

The power of three

Three women on a board, that is. Five prominent women corporate directors analyze the ‘female factor’ in a board’s success. Says one: ‘We survive by our wit and our grit.’

IT IS SAID that one woman on the board is a token, two is a presence, and three is a voice. In fact, having three or more women on a board makes it a more effective board. That was one of the important research findings that came out of a survey of corporate directors in both 2010 and 2011 (see below). This was a survey released by WomenCorporateDirectors (WCD) and Heidrick & Struggles, conducted by Dr. Boris Groysberg, a Harvard Business School professor, and research associate Deborah Bell. To further test that notion, WCD scheduled a panel discussion of “Boards with Three or More Women” at its first annual Global Institute held in May 2011, an event that attracted 200 women directors from around the world. Five women directors who are in the enviable position of serving on a board with three or more women spoke for 90 minutes on their experiences as a woman in the boardroom and the joys and benefits of serving with other women directors. Bonnie Gwin, vice chairman and managing partner, North America, of the Board of Directors Practice for Heidrick & Struggles, moderated the panel. Key excerpts from each of the women directors’ comments follow.

— James Kristie

Maggie Wilderotter: Women bring a richness to board discussions

Maggie Wilderotter is chairman and CEO of Frontier Communications, one of the nation’s largest independent providers of telecommunications services. She joined the company in 2004 after serving in a senior role with Microsoft Corp. In October 2010 President Barack Obama appointed her as vice chair of the President’s National Security Telecommunications Advisory Committee. She is a director of Xerox Corp. and Procter & Gamble Co.

The Groundbreaker: I have sat on 23 public company boards in my career. Except for two of those companies, I have always been the first woman to join the board. At the three public company boards I now serve, Frontier Communications has four women directors; at Xerox there are four women on the board; and we have five women on the Procter & Gamble board. Since Bob McDonald has been CEO of P&G he has appointed four new board members — all of them women. He is a great role model for many other Fortune 500 companies.

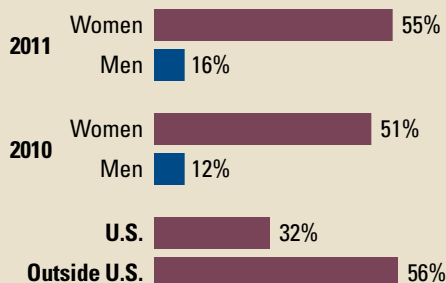
It All Starts with One: Breaking the ice to getting more women on a board is getting the first woman on the board. Then you can prove to the other board members that we are not scary and that we can actually add to the conversation and to making good decisions. The board then develops a level of comfort that having different opinions in the room is okay. A great example is when I joined the Yahoo! Inc. board. That was four years ago, and I was the first woman on the board. Silicon Valley boards are typically venture capitalists — it is still a “boy’s club” environment for many tech boards — so the Yahoo! board was taking a chance, and so was I. I gave them a level of comfort that having a woman was okay and that more women could be added to the board. I am no longer on that board, but there are two other women on the board today and I was a big catalyst in bringing both of them on board. So, I do think that if you start with one, you’ll get more.

What Really Matters: It is not a foregone conclusion that one woman can’t make an impact and that you must have multiple

The power of three

Three or more women on any board make it a more effective board.

% Agree and Strongly Agree



Source: WomenCorporateDirectors (WCD)
Women on Boards Survey 2010 and 2011



Maggie Wilderotter

women on the board to make a difference. I have been on boards with one or two women who have had a very strong voice on those boards and were not taken for granted. And I have been on a board with three women where that was not necessarily the case. What really matters is the leadership of the board, the culture of the board, and the capabilities of the women and men who serve on those boards.

We Encourage Dialogue: I firmly believe that women bring a richness and perspective to board discussions. The women who I serve with in my board experiences are strong women. There is a lot of self-confidence in the room. We are very good at encouraging dialogue. And we are particularly good at putting the elephant in the room on the table — in an appropriate way. We are not shy to bring up issues or participate in discussions that are important for the strategy and the future of the companies.

