

## Women On Boards: Review & Outlook

### INTRODUCTION

The world has changed in the past 10 years. Companies can go from obscurity to an estimated \$100 billion market cap (Facebook) or from zero to \$1 billion in revenue very quickly (Groupon did it in two years), or from near collapse in the late '90s to become one of the world's most valuable companies (Apple). To succeed today, companies need to embrace change, in ways that include learning to market and sell using digital channels, pursuing global customers, leveraging technology, and relentlessly streamlining operations to remain competitive.

CTPartners is starting to see changes in the boardroom that mirror these macro changes. There are more than 1,100 directors currently serving on Fortune 1000 boards who are over 70 years old.<sup>i</sup> With these impending vacancies, demand is emerging for a new generation of directors, one which will include individuals capable of contributing new insights into customers, technology, distribution channels, and international markets. The goal is to create a boardroom with diverse perspectives, which leads to better-informed discussions and more effective decision making. With this new generation comes the opportunity to include more women directors. The onus is on boards, management teams, and search firms to ensure that qualified women are given consideration in the director recruitment process.

Among the Fortune 1000, there are 139 boards that have no women directors; and, women comprise fewer than fifteen percent of all directors.<sup>ii</sup> Beyond the Fortune 1000, representation by women is even less. CTPartners looked at an additional 1,000 midcap companies with revenue ranging from \$500mm to \$3 billion and found that 300 still had no female directors. Perhaps most startling is the fact that, among these companies with no women directors, there are many that sell directly to consumers. Women control nearly 75 percent of consumer purchasing decisions,<sup>iii</sup> yet there are still 29 Fortune 1000 consumer companies with no women on their boards. On a positive note, there are 54 Fortune 1000 consumer companies with three or more women on their boards. This raises a pressing question: Why is it that some consumer companies embrace women directors and others do not?

The business case for diversity at the board level is compelling. That's especially true for companies that sell to consumers and/or have a large percentage of women employees; effective boards, after all, are representative of the customer or employee base. Additionally, there are studies that have validated a performance-based rationale for bringing women on boards. Results have demonstrated that companies with women board members outperform companies with no women directors.<sup>iv</sup>

Interestingly, this rationale was confirmed by male CEOs and directors that CTPartners interviewed during the course of its research: Repeatedly, we were told that having women in the boardroom leads to better discussions and better decision making.

Gender diversity in the boardroom is a primary focus for European companies, many of which must now comply with quotas for women on boards. Norway established a 40 percent quota in 2006 and now leads the way in female representation, having achieved the 40 percent target in just two years by 2008. Spain and France have quota legislation in process, and the European parliament has called for EU-wide legislation with a 40 percent quota by 2020. In the UK, the February 2011 Davies Report's review, "Women on Boards," recommends that FTSE 100 companies should aim for at least 25 percent female representation on boards by 2015, while also urging FTSE 350 companies to set targets.<sup>v</sup>

No quota system yet has been proposed in the US. Gender diversity is, however, of interest to many shareholders, who through letter-writing campaigns, shareholder propositions, and the creation of diversity databases, have taken matters into their own hands to make progress on a company-by-company basis.

Over the past few months, CTPartners has spoken to more than 50 Directors, CEOs, Chief Human Resource Officers and governance experts in order to learn more about their perspectives on this topic. This report highlights the facts relating to current representation of women on boards, and offers some lessons learned and suggestions from those who have successfully brought women onto their boards.

## Women On Boards (continued)

### WOMEN ON FORTUNE 1000 BOARDS

#### *Boards with and without women*

- There are 139 Fortune 1000 boards with no female directors and 133 with three or more women directors (Exhibit 1).
- Boards with no women cut across industries (Exhibit 2).
- There are 41 companies with four or more women directors (Exhibit 3).
- There are 29 consumer companies with no women directors, while there are 54 consumer companies with three or more women (Exhibits 4 and 5).
- Boards with three or more women serving on them also cut across industries (Exhibit 5).

