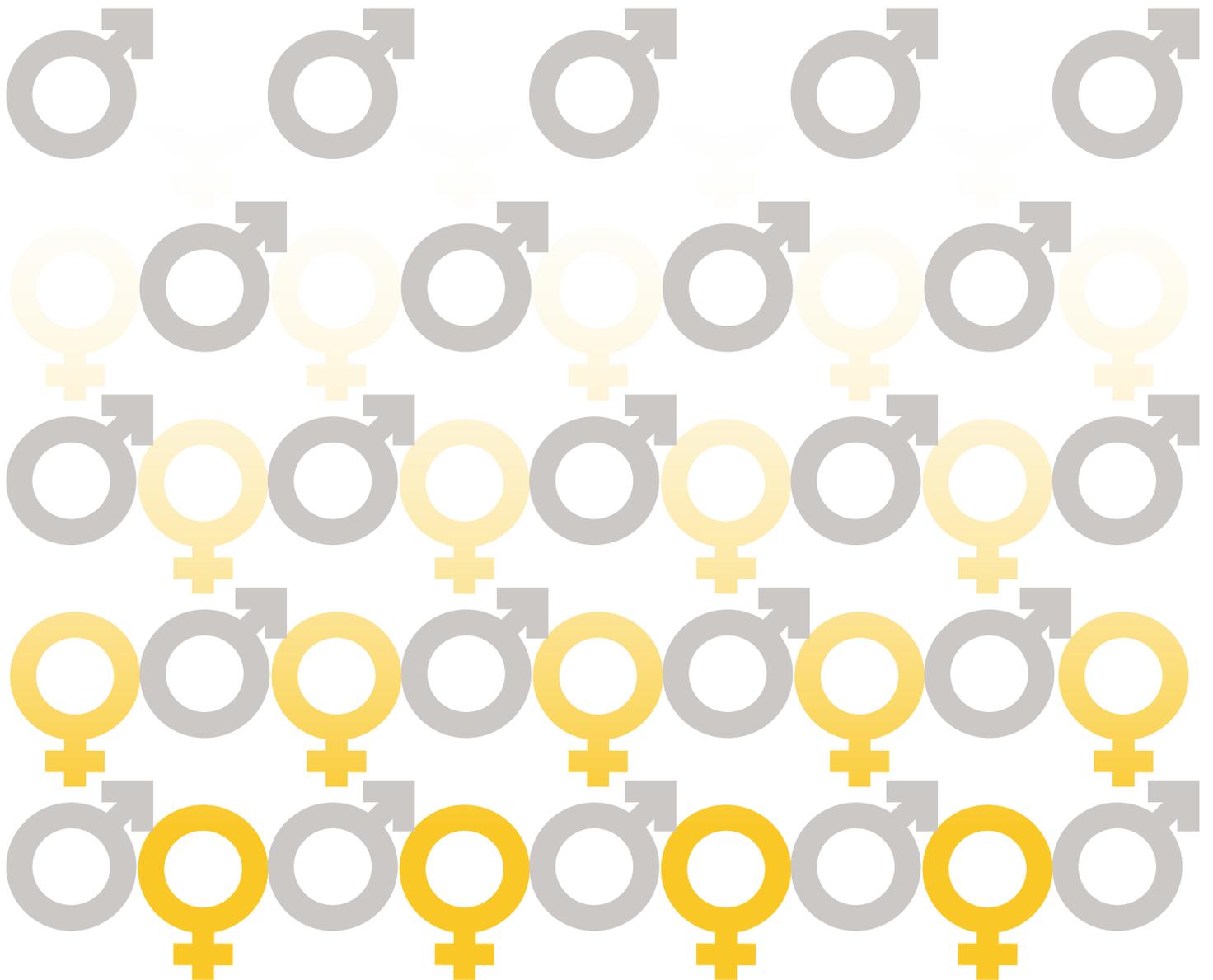


# Solving the Disappearing Women Problem

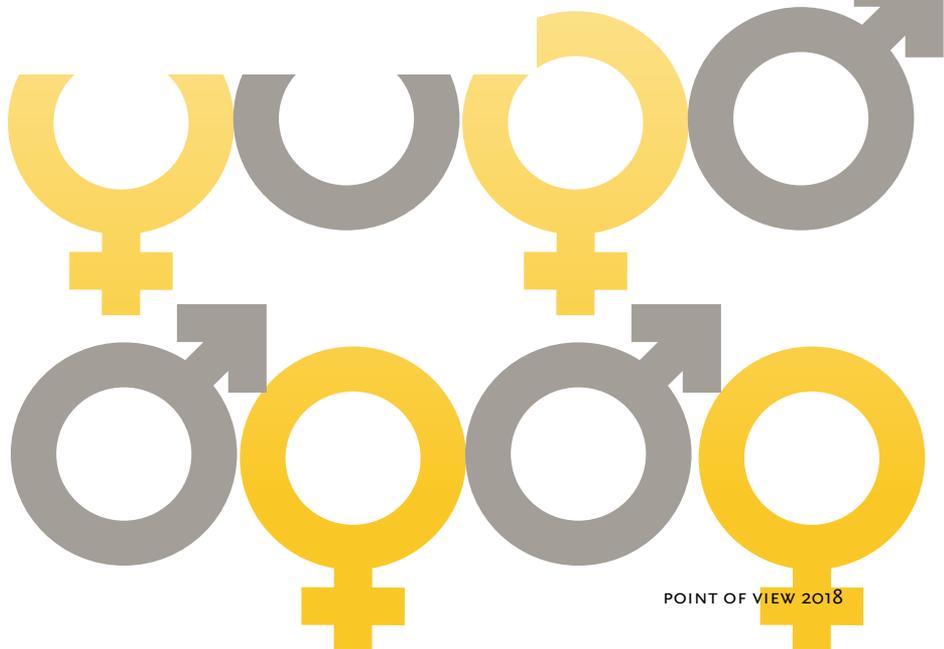
Lessons from Companies That Prioritize Diversity





**G**ender diversity continues to be a hot topic: The hiring and firing of female CEOs, milestones in the number of women in corporate boardrooms and C-suites, and new initiatives aimed at promoting more women into leadership are regularly covered in the news.

In the past year, asset managers BlackRock and State Street Global Advisors made news in corporate governance circles when they announced that they voted against directors of boards where there was a lack of gender diversity. Companies as different as Accenture and BHP Billiton pledged to achieve a gender-balanced workforce by 2025. And, following models such as the 30% Club in the U.K. and Australia's Male Champions of Change, a diverse group of U.S. business leaders announced the Paradigm for Parity coalition, an organization committed to achieving gender parity across all levels of corporate leadership and providing a roadmap for increasing the number of women in leadership positions.



In announcing these kinds of initiatives, organizations point to the value of gender diversity in improving productivity and financial performance. McKinsey found that companies in the top quartile for gender diversity were 15 percent more likely to have financial returns above their respective national industry medians.<sup>1</sup> BlackRock said diverse boards “make better decisions” in explaining its decision to push boards on gender diversity. When announcing its workforce parity initiative, BHP Billiton said operations with a more diverse workforce had lower injury rates and better engagement, adhered more closely to work plans and were more likely to meet production targets. Meanwhile, research from MIT Sloan School of Management found that teams with more women perform better and have more collective intelligence.<sup>2</sup>

And, yet, in spite of these initiatives and the fact that it has been decades since women began entering the workforce in large numbers in many countries, women’s progress in leadership is still mixed.

At the corporate board of directors level, Norway leads the pack in female representation; 45 percent of directors of companies listed on the Oslo Stock Exchange are women. While the push to increase the number of women on boards there was initiated by government fiat, it appears to have created a critical mass that became self-sustaining, given that the current percentage is higher than that required by law. The story is different elsewhere. Among more than 20 countries in Asia, Europe, Latin America and North America for which Spencer Stuart tracks the composition and other governance trends of major companies, female representation on corporate boards exceeds 30 percent in only five of those countries.

Women aren’t progressing much faster on leadership teams. A Grant Thornton survey<sup>3</sup> of 5,500 businesses in 36 economies found that women hold 25 percent of senior business roles globally. This represents an increase of one percentage point from 2016 and only six percentage points over the 13 years of the study. Furthermore, the percentage of businesses globally with no women in senior management rose from 33 percent in 2016 to 34 percent in 2017. The survey found few women in the most senior corporate roles; only 12 percent of CEOs and 19 percent of CFOs are women. While 23 percent of HR directors are female, women serve in less than 10 percent of the global COO, CMO, corporate controller and sales director roles.