A Mentor Role: Every couple of years the four women on the Frontier board do a two-day retreat with the senior women and the high-potential women in the company. The women on the board become teachers and mentors to help the women in our company grow in their leadership skills and capabilities. Also at Frontier, we have a formal mentor program involving the entire board. Each board member mentors a senior leader in the company for a two-year period. They get together with that executive three or four times a year outside of board meetings. This is a way for the board to get to

know the talent in the organization. Then when I go through the succession plan with the board, each board member partners with me on their specific leader in helping the rest of the board know who they are, their capabilities, their potential, and what we need to do to help continue to develop them. On the Procter & Gamble board, the board does a trip once a year to a different region. As part of our most recent trip, Angela Braly [CEO of Wellpoint Inc.] and I held a meeting with the company's top women in Germany, Austria and Switzerland where we talked about the company's strategy, the work of the board, and how to be successful at Procter & Gamble. These are examples of the innovative things happening throughout different board environments where the women board members can be helpful in cultivating women and helping them to grow and to be better leaders.

Lulu Wang: Women are good at asking the needed 'dumb question'

Lulu Wang is chairman and CEO of Tupelo Capital Management, an investment management firm that she founded in 1997. She has been engaged in professional money management since 1972. Prior to founding Tupelo Capital she served as director and executive vice president of Jennison Associates Capital Corp. Before joining Jennison in 1988 she oversaw equities management at Equitable Capital Management. She is a director of MetLife.

We Do Our Homework: It is not only the women directors who do this, but very often with the boards I have served on I find that the women come particularly well prepared.



Lulu Wang

They've read the materials. When you do that, you are in better position to ask questions. You won't be afraid to ask a "dumb question" that might involve something right there in the board materials. Sometimes a board discussion will raise a question I don't understand. Just as the discussion is about to move on and I am deciding whether to ask a question, I hear another woman director's voice say, "This may be a small point but can you just clarify it for me?" Having it clarified helps illuminate the discussion for all the board members. Women are good at this — having the willingness to ask a question because they know it has not been covered in the board materials.

One-third or higher

Women represented one-third or more of the board membership of the following Fortune 500 companies in the 2010 Catalyst census.

Company	Total board seats held by women	Total board seats	Percent women directors
Estee Lauder	6	13	46.2%
Avon Products	5	11	45.5%
Pacific Life	2	5	40.0%
Pepsi Bottling	4	10	40.0%
Principal Financial	4	10	40.0%
Xerox	4	10	40.0%
Kelly Services	3	8	37.5%
Omnicare	3	8	37.5%
WellPoint	6	16	37.5%
Macy's	4	11	36.4%
General Mills	5	14	35.7%
AT&T	5	15	33.3%
Hormel Foods	4	12	33.3%
J.C. Penney	4	12	33.3%
Kraft Foods	4	12	33.3%
McKesson	3	9	33.3%
PepsiCo	4	12	33.3%
Publix Super Markets	3	9	33.3%
Quest Diagnostics	3	9	33.3%
Sysco	4	12	33.3%
Target	4	12	33.3%
Texas Instruments	4	12	33.3%

Source: Catalyst Inc.

'Let's Step Back a Bit': The role of the board is to understand the complex issues of the business that we are engaged in — the big picture as well as the long-term picture. Very often I find the astute board member will, in the heat of a discussion — perhaps in making an acquisition — say, "Let's just step back a bit. How does this fit into our long-term strategic plan here? How does this acquisition really position us? Is it taking us off the track we've been talking about as our long-term position?" That stepping back and really looking at the strategic implications of an important corporate action is such an important part of what a board does, and I think that women do it very well.

Confirming the Yellow Flags: When something comes up in a board meeting that seems not quite right, perhaps something being presented by a staff member or a committee chair, the women will exchange looks, but it may not be appropriate at that moment to bring up a question. You don't want to embarrass the presenter. You also want to confirm that the yellow flag you are sensing is correct. So at the break we may often discuss, "Is that what was said? Does that make sense to you?" When you have someone else whom you trust, whom you know has done the work, and who confirms your impression that something may be off-base, that gives you more confidence to go back into the meeting and, in a very constructive way, continue the discussion before the whole board — and often change the course of the conversation. I think all directors, when they have reservations about what is being presented, feel more comfortable if they can confirm their reservations with someone they trust. Women are very good about sharing reservations.

Trust Builders: During tough times — and we have just been through one with the financial crisis — relationships and trust sometimes break down. When there are problems, it is very easy to start pointing fingers. I find that women on the board are particularly good at dealing with breakdowns in relationships and trying to rebuild bridges — rebuild trust. When you are in a crisis, you have to reserve all your energies for working your enterprise out of that crisis. You can't have boards and management at loggerheads. The ability to preserve relationships and move them forward in the most professional way is something that men can do too, but this skill is particularly apparent among women board members.