#### *Women leadership*

- More women are leading Fortune 1000 companies, boards, and board committees than ever before, but there is still room for improvement.
- There are 38 women CEOs of Fortune 1000 companies (Exhibit 6).
- There are 23 women Chairmen, 11 of whom also hold the CEO role for their company, and 12 additional non-CEO chairs (Exhibit 7).
- There are 39 women lead directors (Exhibit 8).
- There are 332 women chairing mandatory board committees (Exhibit 9).

#### *Talent availability*

- Qualified women do exist. In fact, over the past 12 months, 83 women directors have joined Fortune 1000 boards.
- These women range in age from 34 to 68, with 86 percent of them ages 60 or younger (Exhibit 10).
- These women come from all industries, with financial services and industrial most heavily represented, followed by consumer and technology, media and telecommunications (Exhibit 11).
- The vast majority of new women directors include CEOs, Division Presidents, President/COOs, CFOs, and other functional heads (Exhibit 12).
- It's worth noting that, as another prospective talent pool, there are 78 Women CFOs, and, of those, 53 are not currently serving on an outside board.

### SUGGESTIONS FOR BOARDS SEEKING TO BRING ON WOMEN DIRECTORS

Based on CTPartners' experience recruiting women to Board and C-level positions, enhanced by the research conducted with more than 50 CEOs, CHROs, Directors and governance experts, we have developed some recommendations for boards seeking to recruit top women talent, shared below:

*1. First agree on the expertise sought in a new director, independent of gender.*

Every director recruitment should begin with a consideration of the company's strategy going forward, and determination of which additional expertise would strengthen the board as the company pursues its strategy. This should be the starting point for every director search, even if the board is expressly interested in bringing on a woman.

*2. Ensure the Nominating/Governance Chair, CEO, Chief Human Resource Officer and search firm are aligned as to the importance of bringing women onto the board.*

Directors who served on boards that successfully recruited women told us that accomplishing this was a top priority for all involved in the process. If the pool of candidates being reviewed does not include women, it is incumbent on the search firm and others involved to search for qualified women candidates. Many exist.

Throughout the course of our research, we heard of numerous instances in which the board was required to dig deep to find more women. As long as all involved were aligned on the importance of having women considered, qualified women could be found. Conversely, if having a woman join the board was not a consistent priority, inevitably the lists of candidates contained men only.

## Women On Boards (continued)

### 3. *Set guidelines and goals.*

Some companies operate with guidelines for hiring executives, e.g., at least 50 percent of all candidates put forth on any executive search the company conducts must be women. Some of the directors and CEOs we interviewed suggested using a similar approach to ensure better representation of women in the lists of prospects discussed.

### 4. *Believe in the person, not only the paper.*

There needs to be a willingness to look beyond titles on the piece of paper. One female CEO we interviewed said she would not have gotten where she is today if previous decisions had been made based only on “checking boxes.” Instead, the Chairman saw her potential as someone who could achieve success in this role, even though she had not done the exact job before. This is an important criterion when considering women director prospects, since many will not possess prior experience as a public company CEO or director.

### 5. *Be willing to embrace change.*

Now, more than ever, boards recognize that they need to do things differently. Growing numbers of boards have taken this leap and embraced the opportunities that come along with bringing on directors who, for example, may be in their 40s; they might be experts in digital marketing or possess strong international experience; they may be women or minorities. For those CEOs we spoke with who came from industries in which women have held leadership roles, e.g., retail, bringing women onto the board was a natural step. When senior executives have a history of working with women in leadership roles, it seems completely understandable that women should be in the boardroom. Unfortunately, for CEOs from industries in which women have not yet been at the helm, there is still an education process that needs to happen.

### 6. *Find common ground.*

We have heard repeatedly from women who were the first woman director on a board, as well as from Nominating Committee chairs, that finding common ground is critical for women to be accepted into the boardroom. If the CEO or other directors have not worked with a woman or have no female role models (difficult to imagine, but still a reality), then introducing qualified women candidates with shared interests or backgrounds often helps bridge the gap. Even small actions can make a difference: One woman director talked about ordering a scotch at a board dinner instead of white wine. One Nominating Committee chair mentioned introducing women candidates who were former CFOs for a search where the CEO had been a former CFO, so there would be common ground. Another mentioned age as a potential bridge in the sense that qualified women from the same generation as the CEO or other board members were able to make the transition onto an all male board more easily than would a woman who is, for example, 20 years younger than the CEO.