Study after study finds greater numbers of women “disappearing” at each successive level of most organizations. A LeanIn.Org and McKinsey & Company<sup>4</sup> study of 132 companies in the U.S. illustrated this phenomenon. For every 100 women promoted to manager, 130 men are promoted. By the time women reach the SVP level, they hold just 20 percent of line roles, which are most likely to lead to the C-suite.

In our work, we see a range of postures on promoting female leadership, with some companies not prioritizing it at all and others establishing robust programs addressing gender parity at every career stage, with the goal of moving more women into senior roles. Based on our work and conversations with leaders from companies that are active in promoting diversity, the most effective approaches do the following six things.

1 “Diversity Matters.” McKinsey & Company. February 2015.

2 Anita Woolley, Thomas W. Malone and Christopher F. Chabris. “Why Some Teams Are Smarter than Others.” *New York Times*. January 18, 2015.

3 *Women in Business: New Perspectives on Risk and Reward*. Grant Thornton. March 2017.

4 *Women in the Workplace 2016*. LeanIn.Org and McKinsey & Company. September 2016.

“I don’t think anything happens by accident. You have to have an intent to change ...”

## Signal the importance of gender diversity from the top

Evidence shows that increasing diversity requires clear and consistent support from the CEO and senior management, and male leaders generally.

“It is so important to set the tone from the top,” said Ellyn Shook, chief leadership & human resources officer for Accenture. CEO Pierre Nanterme is one of three sponsors of the firm’s Women’s Executive Leadership program, which helps prepare women for P&L roles and ensures they have sponsors to support their career advancement. “Pierre is an outspoken advocate for diversity. Our board promotes diversity; at every board meeting, we report on our progress on making the company more diverse,” said Shook. “We don’t do this just because it is the right thing to do. It is also because we know that our diversity makes us smarter and more innovative as an organization, and bringing innovative solutions to our clients is the very essence of what we do. We cannot effectively execute our strategy without having diversity.”

Julia Steyn, vice president of urban mobility programs and Maven at General Motors Corporation, recalls GM CEO Mary Barra bringing together the senior women in the company and challenging them to think about how to encourage women to develop women behind them. “I don’t think anything happens by accident. You have to have an intent to change, and this senior leadership team and the leadership team before have had the intention to move the needle on diversity and the behaviors of the company,” said Steyn. “Mary is very proactive about it, not only from the top-down, but she engages everybody in the company for this change, and that’s really important.”

## IMPROVING THE ODDS: HOW TO INCREASE THE NUMBER OF WOMEN IN THE CANDIDATE POOL

When looking outside for talent — whether working with a search firm or overseeing the search directly — companies should strive for a process that produces a diverse slate and doesn’t unintentionally exclude women. A few specific recommendations:

- » Use gender-neutral language in scope, job description and presentation materials.
- » Include women in client and search teams.
- » Embrace a wider and deeper universe of target companies and prospects.
- » Drive agreement on a common vernacular about what the best talent looks like — which means the capabilities needed for success (versus non-relevant but familiar markers).
- » Work to have multiple female options on candidate slates.
- » Be prepared for a longer search and to address needs such as the relocation of spouses or childcare.

# 7 ways to raise your profile

## What women can learn from men's networking habits

In our experience, men often behave differently in some important ways that help themselves — and other men — advance their careers. To position themselves for more senior posts, women may benefit from taking a few pages from their playbook:

**Don't wait until you're "ready."** Women are more likely to think they must have all the qualifications to be considered for a role, but no candidate checks every box. If you're interested in the role and meet 70 percent of the requirements, go for it.

**Take a chance.** It's not unusual for a woman to ask, "How do I know if I'll like it?" More openness to change — and, in particular, the willingness to pursue P&L experience — can help you take steps vital to your career growth.

**Negotiate for yourself.** Women may be great at negotiating for their company or on behalf of someone else, but not always for themselves. Identify your top priorities and don't hold back in communicating them.

**Talk to us even when you're not looking for a job.** Men are much more likely to answer and return our calls. Women often assume they should only speak with a recruiter when they are actively looking for a new role. By cultivating relationships with recruiters, you can learn about avenues of advancement that may not be on your radar.

**Promote yourself and other women.** Even if they have no interest in a role, men will often tell us, "I'm not looking, but here are the names of five of my friends." And these friends typically are other men. Women need to be more vocal about their career aspirations so they are top of mind when new opportunities arise. In addition, develop and mentor up-and-coming women and be willing to suggest qualified women you know for leadership roles.