The Value of Persistence: I was involved in a board situation where I was the first woman to be on the investment committee in its 50-year history. The committee chair was a highly respected investor who clearly had not worked much with women. In the beginning I was the invisible member. Whenever the discussion went around the table he never quite got to asking me my opinion. I didn't take offense, because I knew that he really didn't understand that I existed. I hung in there and made a point of making a contribution at every meeting. This was probably a nuisance to him at first, but within the

year he began to want to hear my voice. I have been on that committee for about 10 years now and, as he is getting ready to retire from his chairmanship, he paid me a great compliment. He said, “Lulu, you are among the voices I really want to hear on this committee.” It took him a long time, but during that time the staff watched me go from being the invisible woman to the woman whose voice was valued — who was eventually heard because she persisted in adding value. That is a lesson we can all take away.

Eileen Kamerick: Women can change dysfunctional dynamics and paradigms

Eileen Kamerick is chief financial officer and managing director of Houlihan Lokey, an international investment bank and financial advisory firm. She is responsible for leading the firm’s global financial management operations, including reporting, capital structure, taxes and treasury. She is a director of Associated Banc-Corp, headquartered in Green Bay, Wis., one of the top 20 banks in asset size in the U.S., and Westell Technologies Inc., a telecom equipment manufacturer and marketer.

From None to Three: People think of bank boards as perhaps the most “clubby” of all boards. For a long time Associated Banc had no women directors. Interestingly, it was the share-



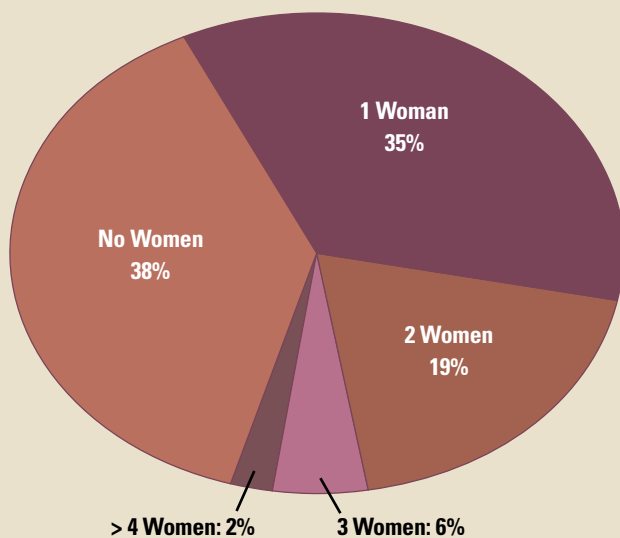
Eileen Kamerick

holders at the annual meetings who kept asking the longtime CEO, “Why don’t you have any women on the board?” His response was, “I can’t find any who are qualified.” Now, this is a very Midwestern, relatively conservative shareholder group — although Midwesterners aren’t as conservative as people think (having grown up in Iowa I know that to be the case). There was a fair amount of unrest that this was not an appropriate response. So when a new CEO came in about eight years ago he sought out women for the board. It was really because of his leadership that there are now three women on the board. One is the former chief marketing officer of Harley-Davidson, who brings a fantastic perspective to our brand discussions and how we go to market, particularly in the retail part of our business. Another had been the CEO of a PE-backed financial services company. And I am the classic CFO financial expert for service on the audit committee.

A Mobilizing Force in a Crisis: The bank went through a very difficult time in the recent financial crisis. The bank took TARP funds. We cut the quarterly dividend to a penny after years of growth in both earnings and dividends. Given the challenges the bank faced, it was critical that the members of the board work together as a cohesive unit. The dynamic on the board required courage and candor while remaining collegial and cohesive. We made a number of significant moves: the CEO retired and we began a search for a new CEO; we worked our way through an equity issuance; and we set out a plan to repay the TARP funds. The bank is now in a very good position. The board played an integral role in making

Women on board (or not)

Female board representation in the Russell 3000



Source: ISS Study - Board Practices, 2011 Edition Preliminary Findings

sure that this institution with its proud history was able to survive. And I believe it to be true that the three women on the board — we who were the three most recent appointees — played a significant role in pulling together to stabilize this institution, in terms of how we were willing to be candid with each another and talk through some difficult matters. It was interesting to have three women in the room doing that.