## TIPS FOR WOMEN INTERESTED IN SERVING ON BOARDS

### *What boards are looking for in a director*

At CTPartners, we increasingly are asked by CEOs and Chief Human Resource Officers to work with their top executives to identify board opportunities as part of their professional development plan. In our work with executives seeking to serve on corporate boards, we start with letting them know what qualities boards are looking for in a new director. As mentioned above, the world has changed and boards today are looking for individuals with the specific skills and expertise to address these changes as part of the ways that they will help the business succeed. They seek other tangible and intangible qualities as well. Specific skill requirements are different for each board, but the good news is that there are many qualified women who fit this profile. Some themes we see repeatedly include the following:

- General management perspective and relevant industry expertise – CEO, COO, or Division President experience is still in high demand by boards. Boards are willing to look a level below the CEO to division or regional leaders for directors with proven leadership and successful track records. Many positions at this level are held by women today.
- Digital sales and marketing experience – Companies are looking for directors who have driven revenue growth via digital channels. Social networking experience is also of interest for some boards.
- Chief Information Officers or others with experience leading technology transformation on the operational side of the business are also of interest to many boards. With information now an integral part of operations and risk management for most companies, CIOs are being considered for board positions. This represents a significant change.

## Women On Boards (continued)

- CFOs/Former audit partners – Demand for experienced CFOs and financial experts remains strong. With 78 women CFOs in the Fortune 1000 alone, the pool here is not trivial.
- Global citizens – Executives who have done business in international markets, especially in BRIC economies, are of interest to boards of companies seeking to grow overseas.

Other qualities that boards continue to look for include a high level of networks/relationships that directors can potentially leverage for the benefit of their corporation, as well as intangibles, including the ability to hold solid views and express them collegially, as well as a positive mindset orientation.

Prospective directors should recognize that finding the right director role is a win-win proposition. Rather than simply aiming to meet whatever criteria a board is looking for, the director should do her own due diligence to ensure that any board she is considering: will match with her interests; that the management team and profile of other directors is attractive to her; that there is “chemistry” in this potential fit; and that the time commitment and remuneration are consistent with her expectations.

### ***Steps potential directors can take to increase their visibility to boards***

- Excel at what you do. Be recognized by your peer group. Meet the right people. Women directors we spoke with repeatedly told us they found their board seats through prior relationships they had. One woman CFO told us a board found her because one of the directors had worked with her ten years earlier. Consultants and former audit partners find their way onto boards based on their reputations as thought leaders and their successful track records leading professional services firms.
- Develop a game plan. Many directors who join boards today found those boards through a rigorous and structured approach. Of course, timing is always a critical component in finding a board position. But it is a reality that most directors do not have offers to join boards fortuitously land in their lap. Some steps we have seen work:
  - Start by educating yourself on what it means to be a director. Meet with CEOs, directors or governance experts you know for insight about what is expected of a director and how to add value in the boardroom. Become conversant on governance issues.
  - If you are currently working, make sure your CEO and board know of your potential interest in serving on a board and are supportive of your efforts.
  - Write a board bio or description of your expertise that clearly states your value proposition for a board.
  - Develop a target list of companies that best fit your skills and expertise, and are also free of conflicts.
  - Be realistic. Boards typically look for directors with relevant experience at similarly situated or similar size companies, so it makes sense to target companies within your reach.
  - Be patient. Timing plays an important factor. Many directors we spoke with found themselves on boards based on relationships they had formed or conversations they had participated in years earlier.

## **GOING FORWARD – CONSIDERING MORE WOMEN FOR BOARD SEATS**

Recruiting women to leadership roles is an important aspect of our board and executive search practices, and we invest significantly in getting to know women executives and board members. There are many qualified women interested in serving on boards, including COOs, Division Presidents, CFOs and CIOs.

