

Women Board Candidates: Going Beyond the CEO Title

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Beth Mooney, CEO of Key Bank and I appeared on CNBC's Squawk Box to speak about the 4th biennial Women's Forum of New York, *Breakfast of Corporate Champions*. This is the only event where nearly 700 executives convene to honor 375 corporations and CEOs for having 25% or more women on their boards, exceeding the 20% average of the S&P 500.



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40% Champions – companies approaching parity with 40% board seats held by women

On November 14th, Andrew Ross Sorkin spoke with Beth and me on *Squawk Box* before brilliantly moderating the *Breakfast of Corporate Champions* CEO Panel later that morning. To start, Andrew asked each CEO on the panel, which included Larry Fink, Chairman & CEO, BlackRock; Ken Frazier, Chairman & CEO, Merck & Co.; Adena Friedman, President & CEO, Nasdaq; Beth Mooney, Chairman and CEO, KeyCorp; and Ken Powell, Chairman, General Mills, to tell their personal story of why gender diversity was important to them. In 2011, Beth was named the first, and still only, female CEO of a U.S. bank. She shared that this decision was made by a thoughtful group of individuals who picked the most qualified candidate, who just happened to be a woman. Ken Powell said, “30 years ago at General Mills then Chairman and CEO, Bruce Atwater, looked around the company and saw nothing but white men and said ‘this is not right. It’s wrong for the company, it’s wrong for the country and we need to do something about it.’ With 95% of our product purchase decisions being made by women, we were not reflecting our customer base.” At that time General Mills had zero women officers and board members and no people of color. Today, over 30% women are on the General Mills Board and women make up over 40% of senior management.

Andrew went on to ask these CEOs the same question he had posed to Beth and me earlier that morning: “We have a chicken or an egg problem here. If you don’t have enough female CEOs, then you can’t populate your board with CEOs and from an investor’s point of view, do you have to change your frame for experience, talent, and potential?” Ken Powell replied that from his experience on the General Mills and Medtronic Boards, when they started using their own networks, the pool was quite limited—but when they used search firms and other sources, a wider net was cast and the result were names “of great candidates from the C-Suite and one level down, and frankly people we did not know.” Ken Frazier added, “There is such low turnover on the 5000 board seats on the Fortune 500 – about 420 openings last year – and only about 28% went to women...So we need to think about the skill sets needed. Yes, great to have CEOs but do we need eight CEOs around the table? Given the digital revolution, maybe we need younger talent who are digital entrepreneurs; maybe we need to expand the pools we look at.” Beth shared this sentiment noting the standards are not lowered but help to broaden the perspective by looking beyond the CEO. She also recommended that you should never look at a slate unless it has diverse candidates on it. These CEOs dispelled the age-old question of the chicken and egg – you do not need all CEOs for your board.

While board strength comes from beyond a CEO pool of candidates, does gender diversity really impact the bottom line? While many studies, like the Credit Suisse Research Institute, Peterson Institute, Catalyst, and McKinsey have shown a strong correlation between more women on boards and better financial performance, Andrew asked the question: has it “really been demonstrated?” Ken Frazier answered it this way, “Can you make a business case for *homogeneity*. There is a self-selection bias that is very dangerous. People like to be with people who are more like them.” Adena Friedman talked about how traditional networks can lead one down the same path of replicating yourself. She went on to commend the value of CEO sponsorship and the Women’s Forum of New York Database as a source of highly qualified women who are not yet on a board, but are endorsed by CEOs who have observed women in the boardroom setting. She noted a woman on the Nasdaq board was sponsored by AT&T Chairman, CEO and President, Randall Stephenson, who has proven to be an incredible Director.

Ken Frazier went on to say that you have to be “intentional if you are going to move the needle, yet change is uncomfortable.” Larry Fink went a step further saying that, “You have to put a stake in the ground, set hard goals and tie compensation to meeting these goals. And, if you don’t make it a priority, we will be talking about this in another 20 years.”

Actually, it is 20 years since Catalyst started tracking the progress of women on boards in 1995 and the needle has not moved. Yes it takes time for change to occur, but like the poet author James Baldwin said, “Not everything that is faced can be changed. But nothing can be changed until it is faced.” This incredible panel and leaders in their respected fields all faced the challenges of gender diversity, and diversity overall, head on and drove home three cogent themes: the pipeline of highly qualified female board candidates is abundant when you open the aperture to *look beyond the board’s obvious network; do not limit the criteria* to CEOs; and, when CEOs/Boards are *intentional on setting goals* to reflect the markets they serve – their customers, employees, shareholders and communities—they can achieve gender parity by 2025.

There is no chicken or egg dilemma – just look beyond CEOs! The solution is quite simple: fill every other board opening with a talented candidate (who just happens to be a woman) and the United States will no longer be #14 in the world, but #1.