

How Women Directors Succeed

by Elizabeth Ghaffari

Few governance topics are as hotly debated as improving the representation of women in corporate boardrooms. The author finds that this subject also suffers from misconceptions and misunderstandings that do not stand up to the statistics. For starters, the route into the boardroom that we most often encourage for women turns out to be one of the least effective.

It is challenging to write about women on boards of directors. Not only is it a small market, but it seems that everyone has an opinion about women on boards. Indeed, there is much more “opinion” than there is factual information about the market, how women actually pursue and achieve a board role, and how they are performing.

There were 114 women directors on top Fortune 1000 firms based in California as of mid-2005. Over half (54 percent) of the women on these top corporate boards live and work in this state. Another 10 percent comes from New York. The remainder comes from eighteen other states and from Finland, the United Kingdom, and Hong Kong. That means that women on boards truly are a diverse group and that both boards and female directors will overcome distance barriers to find the best possible director match.

These are interesting, incredible women who decided to pursue a role on a board of directors and just did it. Each woman is unique, not a stereotype. Each woman’s life story is the tale of one lifetime, one career, and one set of decisions. The individuals are too exceptional, almost, to be considered a trend or a movement.

At the same time, there are patterns in their collective career choices. By examining the individual choices, it is possible to build the foundation of a theory about how other aspiring women also might pursue a board role.

There is a demand side and a supply side to every market. Today, boards need and demand more inde-

pendent and competent directors. Corporate leaders, search professionals, and board nominating committees have been working harder than ever before to find top female and diversity candidates.

Too few women are aware of today’s governance challenges and opportunities—and too few understand the real world career paths that could take them into the boardroom.

The supply side of the market has not kept pace. Women have not yet pursued corporate board roles at the same pace. Too few women are aware of today’s governance challenges and opportunities. Too few women know the appropriate role and responsibilities of corporate directors. Too few understand the real world career paths that could take them into the boardroom.

In order for growth to occur in the market for women on corporate boards, the supply side has to become a stronger force in balance with the progress occurring on the demand side. This means that women need to prepare themselves to serve effectively on today’s boards.

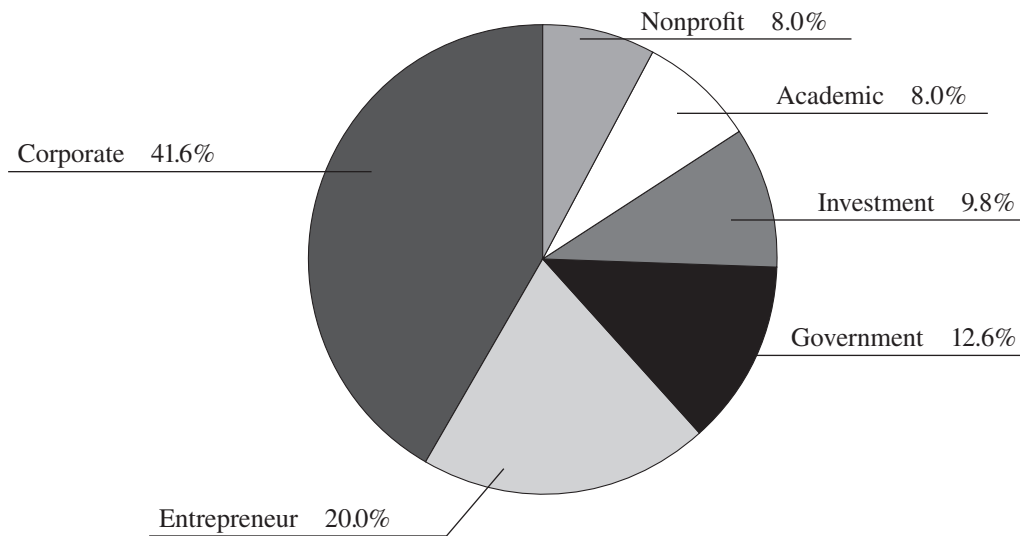
We surveyed women on boards at California-based Fortune 1000 firms in 2004 and 2005. While it is generally recognized that long career trajectories are essential to prepare for board service, the women on California’s Fortune 1000 firms had an average age of 56.5 years—about nine years younger than their male director counterparts. Half of all the women who serve on California boards today were added since mid-1999.

