

Gender Balancing

It's Good Business



A guide to making diversity
in leadership happen

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Acknowledgements

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Jane E. Tozer MBE OBE, Portfolio non-executive director with extensive experience of industrial, technology, international and public sector organisations

Sir Eric Peacock CMG DL, Winmark Chairman and serial entrepreneur, was knighted in 2003 for his services to international trade

Henrietta Royle, Chief Executive at Fanshawe Haldin and Founder member of the 30% Club Steering Committee

Joanne Sellwood-Taylor, Former MD of Strategi Executive Search, portfolio NED and a Founding Director of Mullwood Partnership

Marka Bowe, Senior HR Consultant, Talent Acquisition at Deutsche Bank

Mary FitzPatrick, Diversity Leader, GE Capital EMEA

Louise Lindsay, Director of HR, Imperial College London

Denise Skinner, Dean and Professor of HRM, Coventry University

Tamara Box, Reed Smith, Head of Structured Finance and Founder member of the 30% Club Steering Committee

Lynne Freeman, Reed Smith, Partner and Head of Women's Initiative

Richard Swinburn, Reed Smith, London Office Managing Partner

Other contributors to the report include all those who completed the survey, Dominique Hainebach of Renew Partners and Binna Kandola of Pearn Kandola.



Contents

Foreword	6
Introduction	7
Part One: The Challenge and our Current State of Play	9
External trends and initiatives	9
The pipeline, it's leaking and it's costing us dearly	10
Rewards for better gender balancing are numerous	11
Responding to the diversity challenge	12
<i>The Survey</i>	12
<i>Commitment to diversity is high but confidence to meet targets is low</i>	12
<i>Current diversity Initiatives</i>	14
<i>Issues holding back progress on gender balancing</i>	15
Part Two: Solutions to take Gender Diversity from Rhetoric to Reality	18
Change in culture	18
<i>The behaviours associated with a transformational leadership style</i>	18
<i>Reducing bias and gender stereotyping</i>	19
Employing the most effective mix of gender balancing initiatives	21
Five recommended steps	23
<i>Establish a clear business case</i>	23
<i>Obtain real leadership commitment</i>	26
<i>Focus programmes on leaders and future leaders</i>	27
<i>Set incentives for compliance</i>	30
<i>Communicate successes and brainstorm failures</i>	33
Conclusion	35
Appendix 1 Research Methodology	36
Appendix 2 The fable of the Elephant and the Giraffe	37
About Winmark	
About Reed Smith	

Foreword

Diverse teams get better results, it makes good business sense

Who Wants to Be a Millionaire is a television game show that started in 1998 and is still popular in some areas today. On the show, contestants are offered large cash prizes for correctly answering a series of multiple-choice questions of increasing difficulty. In certain circumstances, contenders are allowed to supplement their own knowledge with that of: a) a friend, b) an expert, or c) a poll of the audience. Conventional wisdom would suggest that the expert would offer the best answer, and in fact, specialists are right almost 65 percent of the time. But the experts pale in comparison to the audiences, who pick the right answer an astounding 91 percent of the time.

The wisdom of the audience in this circumstance is a consequence of two factors: the size of the group and its diversity. Size is important; after all, a larger statistical sample is bound to produce an average that is more accurate. But more critical than size is diversity, for even when groups are smaller, better decisions come from those that are diverse.

We value success, therefore diversity is critical

Diversity at Reed Smith is more than a principle or a programme devised by HR to improve the organisation's relationship with its professionals. We have long recognised that diverse contributions are vital to the success of the firm, and we are proud of the recognition that we have received for implementing a cross-cultural approach within our management.

A key element of diversity is gender balancing

That means actually utilising the input from the gender that is half of our society but currently only a small portion of most corporate executive management. A token placement on a Board or an executive committee will not create the benefit that true balancing achieves: a confluence of ideas, an exploration of different perspectives, and a collective intelligence that is far greater than that which even a very smart and experienced homogeneous group can attain.

At Reed Smith, we want that greater benefit. Our clients also want it. So we asked Winmark, a recognised leader in management networks and research, to help us seek out the best practices that companies – large and small – employ to work toward gender balancing. Their diligent efforts have produced both revelations and recommendations.

A common thread through the responses of the leaders in our survey was the unambiguous conviction that success in many areas of enterprise can be linked to the attainment of diversity and gender balancing goals. For them, as well as for us at Reed Smith, it's simply good business.

