



Nasdaq Talks to . . . Janice Ellig about Moving the Needle on Boardroom Diversity

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Nasdaq recently spoke with Janice Ellig, co-CEO of Chadick Ellig, an executive search firm focused on recruiting board directors and C-suite executives based in New York City. Named by Business Week as one of the “World’s Most Influential Headhunters,” Ms. Ellig is a passionate advocate for qualified women seeking a seat at boardroom tables. Ms. Ellig offered her insights on the barriers to improving gender diversity in the boardroom and why CEO-sponsorship is the key to moving the needle on gender diversity.

Q: What are the primary barriers for women executives trying to break into the boardroom?

A: One of the keys to opening the boardroom door is being part of the CEO network, and cultivating a strong reputation within it. Successful executives understand that a more critical factor than “who they know” is “who knows *them*” — and how the network views them as a professional. Many qualified female executives are just not part of that network and contributing to this is that women make up less than 17% of C-Suite executives in the S&P 500. More women need to fill the C-Suite ranks to become the pipeline for the boardroom. Companies need to focus on giving women the opportunity to get the experience to move up to the corner office.

That’s why the [Women's Forum of New York](#) established a database of women who have been sponsored by CEOs. When a CEO sponsors a woman, she has that gold stamp of approval. The endorsement by a CEO is critical - it gets women known by the proverbial boardroom network.

Boards are like any “club.” CEOs and directors want to “feel comfortable” when considering board candidates and when vetting a potential board member; a candidate endorsement from someone in their community – a CEO – goes a long way. Women may have the qualifications, but boards want to know that another CEO has seen that person operate effectively in a boardroom setting. In fact, when PwC surveyed approximately 900 directors in 2012, nine out of ten of them said that they refresh their board from the networks of the people they know. I’ve heard stories where top-notch executive women did not get a board seat because nobody on that board knew someone who knew her.

But the key barriers are focus and commitment by every board in the U.S. where there are less than 40% women on their board. Unfortunately, only 28, or less than 3% of the Fortune 1000 companies, have

40% or more. In 2015 these companies received special recognition at the Women's Forum of New York biennial *Breakfast of Corporate Champions*. The Women's Forum of New York promotes parity within the decade by 2025 and shares that getting there is not complex. The solution is actually simple: fill every other opening or at least 40% of the openings annually with a woman! Ten years with at least 150 new board seats filled by women get us to 1500, plus the current 1000 seats held by women, is 2500 women on boards; parity is achieved.

Q: Can you tell us more about the Women's Forum Database of CEO-Sponsored Board Ready Women and its *Breakfast of Corporate Champions*?

A: The Database is national, as well as international, and accessible free of charge to board nominating committees and search firms. Any qualified woman executive can be listed in the database; she does not need to be a member of the Women's Forum. We ask all CEOs to submit information to the Women's Forum and in doing so the CEO is saying, "This woman is board ready and should be on a board." These candidates have a unique appeal because they are already vetted by CEO sponsorship. If every Fortune 1000 or S&P 500 CEO or Board Chair sponsored a woman, the Women's Forum of New York will have over 1000 board ready women in our database.

We currently have 170 women in our database and all have been sponsored by a CEO/Board Chair. CEOs such as Ajay Banga of MasterCard, for instance, has sponsored nine women from his organization, and Richard Davis has sponsored four women from U.S. Bancorp. In fact, Richard Davis was an Honorary Co-Chair, along with Maggie Wilderotter, of the 2015 *Breakfast of Corporate Champions* where we honored those companies with 20% or more women on their boards. Other sponsoring CEOs include Ian Read, Pfizer; Ken Hicks, Footlocker; Ken Chenault, American Express; Mark Bertolini, Aetna; Roger Ferguson, TIAA-CREF; and Terry Lundgren, Macy's.

The Women's Forum of New York launched the Corporate Board Initiative to accelerate the pace of change for women in boardrooms. Its signature event is the biennial *Breakfast of Corporate Champions* which honors companies and raises awareness of having a more balanced board, with the goal of achieving parity by 2025.

At our 2015 event, over 600 executives, government officials, and thought leaders attended the *Breakfast of Corporate Champions*. Once CEOs come to the Women's Forum of New York's *Breakfast of Corporate Champions* event, they typically sponsor a woman.

[Learn more about how you can access the Women's Forum Database of CEO-Sponsored Board Ready Women or sponsor a board-ready candidate >>](#)

Q: How does a woman executive find a sponsor?

A: Women need to get out of their comfort zone - speak, write, attend meetings and conferences and become viewed as a thought leader, an expert. Within the organization a woman must be known by the CEO and members of the board and make them aware that she wants to serve on a board. She needs to speak up and be confident in her areas of expertise. Women who are internally and externally "known" will be able to secure CEO sponsorship. Women cannot wait to be invited to the party; they must let their interest to serve on a board be known – just like men!