Not Part of the Club: There can be in some boardrooms a sort of old boys club go-along get-along dynamic. Because women are by their very nature not part of this club, they have an ability to raise topics in a way that people find less threatening and are more willing to be open about. I experienced this in an interesting way on a board with another woman director when a third woman joined us. I respected her enormously, but it

seemed like we disagreed on just about every issue. We had entirely different backgrounds and entirely different points of view in every possible way. We were mutually respectful in our disagreements, but by the two of us having that dialogue it opened up topics that people found difficult to deal with. It drove a richness and depth to the discussion.

Changing the Succession Paradigm: A governance paradigm that we have in this country is that the CEO is seen as the quarterback and the one calling the shots, and the board, by and large, defers to the CEO — not pushing too hard and giving the CEO a lot of rope. I am generalizing here, but the men on the board have a sense of “Gee, when I was a CEO I didn’t like being pushed by my board and I don’t necessarily want to push this guy who is CEO.” But what we are seeing is a revolv-

Susan Ivey made it happen

BY DOUGLAS M. BRANSON

Ed. Note: The following profile of Susan Ivey, retired chairman and CEO of Reynolds American Inc., appeared in *The Last Male Bastion: Gender and the CEO Suite in America’s Public Companies*, a book by Douglas M. Branson (pictured) published in 2010 by Routledge, an imprint of the Taylor & Francis Group (www.routledge.com). Branson, a top corporate law expert, holds the W. Edward Sell Chair in Business Law at the University of Pittsburgh School of Law. He is a prolific author of books and articles on corporate governance, with a particular interest in the role of women in corporate management and on boards. (His previous book was *No Seat at the Table: How Corporate Governance and Law Keep Women Out of the Boardroom*.) The information on Ivey and Reynolds American that follows is as of the time she still led the company. Subsequent to *The Last Male Bastion’s* publication she retired from Reynolds American following a 30-year career in the tobacco industry. She joined the board of Tupperware Brands Corp. in August 2011 and is also a director of R.R. Donnelley & Sons Co.



SUSAN IVEY BEGAN HER CAREER in tobacco because she was a smoker. She could not find Barclay menthol cigarettes in Louisville, so she telephoned Barclay’s producer, Brown & Williamson Tobacco (B&W). Marketing officials told her that B&W’s hometown, Louisville, had no distributor for the brand. Ivey wanted to sell, according

to her, something she “had a passion for: cosmetics, alcohol or cigarettes.” Admiring her forthright approach, the B&W managers hired Susan Ivey.

Ivey didn’t come from tobacco country. Raised in New York, after graduating from the University of Florida in 1980, she followed her boyfriend, who obtained a position at General Electric’s Louisville manufacturing facility. While she worked by day, first at Lanier Business Products Co. and then in her entry-level position at B&W, at night Ivey studied for an MBA at Bellarmine College, the local Jesuit university. After she received her degree, she moved quickly into a succession of management roles at B&W, which sanded off any rough edges: district sales manager, brand director, and vice-president marketing.

Her next steps were international ones, with B&W posting her to the parent corporation in England, British American Tobacco (BAT). She served there from 1990-1994, followed by two years as a marketing director in Hong Kong. Back in London, Ivey held several posts, including director of marketing for China, head of international brands, and senior vice-president marketing. In 2001, back in the United States once more, she became president and CEO of B&W, the BAT subsidiary.

R.J. Reynolds Tobacco and B&W, which BAT had spun off, merged in January 2004 to form Reynolds American. Ivey became CEO of the merged entity, which began trading on the New York Stock Exchange as Reynolds American Inc. (RAI).

Nineteen women serve as Reynolds American corporate officers under CEO Ivey. Four of the seven highest officials at the company are women: Susan Ivey, chair and CEO; Julia “Judy” Lambeth, executive vice president and general counsel; Ann Johnston, vice president for human resources; and Susan Wilson, vice president and general auditor. Three of 12 board

ing door of CEOs — CEOs who have gotten in trouble to the point where their relationship with the board gets broken and they have had to be ushered out, with a search process starting all over again. This model of “I will defer and defer to him until we remove him” is quite wasteful. It creates a short-term focus where your leaders are only thinking about being in the job for a few years. You can’t build sustained profitability and growth when you have that perspective. Women can play a key role in changing this paradigm. What should be happening all along is a dialogue between the board and the CEO about what the CEO is doing and how well he or she is performing against the board’s expectations. My personal view is that women are better at raising those issues. We don’t do this in a confrontational way but in a constructive way, leading to a more healthy, holistic discussion around how well the CEO is

doing. This model of deferring to the CEO and then giving up on him and moving to the next person has been very damaging to our companies, and women can play a role in changing that paradigm in a way that is very beneficial.