We began evaluating the backgrounds, education and experience of the female directors in 2006 by drawing on the information published in annual

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Six Paths To The Boardroom

Corporate Background Leads To The Corporate Board



corporate proxy statements. Each woman director's mention of experience was tabulated and classified in order to get a picture of the relative importance among different career paths they chose.

The women pursued six dominant paths, yet many women had competencies across three or four of these paths. On average, every woman had some experience in at least two areas.

Nonprofit and academic career paths are the two least mentioned routes for women pursuing board roles at top corporations in 2006. This finding supports what women on boards told researcher Alice Clark Ronce in director interviews she conducted in the early 1990s:

□ "...one route [to qualify women for board service] that was common in the past—community service—may no longer be an option."

□ "...community service and participation on non-profit boards is being devalued or rejected altogether."

□ "...this academic route . . . will also become obsolete."

Few women pursued career paths that could be described as "other-oriented." These are the nonprofit, academic and government career paths—helping others through either service, education, or politics. These paths are described by journalists and by women-on-board advocates as "the recommended route into the boardroom *for women*."

Today's women on boards did not need special favors, preferences or exemptions. They made it into the boardroom on the merits of their accomplishments and achievements.

This advice implies that women need an easy path into the boardroom or some form of corporate favoritism or entitlement to overcome past years of discrimination. Today's women on boards did not need special favors, preferences or exemptions. They made it into the boardroom on the merits of their accomplishments and achievements.

Only eight percent of the experience cited by the

women directors whom we studied was in the non-profit field. Another eight percent cited academic experience as their primary career path. Only 12.6 percent cited a government career path.

Even though the nonprofit career is no longer as significant a path into the boardroom as it once might have been, the women on boards said they were involved, personally, in many service choices as a complement to their primary career path. Each woman director mentioned a personal involvement in, or support of, an average of three charitable, educational, or other social/cultural entities in addition to her dominant career path.

A similar pattern was found in the academic choices of the female directors. The women invested significantly in their own educational credentials. They were involved in a large number of trustee roles on college and university boards of directors, even those women who did not directly pursue an academic career.

Experience in the investment/securities field and in the government field represents a middle path in qualifying women for board roles. The importance of the investment/securities path (9.8 percent) is on the rise. The governmental path (12.6 percent) principally consists of state or federal appointments based on career competence, rather than elective political experience. There are not a lot of successful elected female politicians among these accomplished women on boards.

Many of today's female board members have strong financial, technology and law backgrounds. They also have strong international experience, and enviable records of achievement.

Many more of the women on corporate boards reported experience acquired along the entrepreneurial path (20 percent). The corporate ladder is the most likely path to a boardroom. Almost 42 percent of women on boards cited their significant investment of time and effort rising through the corporate ranks to leadership roles.

Other myths that surround women on boards are being chipped away by today's achievers. One myth is that "most female directors come from backgrounds in the retail or consumer sectors." That is not true anymore.

Many of today's female board members have strong financial or technology skills and experience. Many more women on today's top boards have law backgrounds, with strong experience at the negotiation table rather than the confrontational courtroom. Many of them have international experiences, expertise across industry categories and an enviable record of achievement.

There were four sub-areas within the primary category of corporate experience mentioned by the women. The most important sub-areas of expertise were:

- Finance 27 percent.
- Technology 25 percent.
- Law 14 percent.
- Retail 11 percent.
- Medical 7 percent.
- "All other" areas of expertise 16 percent.

Almost nine out of every ten of the women studied chose to stay on the corporate path and also gain extra experience, either from the investment/securities path or from the entrepreneurial path.

These three routes (corporate, investment, and entrepreneurial) represent the "performance driven" career paths. These are the settings in which participants have to deliver or get out, where economic variables measure and monitor the participants' progress. The women who made it to the top leadership roles were willing to be measured by the same standards as their peers. They succeeded admirably well.

The largest share of women (88.6 percent) chose two paths. They had a career along the corporate path, but in addition, they had sizeable experience in either the entrepreneurial or the investor path.