We encourage boards to keep an eye out for up-and-coming director talent: women who have demonstrated a successful track record in their executive roles and who therefore would have the relevant expertise to make a meaningful contribution to a board. Making an effort to get to know these women as they ascend in their careers is our priority as a search firm and we firmly believe that it should be a priority for CEOs, Chief Human Resource Officers and Nominating/Governance Committee Chairs as well.

The pool of qualified women for boards is stronger than ever. As boards seek to replace retiring directors, we encourage them to make sure that a diverse slate, including women and others representing different backgrounds, is considered in the process.

## Women On Boards (continued)

### EXHIBITS

#### Exhibit 1 – Distribution of Women Board Members Serving on Fortune 1000 Boards

# of boards with...	Number of boards	% of overall number of boards
0 women	139	16%
1 woman	313	36%
2 women	290	33%
3 women	92	11%
4 women	34	4%
5 women	4	0%
6 women	3	0%
<b>Total boards</b>	<b>875</b>	<b>100%</b>

The total number of Fortune 1000 companies covered by GMI/The Corporate Library does not equal 1000 because it excludes any privately held companies, and is also subject to the natural attrition that occurs throughout the year as various companies are merged, acquired or dissolved.

#### Exhibit 2 – Distribution of Fortune 1000 Boards with No Women Directors by Industry

Industry	Number of companies	
Consumer	29	21%
Energy/Utilities	25	18%
Financial Services	9	6%
Industrial	52	37%
Life Sciences	4	3%
Technology, Media & Telecom	20	14%
<b>Grand total</b>	<b>139</b>	<b>100%</b>

## Women On Boards (continued)

### Exhibit 3 – Companies with 4 or more Women Directors

Aetna	General Mills, Inc.	Sanderson Farms Inc.
Alliant Energy Corporation	Hewlett-Packard Company	Schnitzer Steel Industries, Inc.
AT&T Inc.	Hormel Foods Corporation	Spartan Stores, Inc.
Avon Products, Inc.	International Flavors & Fragrances	Steelcase Inc.
BB&T Corporation	Kelly Services, Inc.	Sysco Corporation
Boston Scientific Corporation	KeyCorp	Target Corporation
Brown Shoe Company, Inc.	Kraft Foods Inc.	Texas Instruments Incorporated
Cablevision Systems Corporation	Macy's, Inc.	Travelers Companies, Inc. (The)
Campbell Soup Company	MetLife, Inc.	Tupperware Brands Corporation
CVS Caremark Corporation	New York Times Company (The)	Walt Disney Company (The)
Dow Chemical Company (The)	Office Depot, Inc.	WellPoint, Inc.
Estee Lauder Companies Inc. (The)	PepsiCo, Inc.	Wells Fargo & Company
Frontier Communications Corporation	PNM Resources, Inc.	Williams Companies, Inc. (The)
General Electric Company	Principal Financial Group, Inc.	

### Exhibit 4 – Consumer Companies with No Women Board Members

Aaron's, Inc.	Dollar General Corporation	Ralcorp Holdings, Inc.
Alliance One International, Inc.	Education Management Corporation	Service Corporation International
Autoliv, Inc.	Exide Technologies	Sonic Automotive, Inc.
CC Media Holdings, Inc.	Expedia, Inc.	Spectrum Group International, Inc.
Central Garden & Pet Company	Jarden Corporation	Susser Holdings Corporation
Charter Communications, Inc.	Las Vegas Sands Corp.	Universal Corporation
Cinemark Holdings, Inc.	Live Nation Entertainment, Inc.	Urban Outfitters, Inc.
Core-Mark Holding Company, Inc.	Nash-Finch Company	Weis Markets, inc.
Dex One Corporation	Pilgrim's Pride Corporation	Zale Corporation
Discovery Communications, Inc.	Quiksilver, Inc.	