Important Advocates: It is true that more women come up the management ranks through staff roles. Women on the board can serve a great function in having the CEO think innovatively about giving staff executives the opportunity to take on an operating role, which is critical for moving into higher operating positions, C-suite positions, and board seats. Also, women on the board can bring home the business case for diversity better than an outsider coming in. They really are advocates for it and have a platform from which to make that case coherently and persuasively.

for women

members are female, as is true of only 14% of America’s public companies.

Ivey herself seems schizophrenic about the development. On the one hand, she maintains that promotion decisions are not gender-based, the result of a strict meritocracy at RAI. On the other, Ivey is fanatical about measurable results in the hiring and promotion of women and has urged progressiveness in the makeup of upper management.

Commentators urge myriad reasons for a trickle down effect when it does take place at a particular company. First, better mentoring by women, who are now in the upper management ranks, enables women below to progress better. Second, adverse reactions to women as co-workers fall markedly as their proportion increases in the work center or management group. Third, better information about women and roles they can play corrects previous information biases and asymmetries, leading to hiring and promotion of additional women.

Certain companies have had women CEOs for a number of years but virtually no visibility for other women. Hewlett-Packard under Carleton Fiorina and Rite Aid under Mary Sammons are examples. Few other women broke into the upper management ranks under those two CEOs: no trickle down occurred. At Reynolds American under CEO Susan Ivey a trickle down (a robust trickle down at that) has taken place. The difference is not due to any specific factor (increased mentoring, elimination of information asymmetries). The difference is due to tone at the top. Susan Ivey has set the right tone at Reynolds American. ■



Susan Ivey: She was ‘fanatical about measurable results in the hiring and promotion of women.’

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The path to the boardroom

Bonnie Gwin (moderator): What are the best networking tactics that you recommend for women to get onto public company boards? What should they do? What should they not do?

Maggie Wilderotter: There are multiple ways that you can “build a portfolio” to be considered. Getting involved with associations in your industry is critical. This lets you be a voice that is looked at as an expert. This also gives you access to CEOs who are in your field or industry and is an opportunity to display your skill set that CEOs would find helpful in their board situations. Another initiative is to make a list of the top 10 boards that you would like to serve on. Take a look at who their directors are and make a commitment to get to know some of those directors. And something I did when I was young was I met with the Bonnies of the world. (They were all John and Joes, then.) Go and meet with the executive search folks who actually put candidates in front of boards. All this takes time, effort and energy, and you have to get out of your comfort zone.

Donna James: You should not send your resume to a board and say, “Hey, I want to go on your board.” It is not like applying for a job. Most people know that, but I am still surprised at the number of people who don’t understand that it is not about sending in a resume.

Lulu Wang: The hardest thing is to break into your first corporate board. Serving on high-quality not-for-profit boards is the perfect way to get your training before you make the move onto a corporate board. And if you have served a large not-for-profit organization, you likely have all the experience and skill sets that a public company board would need — expertise in strategic planning, budgeting, personnel, etc.

James: The nonprofit needs to be of a size and complexity that demonstrates you can handle size and complexity. Also, there needs to be other members on the board of that nonprofit who are already on public company boards,

private company boards, or who do searches for private or public company boards.

Wang: When I was a candidate for my first corporate board, the usual women’s names were put before the nominating committee. Two men on the committee had served with



Bonnie Gwin: ‘An effective way to network is to ask for help and advice.’

me on not-for-profit boards. They immediately said, “She is an experienced board member, she can do investments, she can do finance, she is terrific.” That is how I moved into the corporate board world. I would encourage people to get board experience in not-for-profits.

Eileen Kamerick: A friend of mine who is on a charity board was involved in a very difficult merger of two hospitals. This is not someone who would be on the radar screen as a natural board candidate. Well, she went on two large public company boards because two CEOs she was working with on the merger were so impressed with her skills from that experience.

Wilderotter: Nominating committees need to look broadly in terms of skill sets and capabilities as well as going after pedigree. One area we could look to more are entrepreneurs. There are a lot of women who run their own businesses today. They are CEOs of their own

business. We shouldn’t discount that. On my board, two of the four women are entrepreneurs. They have never run a Fortune 1000 company but they are terrific board members.

Kamerick: The private equity world is full of advisory boards. PE firms have a different screen of who they want on those boards. While this is different from serving on the board of a public company, you often get very hands-on operating experience because the PE firms are very hands-on operators. This experience can apply to a public company board situation, and also makes you known within the business community as there often are retired CEOs and other C-suite executives on those advisory boards who may be on other boards, so that is a good contact.