In evaluating the experience of women on boards for the past three years, we found some common patterns. Early in their careers, the women pursued a chosen path with no expectation that they would be selected for a board role. They did, however, expect to achieve competence in their field of endeavor. They

developed a profound proficiency in that primary arena. That competency then attracted the interest and attention of other business, educational, or political organizations that needed their expertise to address similar or complementary challenges.

These women have “opted in” by taking on challenging roles in another stage of their careers, stretching their talents in new and creative ways.

Other women also pursued a chosen path, but then found that they had finished their part on that stage and concluded it was time or appropriate to move on. While most women might have stopped and “opted out,” these women “opted in” by taking on some more challenging role on another stage, in a complementary area that stretched their talents in new and creative ways.

It is not unusual to find that female directors pursued multiple paths, often concurrently. Some nonprofit leaders, like Angela Blackwell Glover or Mary Lee Widener, evolved their concepts of social activism in several areas—in the investment field, on a government board, or as an entrepreneur with their own firm. Some academic leaders, like Susan Westerberg Prager or Anita K. Jones, came up through a series of university as well as government leadership roles.

The idea of achieving some perfectly balanced work-family ideal was not a part of their agenda. Anita K. Jones’ comments provide a more accurate description of their approach:

“I see my life as a series of creeks running alongside one another. There’s my national security work, my teaching life, my industry life, and my private time with my husband and in the garden. I just hop back and forth between the creeks.”

The women directors seemed to accept the simple truth suggested by Ann Landers: “You can’t have it all. Where would you put it?”

Women add value to boards and to corporations. “I am willing to ask the questions that are on the minds of many [directors], but posed by too few,”

said Marilyn Alexander. Women are assumed to be new to the corporate board game, and are expected to be not quite familiar with all of the governance rules. So, they can ask probing questions. That is exactly why these women add value. It is more than simply “questioning authority.” It is investigating the validity of business assumptions.

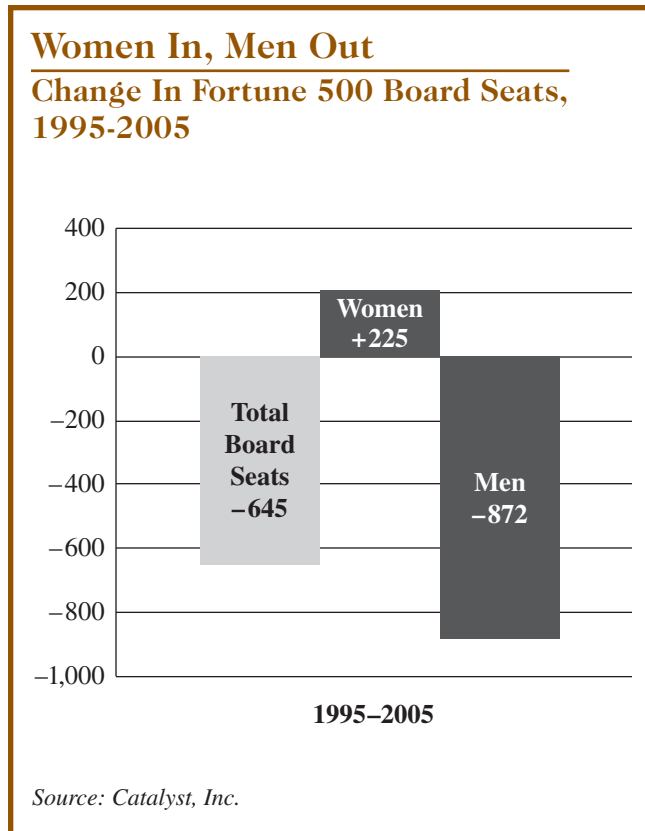
Boards and governance are concepts that are going through tectonic shifts and changes. In just three short years after implementation, the Sarbanes-Oxley Act has flipped nearly every aspect of corporate, board, financial, governance theory and practice on its ears.

This framework favors “the newcomers,” which include the new financial experts, the new governance consultants, and the new technology strategists. Still, this is not a replacement for experience. The experienced CEO or venture capitalist is still important, but they can benefit from the new complementary perspective of independent-thought.