As of 6/15/11, there were 29 consumer companies with no women. Border's Group was removed from the list.

## Women On Boards (continued)

### Exhibit 5 - Boards with 3 or more Women by Industry

Industry	Number of companies	
Consumer	54	41%
Energy/Utilities	14	11%
Financial Services	18	13%
Industrial	22	17%
Life Sciences	14	10%
Technology, Media & Telecom	11	8%
<b>Grand total</b>	<b>133</b>	<b>100%</b>

### Exhibit 6 - Women CEOs of Fortune 1000 Companies

Laura J. Alber - Williams-Sonoma, Inc.	Sara Mathew - Dun & Bradstreet Corporation*
Angela F. Braly - WellPoint, Inc.*	Judy R. McReynolds - Arkansas Best Corp.
Heather Bresch - Mylan**	Carol M. Meyrowitz - TJX Companies, Inc.
Ursula M. Burns - Xerox Corporation*	Amy E. Miles - Regal Entertainment Group
Catherine M. Burzik - Kinetic Concepts, Inc.	Beth E. Mooney - KeyCorp
Jane T. Elfers - Children's Place Retail Stores Inc.	Denise M. Morrison - Campbell Soup Company
Lynn Lavery Elsenhans - Sunoco, Inc.*	Deanna M. Mulligan - Guardian
Ilene S. Gordon - Corn Products International, Inc.*	Indra K. Nooyi - PepsiCo, Inc.*
Mindy F. Grossman - HSN, Inc.	Debra L. Reed - Sempra Energy
Kimberly Harris - Puget Sound Energy	Janet L. Robinson - New York Times Company
Patti S. Hart - International Game Technology	Virginia Rometty - IBM†
Andrea Jung - Avon Products, Inc.*	Irene B. Rosenfeld - Kraft Foods Inc.*
Karen W. Katz - Neiman Marcus	Laura J. Sen - BJ's Wholesale Club, Inc.
Katherine Krill - ANN Inc.	Diane M. Sullivan - Brown Shoe Company, Inc.
Ellen J. Kullman- E.I. du Pont de Nemours and Company*	Cindy B. Taylor - Oil States International, Inc.
Linda A. Lang - Jack in the Box, Inc.*	Patricia Vincent-Collawn - PNM Resources, Inc.
Constance H. Lau - Hawaiian Electric Industries, Inc.	Mary Agnes Wilderotter - Frontier Communications Corporation
Tamara L. Lundgren - Schnitzer Steel Industries, Inc.	Patricia A. Woertz - Archer-Daniels-Midland Company*
Gracia Martore - Gannett Co.	Margaret C. Whitman - Hewlett-Packard Company

\* Reflects CEO who is also Chairman

\*\* As of January 1, 2012

## Women On Boards (continued)

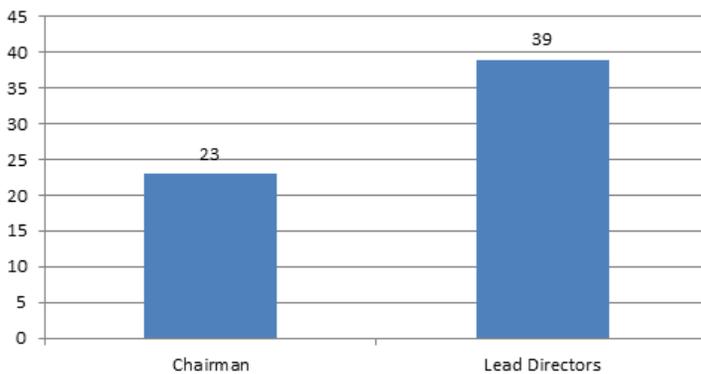
### Exhibit 7 – Additional Women Chairs of Fortune 1000 Companies\*

Jenne K. Britell	United Rentals, Inc.
Patricia Gallup**	PC Connection, Inc.
Maryellen C. Herring	ABM Industries Incorporated
Martha O. Hesse	Enbridge Energy Partners, L.P.
Delores P. Kesler	PSS World Medical
Kay Koplovitz	Liz Claiborne, Inc.
Marjorie Magner	Gannett Co.
H. Lynn Massingale**	Team Health Holdings, Inc.
Sheila A. Penrose	Jones Lang LaSalle Incorporated
Elaine D. Rosen	Assurant, Inc.
Mary F. Sammons**	Rite Aid Corporation
Jane E. Shaw	Intel Corporation

\*Reflects women who are board chairs and not currently the CEO.