Wilderotter: Another opportunity is with private companies that are small but have lots of growth potential, and to get on the board before it goes public. Just look at Facebook or Groupon — those would be good private company boards to be on.

Wang: The days when women are put on boards just because they are women are behind us. And that is a good thing. Women have earned their seat at the board table because they bring very specific capabilities to the board. It is the job of the nominating committee to be able to identify women with the attributes needed for their board and to nominate them. The nominating committee is the gatekeeper to the board, so it is important that women serve on the nominating committee.

Gwin: An effective way to network is to ask for help and advice. You don’t go to a CEO or a director or a nominating committee chair and say, “I want to be on your board.” Rather, you say, “Look at my background. Where do I fit? Give me your best counsel.” What this does is plant a seed in their minds — “Gee, she is interested in boards and I should think about her when I get a call or hear of an opening.” It also gives you very good, candid feedback. Sometimes you are a great candidate already.

Donna James: Women will put the 'elephants' on the table

Donna James is president and CEO of Lardon & Associates LLC, a consulting firm that specializes in advising business leaders on issues related to governance, new business development, strategy, financial and risk management, and leadership development. In October 2010 she was named by President Obama to be chair of the National Women's Business Council, a bipartisan independent adviser to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners. She is a director of Coca-Cola Enterprises Inc., Limited Brands, Marathon Petroleum Corp., and Time Warner Cable Inc.

'We Survive By Our Grit': By the time a woman gets to the level of being a corporate director, we did not get there easily. We have not had the benefit of being part of any "club." We are often the first, the newcomer. We survive not by our charm — if we are blessed to have any — but by our wit and our grit. So when we walk into a boardroom, we are accustomed to being the lone voice, the lone person. We naturally do what we have always done, which is putting the elephants on the table and asking the tough questions. We do it in a diplomatic and appropriate way because that is how we have learned to do it or we wouldn't be where we are.

We Get It Done . . . Our Way: On one of my boards I saw a slew of directors come on who were very well-qualified — but were all men. I did not see evidence of a search being conducted, nor was there much consultation going on with the existing directors. So the next time there was an opening for a new director I decided I would throw out a name. By intent, I put up a male candidate. I wanted to see what would happen with my voice in terms of providing input on this matter. My candidate was a white male, a very capable guy. He didn't get on the board either! So I thought, hmmm, there is something else going on here. By the third go-round of openings for bringing on board members, I decided I would sit down with the chair and the lead director and ask, point blank, why my candidate didn't get on the board. There was a method to my madness, my approach. Very quickly I was asked to join the nominating committee. That wasn't what I was going after but I was happy to say yes. It gave me a chance to add my input to the vetting process. That is an example of the reasons I love working with women, because we get it done. We do it differently, but it still gets done!

That's What She Said: There is an added degree of comfort in seeing another woman across the table, especially when something like this happens: A woman will put an issue on the table, and then one of the men will say the exact same thing. It sounds like something different has been said when it really hasn't. Your female colleague can catch that when it

happens and flip the script of the conversation by saying, "Yes, that is Donna's point." I don't want to detract from my male colleagues, who are capable of vigorous and good discussion. But it does something for your own psyche, personally and professionally, to hear multiple female voices making points that are meaningful and substantive.

Help Build the Pipeline: As we start to look at the pipeline to the C-suite — and at that being a pipeline to the boardroom — we also have to ask the question, "From what seats in the C-suite?" Are we talking about the CFO seat? The head of human resources? The staff side is important, but the path from head



of HR to the board table is not a strong one. We have to start pushing the pipeline to come more from the operating side. We've got to be very thoughtful about how we are building those pipelines. We need to encourage women to push for cross-company operating roles because those are the positions that more often become the pipeline to the board table. That is something we women directors can do.

Full Diversity Still Elusive: The big question is how does a woman get that first foot in the door. A financial background seems to be an entrée to the board. I am a CPA by training, but I also had the privilege of managing the human resources

function for a time before becoming president of an operating division, running five subsidiaries of Nationwide, one of which was international. My first board was in my hometown of Columbus, Ohio, with Limited Brands. My second board was Coca-Cola Enterprises, where there are four women on the board. Even with such a diverse board as that, I find myself being the only woman of color and sometimes the only person of color in most of my boards, which still can make for a lonely existence. There is continued opportunity for women to make sure that we are embracing the full diversity in our sisterhood. We can continue to set the tone for the men in how to make it happen.

