

FORWARD THINKING



by MICHELE C. WIERZGAC

Diversity in the Boardroom

Women are a rising, if underrepresented, force

women start 70 percent of all new businesses, according to the book.

The *Monthly Labor Review* states that by 2010 the number of women in the U.S. labor force will have increased by almost 10 million, a growth rate almost one-third higher than that for men. A story last month in *Fast Company* magazine, "Where The Bucks Are," revealed that the 40-plus age group is now 45 percent larger than the 18 to 39 age group and will be 60 percent larger by 2010. Spending by people 40 and older will be greater than spending by people between the ages of 18 and 34.

Qualifications

Since there is a demand to improve upon corporate governance and to adhere to stricter policies, boards are beginning to change the core competencies for new board members and publish them publicly. Many corporations still have mundane descriptions, such as "the basic responsibility of a director is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the company and its shareholders."

A few have generic lists, such as corporate board experience, experience running a company/organization, fund-raising experience, industry contacts, IPO experience, strategic partner contacts, and technical expertise. Another list includes knowledge, skills, personality, attitude, and experience, including the statement "the most preferred candidates are retired CEOs or presidents."

However, multinational companies are redesigning their list of core competencies, which emphasizes diversity at both management and board levels. The competencies are not only designed to attract women, but to encourage African-American, Asian-American and

Hispanic-American/Latin populations as well. Simply stated, a board director must have differing views and experiences that will bring a more balanced perspective to the board. It is quite clear that there is no excuse for the fact that only 11 percent of corporate board seats are filled by women. The core competencies listed above are achievable.

Why So Few Women?

Most directors are groomed and pulled from the ranks of senior management. Since approximately 90 percent of senior management positions are held by men, there are very few women to be mentored for directorship. The women currently serving as board directors generally come from the corporate side, not the entrepreneurial world, and since current statistics show that women start 70 percent of all new businesses, recruiters and mentors should be garnering talent from that extensive entrepreneurial pool.

Another reason for the inadequate presence of women on corporate boards is the outdated stereotype of the fear that female directors will bring a women's agenda rather than the business agenda of increasing shareholder value and the company's profit margin. This fear causes women to be reluctant in discussing the following:

- Women senior executives in succession planning
- The number of women in C-level positions in a company
- Implementing true diversity

Catalyst recently released a new study, "Women and Men in U.S. Corporate Leadership: Same Workplace, Different Realities," on the career aspirations, advancement strategies and barriers faced by Fortune 1000 executives who are within two to three reporting levels

WOMEN CONSTITUTE ONLY 11 percent of all board seats on major corporations, while 25 percent of Fortune 1000 firms still do not have a woman on their board, according to the results of a survey of Fortune 1000 companies conducted by research and advisory firm Catalyst, which works with companies to expand opportunities for women in the workplace.

Although statistics show that more than 80 percent of the meetings industry is made up of women, current hospitality industry research shows that a scant 10 percent of senior management positions are filled by women.

However, in a *Harvard Business Review* article, Roy Adler's research revealed that companies with female executives achieved higher profits.

The Facts

More and more research reveals the influence of women on the marketplace. Martha Barletta's book *Marketing To Women* reveals the following: "Women control or influence 80 percent of all purchases of both consumer and business goods and services. Women are the ones spending the money, and boomer women have more money to spend." In addition,

are within two to three reporting levels of the CEO. The research indicates that women and men employ very similar advancement strategies and have experienced similar barriers during their rise to the top. The advancement strategies they have in common are “consistently exceeding performance expectations, successfully managing others, seeking high-visibility assignments, and demonstrating expertise.”

The similar barriers are “displaying a behavioral style that is different than an organization’s norm, lack of significant general management or line experience, and lack of awareness of organizational politics during their rise to the top.”

However, women report enduring a set of cultural barriers to their advancement that is not experienced by men, including “gender-based stereotypes, exclusion from informal networks, lack of role models, and an inhospitable corporate culture.”

The business climate is slowly changing. With greater accountability and transparency from board directors, investors are now demanding diversity in board composition. There is a great need for board directors to address global competition and deliver experience to the table on new and diverse markets and workforces. In addition, the current board directors are aging and their competencies no longer

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match the competitive global and technology markets.

Hopefully the U.S. will not need a law similar to one enacted in Norway: All public companies there must voluntarily have 40 percent of their directors’ seats filled with qualified women or be subjected to meeting a government quota by the end of 2005.



In the next issue, I will explore informal networks among male directors and successful female directors. ☀

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Resources for **Diverse Corporate Boards:**

- Catalyst: www.catalystwomen.org
- Directors & Boards (a quarterly journal dedicated to the topics of leadership and corporate governance): www.directorsandboards.com
- Corporate Board Member magazine: www.boardmember.com
- The Conference Board (nonprofit industry analysis firm): www.conference-board.org
- Globe Women (online businesswoman resource firm): www.globewomen.com
- University of Texas at Dallas School of Management: <http://som.utdallas.edu/pwcb>
- BoardSeat (board director and advisor search firm): www.boardseat.com