**Expand your network.** Participate in formal programs and organizations aimed at improving gender diversity. Joining a nonprofit board can also widen your circle of contacts.

**Don't overlook informal support mechanisms.** Building a personal cabinet of advisers can be valuable in helping you navigate your career or re-engage after an absence from the industry. In a similar vein, don't be afraid to ask for help, additional resources or advice.



## Remove unconscious bias in assessment

Women can find themselves at a disadvantage in hiring or promotions when subjective measures such as “gravitas” are used to evaluate candidates for senior roles — like the 5’2” female executive being compared to the 6’-plus male candidate on their “presence.”

Biases need not be active and conscious to have a negative effect in leadership populations. Small — and unconscious — biases in assessment can add up, leaving fewer women in the running at each successive phase of a search or succession process, and make it less likely that a woman will be selected for key roles. Consider a study featured in *Harvard Business Review* that found that when there was only one woman in a pool of four finalist candidates, her odds of being hired were statistically zero. Adding just one more woman to the candidate pool significantly increased the chances that a woman would be hired, in effect by creating a new status quo.<sup>5</sup> The study’s authors theorized that having only one woman in a pool of finalists highlights how different she is from the norm, potentially making the woman feel like a riskier choice for decision makers. Furthermore, when that minor bias occurs at every level of promotion, the differences at the top become clearer. Even a relatively minor 10 percent bias (55-45 percent) will create a 3-to-2 bias after merely two rounds of selection, and nearly 2-to-1 after a third.

To remove the biases that disadvantage women, organizations should use a structured assessment approach that focuses on how well executives align with the specific capabilities, leadership style and expertise required for success in the role. This starts with a determination of the context in which the executive will operate and the objectives for the role. From there, it is possible to define the specific capabilities that will be important for success and assess candidates against those criteria. An assessment approach that incorporates several rigorous, objective methods will provide multiple perspectives on executives and minimize opportunities for bias.

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<sup>5</sup> Stefanie K. Johnson, David R. Hekman and Elsa T. Chan. “If There’s Only One Woman in Your Candidate Pool, There’s Statistically No Chance She’ll Be Hired.” *Harvard Business Review*. April 26, 2016.

When interviewing internal or external candidates for leadership roles, then, they may ask questions meant to find personal connections. ... But “sameness” is not the same as culture fit, and using it as a proxy for culture fit can put women at a disadvantage over time.

The Spencer Stuart assessment approach incorporates methods that are proven to be among the least biased approaches to assessment, including assessments of capabilities and Executive Intelligence®. By scoring executives on a core set of six leadership capabilities — such as driving results or strategic thinking — we can compare individuals to one another and to the requirements of the role. And, in fact, when we examine the scores by gender on these leadership capabilities, we find virtually identical results between men and women. Similarly, men and women scored the same on Executive Intelligence, which is core to our measurement of executive potential. In short, there is no reason for there to be fewer women in senior leadership roles based on Executive Intelligence or capabilities.

## Use data, not assumptions, to evaluate culture fit

Too often, when people think about how an individual fits with a team or organizational culture, they think in terms of similarities in backgrounds or interests — someone they recognize based on their own experience. When interviewing internal or external candidates for leadership roles, then, they may ask questions meant to find personal connections — does the candidate play golf or have mutual friends, for example — as a way to get a feel for how individuals will fit in with the group.

But “sameness” is not the same as culture fit, and using it as a proxy for culture fit can put women at a disadvantage over time.

To avoid this problem, organizations should have a thoughtful and data-driven understanding of their corporate culture and what it means to the performance of the business, as well as the tools to evaluate how candidates for leadership roles fit with the culture the company has or is building.

We use a framework that evaluates organizational culture and individuals’ personal style on two dimensions — how they respond to change and how people work with one another. This framework, which includes eight distinct cultural styles, can be used to evaluate organizational culture and understand how an individual executive is likely to align with — and shape — that culture. With such tools, organizations can look at the real drivers of culture fit, such as whether the person is more likely to thrive in a more stable or more flexible environment, or whether the person prefers to collaborate with others or work independently.

“Our CEO said, ‘When you come, I’m going to make sure you’re successful.’ That’s pretty powerful coming from a CEO.”