Kyung H. Yoon: Women will readily say, 'We need to talk about this some more'

Kyung H. Yoon is chief executive officer of Talent Age Associates, a global executive search and consulting firm specializing in leadership consulting and CEO, board, and senior-level executive assignments for Fortune 500 and multinational corporations, midcap and start-up companies, non-profit entities, educational institutions, foundations, associations, and governmental entities. Prior to founding Talent Age, she spent 14 years with Heidrick & Struggles Inc., most

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Kyung H. Yoon

A women on

BY STEPHANIE SONNABEND
AND MALLI GERO

IF YOU'RE AMONG THOSE who think that the discussion about board diversity and the lack of women in leadership positions will eventually fade, we say think again.

In December we founded 2020 Women on Boards, a not-for-profit organization that concentrates on mobilizing stakeholders, from the consumer on up, to get involved and raise the numbers of women corporate directors. We were motivated by the slow pace of change and the fact that the number of women who serve on corporate boards has been static for nearly a decade. 2020 Women on Boards redefines good corporate governance and gender diversity standards and creates a cultural imperative for corporate action. Our mission is to increase the percentage of women on U.S. public company boards to 20% or greater by the year 2020.

How do we do it? Put simply, we educate, motivate and advocate. We engage companies and organizations to support our mission. We speak at meetings, conferences and programs across the United States talking about the value of board diversity. We analyze the board composition of Fortune 1000 companies in our proprietary 2020 Index. We recognize companies for achieving the goal and identify those that don't. The companies that have women representing at least 20% of their board members are certified as 2020 Women on Boards Winning "W" companies. We publicize the information on our website and make it available to the public. Likewise, those companies that fall below the 20% benchmark are categorized as "V" companies (for "Very" close), "T" companies (for a "Token" woman on the board), or "Z" companies (for "Zero" women on the board). This information will be publicized on our website and made available to the public beginning in January 2012. (See exhibit on facing page.)

Armed with our scorecard, we engage supporters all over the country to create local chapters to demand change. We are asking companies that are not yet at 20% to take the "2020 Pledge": Add a woman in the next two years and reach 20% by 2020. We will continue to congratulate those that are at 20% and mobilize our supporters to communicate regularly with those companies that need to add women. We will be persistent until companies do what is right — diversify their boards and represent their stakeholders, including their investors, employees, and customers.

Why now?

A multitude of studies from reputable sources such as Catalyst (which reports board representation of women in the U.S. at 15.7%), Deloitte (which reports board representa-

boards goalsetter

tion of women in the U.S. at 12% using GMI statistics), and McKinsey (which reports board representation of women in the U.S. at 15%), make the case, point after point, for increasing diversity on boards. It comes down to this: “Companies with the highest share of women outperform companies with no women. In terms of return on equity, the top quartile group exceeds by 41% the group with no women, and in terms of operating results, the more gender-diverse companies exceeds by 56% the group with no women” (McKinsey & Company, *Women Matter 2010*).

Overseas, governments are mandating quotas and sanctions on companies to increase female representation on boards. These initiatives are happening in Australia, Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Netherlands, Norway, Poland, Spain and Sweden, according to a sister organization in London, The 30% Club. We don’t think mandates will work in the U.S. Instead we call on companies to do the right thing, honorably and without government intervention. The time is now.

2011 initiatives

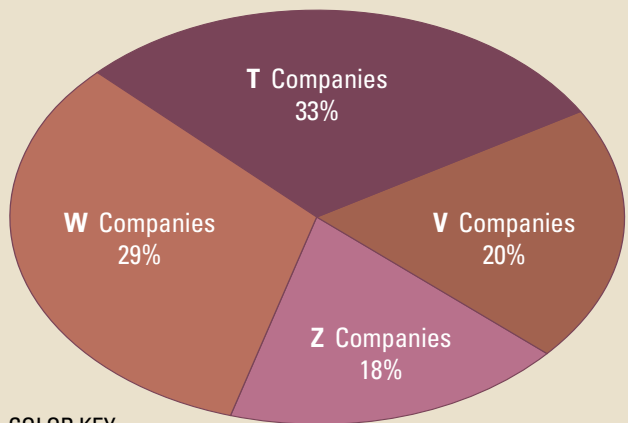
We launched our campaign along with our website, www.2020wob.com, in December 2010 in Boston, and only eight months later have about 1,400 supporters. We are starting 2020 chapters in major hubs such as New York City, Atlanta, New Orleans and Miami and are signing on affiliates as well as corporate sponsors. We are encouraging our affiliates



Stephanie Sonnabend (left) and **Malli Gero** (right) are co-founders of 2020 Women on Boards (www.2020wob.com). Sonnabend is chair of the organization. She is chief executive officer and president of Sonesta International Hotels Corp. Gero, 2020’s executive director, is principal of Gero Communications, a marketing communications firm. Contributing to the article is Michelle Brown-Droese, 2020’s director of foundation development, who is CEO and founder of consulting firm Surpass.

