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The Case for "Breaking Into Boardrooms:" A Call for Gender Parity on S&P 500 Boards by 2025

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As an executive search advisor, I meet numerous talented women seeking a corporate board position. Many have the credentials, experiences, and qualifications but cannot seem to breakthrough that proverbial boardroom door. The women are featured in articles and honored at so many events like *Women in Banking*, *Women in the Media*, *Women in Law*, and from all the accolades and accomplishments, we are led to believe that the numbers at the top, leaders of major corporations, in all sectors are growing. But they are not. Only 24 women are CEOs of

Fortune 500 corporations. In the boardrooms of these organizations, the glacial pace of change remains on average at ½ percent annually since Catalyst has been tracking these numbers beginning in 1995. There are many reasons for this slow pace of change: no term limits, low turnover and multiple excuses that a board *just cannot find* a suitable female candidate. As a result, we are on course to reach gender parity in U.S. boardrooms by 2090 - an unacceptable pace given the existing and growing pipeline of talented board-ready women.

More women on boards is not the nice thing to do - it is the *right thing* for two compelling reasons: groupthink does not lead to good decision making and gender diversity on boards is highly correlated with stronger company financial performance. Catalyst analysis revealed that on average Fortune 500 companies with more women directors had significantly higher measures of financial performance than those with the least: 53 percent higher Return on Equity (ROE), 42 percent higher Return on Sales (ROS), and 66 percent higher return on invested capital. In 2012, Credit Suisse Research Institute analyzed the performance of almost 2,400 global companies and found that "the average ROE of companies with at least one woman on the board over a six-year period (2008-2012) was 16 percent compared with companies with no female representation, 12 percent."

Multiple research studies show a strong correlation that gender diversity in boardrooms improves shareholder value, good corporate governance, better decision-making and projects a more positive corporate image, given women are half of the population and influence 80 percent of the purchasing decisions. This is why, as Chair of the Corporate Board Initiative of the Women's Forum of New York, I propose to set a goal of reaching gender parity on S&P 500 Boards by 2025. This is not an insurmountable goal when you consider the talent that exists and the board openings that occur annually.

Let's do the math: With approximately 5,000 S&P board seats, just 19.2 percent are currently held by women. If over the next 10 years, 150 of the average annual 350 openings were filled with women, this would be a gain of 1,500 new seats. Add that to the almost 1,000 held by women today, a total of 2,500 or half of the 5,000 S&P seats would be held by women. It is simple math and an achievable gender parity goal for the S&P 500 to meet by 2025. This is not even a stretch goal as boards are filling less than ½ percent of the openings with women. Focused and committed board leadership can make parity a reality. It is not a supply issue of qualified women; it is a demand issue from the boardrooms that must happen - and happen now.

Given the need to refresh boards and the competitive landscape globally, can we afford to ignore half our population, with the female talent and rich pipeline that is available but untapped? A unique league of CEO Champions are accelerating change in their boardrooms and their C-suites in order to attract the best and most talented employees, and *at least half of those are women*. These CEOs will be beacons for others to join them with the best talent at the table, women and minorities, a diverse group of the most innovative minds, to ensure America keeps its competitive edge.

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