\*\*Previously served as CEO of listed company

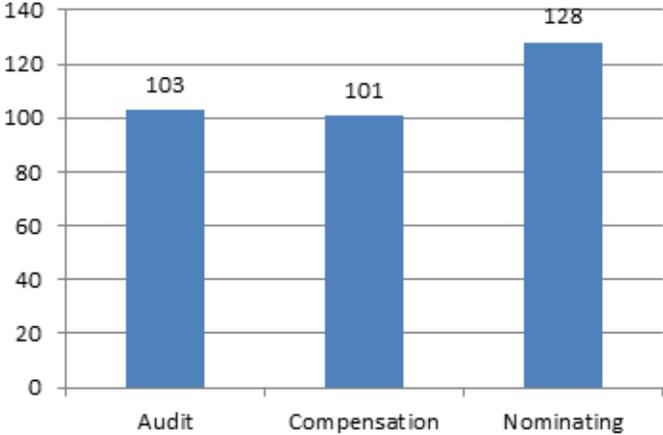
### Exhibit 8 – Board Leadership Roles Held by Women



As of 6/15/11

Women On Boards (continued)

**Exhibit 9 - Committee Leadership Roles Held by Women**

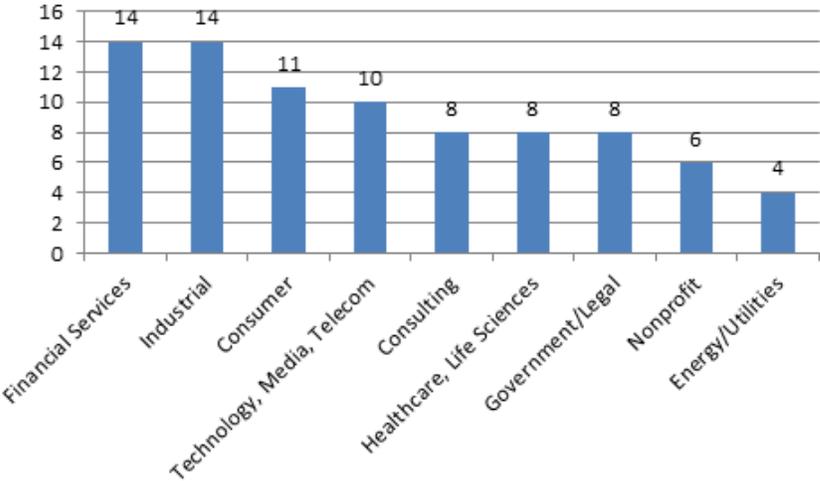


**Exhibit 10 - Age Distribution of Fortune 1000 New Women Directors**

	Women	% of Women
50 and under	17	21
51 - 60	54	65
61 - 70	12	14
Grand total	83	100

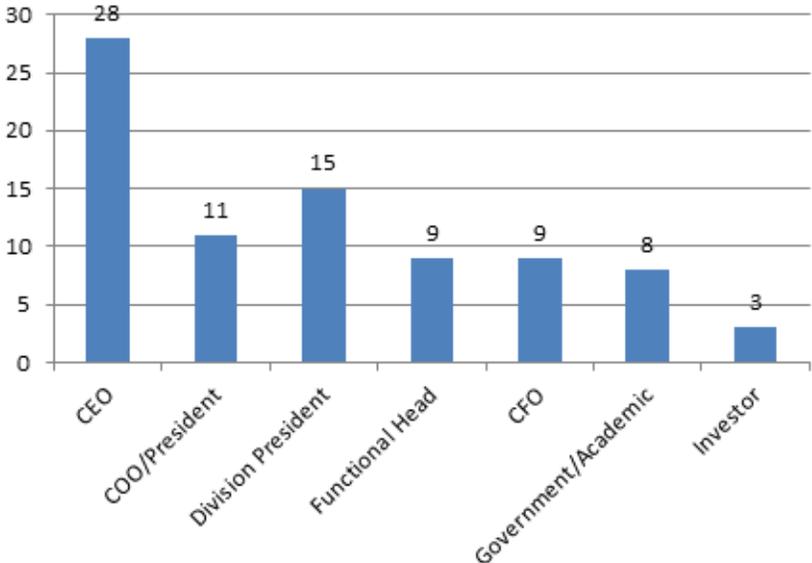
## Women On Boards (continued)

