onto the floor of the New York Stock Exchange early on the morning of Nov. 2, 2011, to celebrate and showcase publicly traded Fortune 1000 companies in New York, New Jersey and Connecticut that have 20% or more women on their boards. Out of a possible 178 companies, 52 were honored (*see box on page 29*). This inaugural “Breakfast of Corporate Champions,” hosted by the Women’s Forum of New York, an organization of over 450 of New York City’s top women leaders, drew mainly board directors. Nearly 40% of attendees were men.

Each honored CEO/board chair submitted a quote, displayed at the breakfast, of why having women on their board was a “strategic business imperative.” (These quotes are now posted on the www.womensforumny.org website.) Such great tone at the top was not



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just talk — it was a call to action:

- Says William E. McCracken, CEO of CA Inc.: “Boards with women members simply perform better. Diverse viewpoints and experiences make for better dialogue and smarter decisions.”

- Says Klaus Kleinfeld, chairman and CEO of Alcoa Inc.: “Alcoa’s women board members — Judy Gueron, Kathryn Fuller and Pat Russo — have greatly impacted Alcoa’s success. Their broad experience and unique perspectives have distinguished them as outstanding leaders and valued role models at Alcoa.”

- Says Jeffrey R. Immelt, chairman and CEO of General Electric Co.: “There is an easy formula that should guide any organization wondering whether they need more women on their board of directors: representation equals results.”

At the event, a panel of six CEOs/board directors (four men and two women) discussed “Women on Boards: Why Now and How.” A few takeaways — confirmed by multiple studies — included: diversity inoculates boards against groupthink; more heterogeneous groups, even if less skilled, make better decisions; and companies with greater gender diversity on boards, on average, outperform those with fewer female board directors. Also, women tend to listen more, raise questions without as-

suming that they are right, and reach decisions by seeking out others’ opinions.

It is a strategic business imperative to tap into the existing rich pipeline of women and not ignore over 50% of the population. These women are the company’s customers, employees, shareholders, and citizens in the company’s communities.

Companies should look below the CEO level to a broader pool for board members. While the pool of talented women exists, the panel noted that unless board members know these qualified women, they are less likely to be selected. Since many CEOs also want “top notch women” in their own companies to get board experience in order to broaden their competencies and to bring this expertise back to the company, this can be a win-win proposition.

Step Two: CEO sponsorship of board-ready women — a new database

The “Breakfast of Corporate Champions” sparked a new initiative. The Women’s Forum of New York aligned with the Partnership of New York City to launch the first CEO-sponsored database of *board-ready* women executives. Led by Partnership Co-Chairs Ken Chenault, chairman and CEO of American Express, and Terry Lundgren, chairman and CEO of Macy’s, the Partnership reached out

Women’s Forum of New York ‘Board Champions’

The following 52 publicly traded Fortune 1000 companies based in New York, New Jersey and Connecticut were celebrated by the Women’s Forum of New York for having women represent at least 20% of their board composition. The event took place in November 2011 at the New York Stock Exchange.

PLATINUM (50% or more women)

Avon Products Inc.

GOLD (40% or more women)

Ann Inc.

Estée Lauder Companies Inc.

Macy’s Inc.

New York Times Co.

SILVER (30% or more women)

Aetna Inc.

Alcoa Inc.

American Water Works Inc.

AOL Inc.

Barnes and Noble Inc.

Dun & Bradstreet Corp.

Frontier Communications Corp.

International Flavors & Fragrances Inc.

Interpublic Group of Companies Inc.

Liz Claiborne Inc.

PepsiCo Inc.

Warnaco Group Inc.

Xerox Corp.

BRONZE (20% or more women)

ABM Industries Inc.

Aéropostale Inc.

Avis Budget Group Inc.

Broadridge Financial Solutions Inc.

CA Inc.

Cablevision Systems Corp.

Campbell Soup Co.

Celgene Corp.

Children’s Place Retail Stores Inc.

Coach Inc.

Colgate-Palmolive Co.

Covanta Holding Corp.

Cytex Industries Inc.

General Electric Co.

Harman International Industries Inc.

ITT Corp.

JetBlue Airways Corp.

Johnson & Johnson

Jones Apparel Group Inc.

Medco Health Services Inc.

MetLife Inc.

Pall Corp.

Pfizer Inc.

PVH Corp.

Pitney Bowes Inc.

Praxair Inc.

Prudential Financial Inc.

Quest Diagnostics Inc.

Saks Inc.

Scholastic Corp.

Tiffany & Co.

Travelers Cos.

United Technologies Corp.

Wyndham Worldwide Corp.

to its 200 CEO members asking them to identify and sponsor women candidates for board positions with public companies. Already these CEOs have nominated and are prepared to vouch for more than 40 highly qualified women, and more are being submitted. Additionally, the Women's Forum is reaching out to other Fortune 1000 CEOs in the tri-state region of New York, New Jersey and Connecticut and accepting national and global nominations from all CEOs of corporate companies.

The Women's Forum of New York will host this database of board-ready women candidates with expertise across all sectors. This information will be available to nominating committee chairs and search firms free of charge. (*See contact information at end of article.*)

Step Three: Tapping into the pipeline — the 2022 challenge

Every year Catalyst produces its Census of Fortune 500 Women Board Directors, and every year the analysis shows the painfully slow progress of

women being recruited to boards. According to the 2011 Catalyst Census of the Fortune 500, 56 companies had no women on their boards, and nearly 84% of all Fortune 500 board seats were held by men. By our calculations, at this glacial — less than 1% — annual average rate of increase, it will take 60 years to reach parity.

With an already existing pipeline of board-ready women, a new initiative of CEOs sponsoring qualified women, and a 10-year action horizon, we believe that boards can reach parity in 2022. Then, DIRECTORS & BOARDS can have a cover pronouncing “It Happened in the U.S. — Without Quotas!” ■

Ed. Note: To learn about the next 2013 “Breakfast of Corporate Champions,” how to sponsor a woman for a corporate board, or to use the Women's Forum of New York database to find a corporate CEO-sponsored board candidate, contact the Women's Forum executive director, Rita Crotty, at ceosponsorship@womensforumny.org or by telephone at 212-447-9107.