Q: This past year the Women's Forum gave special recognition to corporations that achieved gender parity with 40% or more on their boards. What are some of the best practices of the companies that reached that threshold?

A: The leadership of these companies truly embrace gender diversity in the boardroom as a strategic business imperative. They know it reflects their markets: customers, employees, shareholders and

communities in which they operate. They know they cannot ignore 51% of the population. Unfortunately, many companies still are not “focused and committed” to having more gender diversity in their boardrooms and C-Suites. The gender parity needle is moving far too slowly. The Catalyst 2015 study shows that women on boards moved from 19.2% to 19.9% - we have not yet broken through the 20% threshold. Since Catalyst started tracking women on boards the pace of change has been about .5% for the past 20 years; at this rate, some estimates are that it will take over 50 years to reach parity. Although studies by Catalyst, McKinsey, E&Y/Peterson Institute, and Credit Suisse Research Institute all show a strong correlation between better financial performance and gender diversity on boards; progress is not happening. We know that overall with more women on a board, financial performance is enhanced as well as corporate governance and reputation.

Progressive companies realize women are the buyers of their stock, the employees they hire, and their customers. These companies truly believe that to be effective, a board needs to have a diverse composition which reflects the markets in which they operate.

Q: Why was Lord Davies so successful improving the gender balance on British boards and what aspects of the UK model would work well in corporate America?

A: Lord Davies took no prisoners. He was adamant that corporations cannot continue to ignore 51% of the population. He also publicly dismissed the idea that a lack of qualified women in the pipeline was to blame and that companies could not continue to ignore all of that talent. Quoted in the *Independent* on March 22, 2014, Lord Davies said “If you are a CEO and you don't have gender diversity or diversity in general as a top issue, then you've been asleep at the wheel for the last few years.” And furthermore, he added, “This is not about aiming for a specific figure and is not just about promoting equal opportunities but it is about improving business performance. There is growing evidence to show that diverse boards are better boards, delivering financial out-performance and stock market growth.”

Scott Page, professor at the University of Michigan, and author of the book *The Difference*, showed studies where less skilled, heterogeneous groups on average made better decisions than more skilled homogenous groups. Lord Davies made gender parity in the boardroom his mission. Working with [The 30% Club](#), founded by Helena Morrissey, CEO of Newton Asset Management, the U.K. more than doubled the representation of women on FTSE 100 boards from 12.5% in 2010 to 26% in 2015. A dramatic cultural shift occurred in the U.K. business community *without quotas*. How? Peer pressure. Lord Davies personally called influential CEOs to get more women on their boards. He and Helena went even further, convincing CEO's to reach out to other CEOs to shame them if they lacked female representation.

Unfortunately, there is no one in the U.S. playing this role, at least not yet. While the pipeline of qualified women executives is quite robust, and SEC Chair Mary Jo White has publicly stated “there is no pipeline issue,” the focus and commitment in U.S. boardrooms is lackluster. Our SEC Chair, Mary Jo White, also said at the International Corporate Governance Network Annual Conference on Jun 27, 2016, “Diversity on boards, and in organizations more generally, is very important to me and I have not shied away from expressing my strong views on the topic...I continue to urge that CEOs and boards of public companies act aggressively to alter this landscape and to do so quickly. Not only is it the right thing to do – it makes good business sense.”

We need “CEO warriors” to step up and build a coalition around our focus and commitment in getting to 30% by 2020 and parity by 2025. Peter Grauer, Chair of Bloomberg, is one warrior who brought The 30% Club to the U.S. and has a goal of 30% by 2020.

Search firms have a role to play in this as well. As a responsible search advisor, a slate of candidates should be at least 30% women. They did this in the U.K., why not in the U.S.? I also think search firms should disclose their placement rate of women and minorities on boards; transparency is

needed. According to Catalyst, in 2015 73% of board placements were men. Therefore, search firms need to recognize their role in placing only 27% women on boards; that's not good enough! Search firms too need to be champions of change! To move the needle beyond 19.9% search firms should place at least 40% of your board seats with women.

Janice Ellig is co-CEO of [Chadick Ellig](#), an executive search firm focused on recruiting board directors and C-suite executives based in New York City. She is also the current Chair of the [Women's Forum Corporate Board Initiative](#) and co-author of two books: [Driving The Career Highway, 20 Road Signs You Can't Afford To Miss](#) and [What Every Successful Woman Knows: 12 Breakthrough Strategies to Get the Power and Ignite Your Career](#). She also writes numerous professional articles focusing on gender diversity and career management.

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