**Exhibit 11- Industry Backgrounds of Fortune 1000 New Women Directors**



Of 83 new women directors in the past 12 months

**Exhibit 12 - Functional Backgrounds of Fortune 1000 New Women Directors**



Of 83 new women directors in the past 12 months

## Women On Boards (continued)

### FOOTNOTES

The data on Women CEOs and Chairmen is current as of 10/31/11. All other data in this report is current as of June 15, 2011.

- <sup>i</sup> Board Analyst, *The Corporate Library*. (2011) Data as of 6/15/11 - The total number of Fortune 1000 companies covered by GMI/The Corporate Library does not equal 1000 because it excludes any privately held companies, and is also subject to the natural attrition that occurs throughout the year as various companies are merged, acquired or dissolved.
- <sup>ii</sup> *Ibid.*
- <sup>iii</sup> Boston Consulting Group's Household Spending survey. (2008). Retrieved from <http://www.marketwire.com/press-release/Survey-The-Boston-Consulting-Group-Outlines-How-Americans-Plan-Curb-Spending-920438.htm>
- <sup>iv</sup> Catalyst – “The Bottom Line: Corporate Performance and Women’s Representation on Boards” Author: Lois Joy, Ph.D., Director, Research, and Nancy M. Carter, Ph.D., Vice President, Research, at Catalyst Inc.; Harvey M. Wagner, Ph.D., and Sriram Narayanan, Ph.D. Published: October 2007.
- <sup>v</sup> *Women on Boards*. Lord Davies, 2/2011.

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# CTPartners

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With broad and deep connections throughout the global marketplace, our firm is at the nexus of insightful and impactful C-Suites, boards of directors, and business experts. With a firm-wide commitment to 360-degree integration and Six Sigma performance, the Global CEO/Board Practice collaborates closely with colleagues across all industry sectors and geographies.

Our ability to consistently deliver value to our clients is enhanced by more than twenty years of experience in Board Assessments, enabling us to help boards continuously improve to meet today's tough competitive, regulatory, and leadership challenges. Most importantly, we are prepared to assist in the development and execution of best practice Succession Planning both in the C-Suite and with the Board.

The CTPartners team is committed to redefining the relationship between global corporations and their executive search partners. CTPartners has signed the Executive Search Firm Voluntary Code of Conduct for FTSE 350 companies requiring women account for at least 30% of candidates on board search long lists.

## **ABOUT CTPARTNERS**

CTPartners is a leading performance-driven executive search firm serving clients across the globe. Committed to a philosophy of partnering with its clients, CTPartners offers a proven track record in C-Suite, top executive, and board searches, as well as expertise serving private equity and venture capital firms.

With origins dating back to 1980, CTPartners serves clients with a global organization of more than 400 professionals and employees, offering expertise in board advisory services and executive recruiting services in the financial services, life sciences, industrial, professional services, retail and consumer, and technology, media and telecom industries.

Headquartered in New York, CTPartners has offices in Bogotá, Boston, Caracas, Chicago, Cleveland, Columbia MD, Dallas, Dubai, Geneva, Hong Kong, Lima, London, Mexico City, Miami, Panama City, Paris, Santiago, São Paulo, Shanghai, Silicon Valley, Singapore, Toronto, and Washington, D.C.

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