2020 Women on Boards index analysis

Rating the Fortune 1000 on women’s representation on the board in 2010



COLOR KEY

W 20% or greater **V** 11%-19% **T** 1 Woman **Z** Zero Women

Source: 2020 Women on Boards, 2020 Index, September 2011

to form 2020 teams or launch their own initiatives. One such initiative is “The Breakfast of Corporate Champions” awards at the New York Stock Exchange, organized by the Women’s Forum of New York. On November 2, all Fortune 1000 companies from New York, New Jersey and Connecticut who are at 20% women or greater on their boards will be recognized.

Our numbers tell the story that women have a ways to go. The most recent analysis from the 2020 Index of the Fortune 1000 companies shows that 29% of the companies are “W” companies, with at least 20% women on their boards (see above). In June, we acknowledged the “W” companies and initiated a campaign to our supporters requesting they offer their congratulations and support of these companies. In July we sent letters to those companies on the “Z” list, informing them that the full list will be published on our website in January 2012. We asked these “Z” companies to take the “2020 Pledge” and announce their intentions of adding women to their boards, with a commitment to reach the 20% benchmark by 2020.

We encourage companies to take the 2020 Pledge: Add one woman in the next two years to the board of directors and achieve 20% gender diversity by the year 2020. The argument for diversity on corporate boards has been made time and time again. Now is the time for action. Join us in making this a reality and become a catalyst for change. ■

The power of three

Continued from page 30

recently as vice chairman. She is a director of Silicon Valley Bank and its holding company, SVB Financial Group.

Cumulative Impact: When I came on the Silicon Valley Bank board I was the second woman, joining the CEO of St. Supery Vineyards and Winery (the bank has a division for lending to premium wineries in the Napa Valley area). I came on to contribute my expertise to talent and organizational development and the bank's expansion into Asia. Two more women have since joined the board — one is an entrepreneur and financial investor and the other is a venture capitalist. So one after another of us brought something else to the table. Given the bank's expansion and its focus on globalization and doing business in innovative ways, the women have added a lot to the conversation. Not only are we looking at creative new ways of doing things, but we are ensuring that there is a sensitivity to the impact of the bank's actions on people all around the world.

Added Resilience: Our bank took TARP funds too because we had to ensure we had the financial depth to get through the crisis. As TARP recipients, we did not realize the guidelines would be so restrictive. I was on the compensation committee during this time, so we had to work through the many limitations imposed by the regulatory requirements. I also served on the loan committee, dealing with the challenges of unexpected write-offs, marketplace dislocations, and things happening that were totally unforeseen. What the four women on the board added during this difficult time was a tone of resilience

and emotional capability. This was not something missing from the board but was greatly enhanced by the women being on the board.

They Raise Their Hand: I find that women are not “baked into” relationships. They don't make assumptions about the dynamics of the board. They will raise their hand and say, “We need to talk about this some more.” Or, “How about some more facts.” Or, “Have you thought about this?” Doing

that changes the dynamics of things getting done just because that's the way they have always gotten done.

A First Step: We have a way of bringing people onto our board that is a model that can lower the risk barrier for adding a woman on the board.

We have individuals serve

in an advisory board capacity for their first year. We instituted that process when some new directors surprisingly did not work out very well. This is a model that can be helpful to women in that it allows men who are not that familiar with women serving on boards to gain a greater degree of comfort. You can try someone out as an advisory board member and let them prove themselves.

Role Models: Silicon Valley Bank uses the four of us women directors as role models and spokespeople for the board. The company recently had an annual gathering of all its employees from around the world. At a luncheon specifically for all the women executives, the four of us were up at the podium having an open and frank discussion with the women. This is an organization that believes in the value that women can add, so this is a very proactive way that they are using their women board members. ■

“I find that women are not ‘baked into’ relationships. They don't make assumptions about the dynamics of the board.”