Diversity on today’s boards of directors is no longer defined in the token terms of old—one female, one Black, one Asian or one Mexican-American director. Diversity on today’s board of directors is defined as “independently-minded individuals with collaborative strength and a foundation in an expertise needed by the corporation.”

Women who pursued “other-oriented” career paths were very selective in the steps they took. They found a problem not yet addressed, and attacked it with creativity and insight.

The women who actually did pursue the “other-oriented” career paths (nonprofit, academic, or government careers) evidence little of the “everything to everyone” approach to their careers, the Mother Theresa strategy that the media and board mavens advocate. In fact, the women who pursued these paths were very selective in the steps they took. Their approach was similar to their “performance-oriented” female peers. They found a problem area that was not yet addressed adequately, and then attacked it with resources, determination, creativity and insight



that had not been applied before.

Kathy Brittain White is one such example. She was an information technology educator. Later, she became a corporate information executive demonstrating phenomenal competence. Now, she is an investor in “rural outsourcing centers” that combine technology, business and university resources. Today, she is refining this concept through her own for-profit corporation that contracts with both corporate and university partners.

Mary Lee Widener is a low-income housing advocate. She is building housing finance, technical assistance and resource centers that target the special needs of the sub-prime housing market.

Gayle Edlund Wilson is an education advocate. She is creating a broad-based financial infrastructure to support exceptionally talented high school students in science and math.

Specific. Concrete. Measurable. Results-driven. These words describe the work of all of the women on boards of Fortune 1000 firms based in California and across the nation. These women are part of a

new breed. As noted, their average age is 56.5 years, almost ten years younger than their male counterparts on boards. Some of the women are in their forties. Some are in their seventies. All have fifteen to twenty years or more of solid experience in their primary field of endeavor.

Most of the new breed of female directors gained their current board positions in 1999. Half of their board experience has been in the post-Sarbanes-Oxley world, the toughest governance environment ever faced.

The new breed of female directors, on average, was added to their current board position in 1999. Therefore, half of their experience on boards is in the post-Sarbanes-Oxley environment, which is the toughest, most regulated, and most demanding time ever faced by boards.

This new breed of female directors also includes several women with the white hair of experience. I call these “Les Grandes Dames” because they are the true “pioneers with the arrows in their backs.” Others among them I call “Serial Directors” because they serve on four or more boards.

Both groups have earned a special focus. They have earned a deep and abiding respect because they accepted a director role long before it was the cliché thing to do. They did it “the old fashioned way, they earned it.” They did so in an era that was less female-friendly and when they had to do most of the heavy lifting in order to learn governance all by themselves.

In a time and an environment that was at least skeptical, if not outright hostile, “Les Grandes Dames” like Marion O. Sandler, Doris Fisher, and Miriam Haas listened, learned, and in most instances excelled. Not only did they rise through the ranks, but they also built businesses that endured and today stand among the most profitable and respected in America. These include Golden West Financial (now owned by Wachovia), Gap Inc. and Levi Strauss & Co. Their contributions to the cultural richness of our lives simply add to the economic viability of the

companies they built. They are interesting women and inspirational.

An example of a “serial director” might be Mary Seawell Metz, who pursued an academic career path starting out as a French teacher all the way up to the presidency of Mills College. Through her academic administrative roles, she acquired a proficiency in “managing the money” in her various collegiate challenges.

Then, a decade before Sarbanes-Oxley tightened up the financial reins on corporate America, Dr. Metz taught herself the ropes of internal audit controls, peer-base financial recommendations and the financial forensics that are just being added to today’s corporations. Four corporate boards valued her expertise so highly that they include her as a director and in many cases have named her as their financial expert.

Today’s businesswomen must develop a better understanding of governance, the role of the board

member, and the credentials required of prospective director candidates. The real challenge to be faced is to cease believing the myths and hype being propagated about women on boards and to start tapping into the knowledge and expertise of today’s women on boards.

One current female director said that she looks for the following among potential board nominees:

- Experience.
- A track record of dedication and commitment to her work.
- Willingness to invest the hours required to excel—not just an interest in a life style change or just “another job.”
- Diplomacy.
- Common sense.
- A good “fit within the culture of the existing board.”

The experience of the current female board members affirms these expectations. ■

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