## Provide support for women in leadership roles

Making progress on gender equality requires not just that women be placed in senior roles, but also that they are successful in them. Especially for organizations hiring women from outside the company — and, sometimes, from outside the industry — supporting their integration through focused onboarding plans is essential. Newly hired female leaders should be encouraged to tap into influence networks and be provided with insight about the culture and how to navigate it. Organizations can set women up for success once they are hired by identifying mentors or peer mentors who can answer questions and help them navigate company- or industry-specific issues. Women also should be encouraged to build an intra-company network and get involved in the broader community to ensure they gain a foothold.

At Lear, all of the candidate slates for the most senior roles must include at least two women and/or minorities. When Lear hired six new vice presidents from the outside last year — half women — the company adopted a high-touch process for supporting new hires in their transition, said Jeneanne Hanley, vice president of Global Surface Materials for Lear Corp. and chair of AutomotiveNEXT, an industry group committed to advancing the careers of women in automotive. The organization’s commitment to the success of women hired from the outside started with the CEO, Matt Simoncini.

“Our CEO said, ‘When you come, I’m going to make sure you’re successful.’ That’s pretty powerful coming from a CEO. When they got here, they were supported from the very beginning,” said Hanley. “They were hired because they’re talented, and it’s a reflection on the rest of the company if we can’t take on new talent and help them be successful. So it’s a really different take on it.”

## Make work/life flexibility available for everyone, not just women

Ironically, good-intentioned initiatives meant to provide women more work/life balance and flexibility can hurt women in the long run, when they have the effect of placing them outside the “norm.” A better approach is to think about creating a workplace that is more flexible about how and where work is performed — for everybody. Accenture, for instance, made an “in-town” program for new parents mandatory for both women and men so that women would not be perceived as being less career-oriented by taking advantage of it.

Adopting a more flexible mindset about how work gets done is likely to become more important for employers in the future, as younger generations of workers expect more freedom to balance their professional and personal priorities. Surveys of millennials have found that they are more likely to quit jobs because of a lack of flexibility or benefits such as paid parental leave.

## Be bold

To truly transform the composition of a company's workforce and leadership, organizations have to be willing to disrupt the status quo. Accenture, for example, changed its approach to promoting managing directors after noticing that it was promoting women at a slower rate than men. "At the time, we were promoting 21 percent women. The changes got us to 30 percent in two years, now we're closer to 50/50. This was key to keeping women moving up, to make sure we had a pipeline of women moving up into senior roles and didn't lose them at the first major promotion point," said Shook. "People were supportive because we showed them the data, and we had our very public aspirations to point to." The firm has taken other steps as well, such as hiring talented women from the outside even when there isn't an obvious opening, and assigning men and women in equal numbers to the CEO Circle, a group of "up-and-coming" managing directors who advise the CEO, to ensure the company's decisions reflect both male and female points of view.

"You can't just work harder. You really need to disrupt, take a hard look in the mirror," said Shook.

Holding the organization and individual leaders accountable for gender targets is another important tool for change. Tactics include publicly sharing diversity statistics and goals, measuring female recruitment and retention efforts, and requiring leaders to develop diverse teams and successors.

**D**espite ongoing attention to the issue of gender disparity in leadership, progress for women remains mixed. With greater numbers of women "disappearing" at successively higher levels of many organizations, companies that want to increase the number of women in leadership roles need strong advocacy from the CEO, an assessment approach that minimizes bias and assumptions about culture fit, support for women hired from the outside and a willingness to take bold actions.

## Authors

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"When you have a diversity initiative, what you're doing is challenging the leadership team to pick a woman or to pick another diverse candidate and sponsor them. You're saying in effect, 'Which woman are you going to sponsor?'" said Hanley. "It's not just about picking a diverse individual because, ultimately, you are responsible for building and developing a high-performing team. You need to get results, so you have to be finding diversity and talent and lock it in to power the team. I feel very lucky that a few men during my career saw something in me. And I will tell you, I felt very responsible to deliver on the chance that they gave me."

Sponsors should encourage the women they mentor to seek out jobs with P&L responsibility, and women should recognize that they may need to push themselves out of their comfort zone and be aggressive about going after P&L experience, a critical stepping stone for C-suite or board opportunities. Building relationships and networking also are critical. "Women sometimes think putting their heads down and just being really, really good, and doing a better job than the next person is all they need to do," said Hanley. "Especially in the upper echelons, relationships and networking mean so much. At senior levels, it's about senior-level executives making a call about the handful of people that they trust to run the company."

## About Spencer Stuart

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 57 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness. For more information on Spencer Stuart, please visit [www.spencerstuart.com](http://www.spencerstuart.com).

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