

XCEO Toner

October 8, 2012

7.4.1

www.xceo.net

To Get Women on Company Boards, Make Men Leave?...Not Exactly

Written by Belen E. Gomez,

Program Director, Board Recruiting & Professional Mentoring Services

Early last week I came across an article that sparked such varied responses from me that I wanted to add my thoughts to, what I believe is, a somewhat lacking argument regarding how to increase the number of women on corporate boards. "To Get Women on Company Boards, Make Men Leave", written by Diane Brady of Businessweek (<http://www.businessweek.com/articles/2012-09-20/to-get-women-on-company-boards-make-men-leave>), came across as an interesting editorial at first, but upon further review I was baffled by some of the suggestions. Brady managed to take impactful data and package it in a way to support her argument that term limits are the answer to the lack of gender diversity on boards.

To some of her points, these are my counterpoints: I'd be happy to hear yours as well. Even if they are counterpoints to my counterpoints...

1) First, Brady claims that gender diversity really is not a hard problem to fix because these aren't people that need years of grooming to fill the ranks.

This intuitively does not make sense. We know that board members are typically recruited as executives or recently retired executives. So, wouldn't it naturally follow that most likely these individuals were groomed to enter the executive ranks in the first place? Yes, it is true that board members are typically not groomed for years to take on a board position. However, exceptional candidates are elected to boards because it is recognized that they were likely groomed for senior management positions, then appointed to the senior ranks and as a result, now have the experience and insight that is most attractive to boards. The problem ultimately lies in the fact that fewer women serve in these executive leadership positions, which most often, are the launch pad into the corporate boardroom.

2) Second, Brady claims that the risks are low for a bad director hire, so why not take a chance?

This is the most terrible argument for trying to get more women on boards. Associating bringing a woman onto a board with risk levels is more destructive than valuable. In my opinion, it gives the impression that women should be brought on board because of the low risk to the board and actually detracts from the fact that female board members are just as qualified, and in some situations, more qualified than their male counterparts.

3) Finally, she argues the problem is that incumbent directors aren't leaving and thus, term limits are the best way to refresh the board and get more women in the boardroom.

Please don't get me wrong, I completely agree that efforts to increase boardroom diversity in general have been severely lacking in offering results. However, I do not believe it is a simple problem (not enough directors leaving) with a simple solution (term limits) as Brady suggests. I believe it is a far more deep-rooted issue involving many moving parts that requires just as many moving parts to solve.

Corporate Office
4800 Great America
Parkway
Suite 307
Santa Clara, CA 95054
Phone: 408.855.0000
Fax: 408.855.0004

Chicago Area Office
1415 W. 22nd St.
Tower Floor
Oak Brook, IL 60523
Phone: 630.684.2222
Fax: 630.681.2299

Media Contact:
Kim Duch
kduch@xceo.net

My most recent example illustrating the first point, occurred during one of our board searches. Our client was looking to recruit a top ecommerce executive to the board. Gender had not been discussed. When I compiled my list of top ecommerce executives from some of the largest retailers in the Fortune 500, I found one woman out of my first list of ten. Although she had no better or worse odds of being selected than anyone else on that list, clearly in that slate of candidates I had a 90% chance of placing a male and only a 10% chance of placing a female director. It had nothing to do with her gender or that she was less qualified. If we do a quick comparison to gender diversity data in the boardroom (we can use Brady's reported 2012 data: only 16.1 percent of Fortune 500 directors are women), these percentages look quite similar. This is not meant to be a scientific data analysis, nor will the numbers always look like this in every sample. However, it does get back to my earlier note that more women need to fill the ranks of executive positions with specific areas of expertise that are most attractive to boards.

Perhaps my impression of this article is misguided or perhaps I misinterpreted Ms. Brady's message here. I'm a strong advocate of diverse representation in the boardroom, but I do not support nor purport the notion that there is a simple fix. There needs to be a balance of solutions all aimed at leveling those lopsided percentages discussed above, which, in my opinion, actually begins at the executive level. Just setting term limits to move individuals off boards does not seem, on its own, like it would be entirely effective. If we don't strengthen and multiply candidates in the pipeline (men and women), well, then we are just exacerbating an entirely different problem.

I think I will make this the focus of my next writing and expand on what a reasonable approach might look like. To be continued...

Contact the author at belen@xceo.net

About XCEO Inc. (<http://www.xceo.net>)

XCEO Inc. is a leadership and governance consulting firm focused on providing corporate and public sector boards and directors' full service offerings including individual director education and development, board recruiting and on-boarding services, automated performance assessments and a secure board portal for increased efficiency, communication and collaboration. Through its professional mentoring services, XCEO also works with senior executives on personal leadership and entrepreneurial initiatives as well as professional advancement strategy and positioning. XCEO serves clients ranging from Silicon Valley start-ups to Fortune 500 companies.

© XCEO, Inc. 2012. All rights reserved. You may re-use this document/publication free of charge in this format for research, private study or internal circulation within an organization. You must re-use it accurately and not use it in a misleading context. The material must be acknowledged as XCEO, Inc. copyright and you must give the title of the source document/publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

This document/publication is also available at http://www.xceo.net/news/ink_toner.cfm. For any other use of this material please contact us at info@xceo.net.