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Tamara Box



Lynne Freeman



Richard Swinburn

Introduction

As the word “diversity” has evolved in our culture to become a code word for the inclusion of racial, gender, and ethnic minorities, we sometimes lose sight of the key element of diversity that makes it significant in our companies and organisations. The real value in diversity is in utilising the differences in THINKING. Since our identity groups – age, gender, ethnic, etc. – influence the way we think, consulting a group of diverse individuals will result in variations of perspective that researchers have shown to be valuable in reaching more accurate conclusions and producing better decisions.

Homogeneous groups result in homogeneous solutions

A homogeneous group, even a very smart one, cannot offer insights outside the collective realm of its experience, and because the members all resemble each other in the way they think, they don't even know what they don't know. If we think of expertise as a toolbox of skills, the list of skills that are the 'best' is relatively small, so that people who have them tend to be alike. It is that sameness that means the group as a whole knows less than it otherwise might. Adding in a few people who have less of their particular expertise but who have different skills will actually improve the group's performance.

Astute business leaders have recognised the value diversity can add to their enterprise's decision making. Because women bring a different set of experiences and thinking skills to the organisation, including them in leadership groups should result in more effective decision making, but only if we value their differences as differences and don't try to make them fit into the same old archetype.

Recent governmental focus on the dearth of women on FTSE350 boards has caused a rush to fill some of those positions, and some progress has been made toward improving the ratio of women to men there. However, the numbers reveal that the advancements are being made on the non-executive side of the Board, and women remain an extremely small minority of Executive positions in UK listed companies. This report outlines

some of the current approaches being taken as remedies and suggests further developmental methods to help companies and individuals achieve this important facet of business success.

Why we published the report?

In partnership with Reed Smith, Winmark commissioned its research division to conduct a survey in order to discover the best practices in this area. The report is designed to analyse initiatives from a range of organisations and provide readers with some practical guidance around how they can get the best return on investment from their diversity programmes.

A wide spectrum of investment, commitment and activity has been explored. For many organisations leaders are perceived to be active advocates of diversity, the initiative is widely acknowledged as a priority, and women are actively supported to achieve Senior Management positions. The data revealed, however, that while some efforts are showing moderate success, overall gender balancing is not progressing at the rate expected for the time and investment being expended.

The research demonstrates that becoming gender inclusive is highly challenging and requires organisations to defy the prevailing 'business as usual' mentality. The rewards for better gender balancing, however, are both financial and ethical. It's the right thing to do – not only to do good, but also to be good.



Part One: The Challenge and our Current State of Play

External trends and initiatives

In 2011 Lord Davies of Abersoch published a report that called for boards of all FTSE100 companies to have at least 25% female representation by 2015. Commenting on the rationale for that directive, he focused on the commercial benefit: “This is about good business practice; it is also about securing performance. You need engagement and diversity in teams to achieve success. Too many UK boards and executive teams do not have it. We are working to change that.”

Evidence in the US backs up the advantages of having leadership diversity. Catalyst, a non-profit organisation focused on expanding the role of women in business, reported in 2011 that research found a 26% difference in return on invested capital (ROIC) between the top-quartile companies (those whose boards were 19–44% women) and bottom quartile companies (those with zero woman directors).

Following Lord Davies’ report, the composition of FTSE350 boards has seen a shift toward better gender balancing, and the number of all-male boards has seen a significant reduction.

Changes in FTSE100 and FTSE250 Boards from 2010 to September 2012¹

FTSE 100 companies



FTSE 250 companies



“Increasing the number of women on boards is not just an aspiration for greater equality; it is also an important issue for economic growth. Research shows that diverse boards make better decisions and are more effective. Since Lord Davies published his recommendations, there has been strong momentum for change and real engagement from business and investors in addressing diversity issues.”

Vince Cable, Business Secretary

¹ Professional Boards Forum BoardWatch

This progress, however, is not reflected in Executive roles. In 2012, while 55% of Non-Executive Director appointments in FTSE100 companies were women, there were no women appointed to Executive roles. In FTSE250 companies, 41% of Non-Executive Director appointments have been women versus 12% for Executive roles.

Research, as highlighted in the Harvard Business Review article below, supports the claim that business effectiveness is enhanced when women are included at every level of enterprise.²

“What Makes a Team Smarter? More Women”, Harvard Business Review, June 2011

The Authors, Anita Woolley and Thomas Malone studied group behaviour to determine if more intelligent individuals performed better than those with lower IQs. What they found was: “There’s little correlation between a group’s collective intelligence and the IQs of its individual members. But if a group includes more women, its collective intelligence rises.”

In an interview, Dr. Woolley conjectured that “part of that finding can be explained by differences in social sensitivity, which we found is also important to group performance. Many studies have shown that women tend to score higher on tests of social sensitivity than men do.” She further explained that “In theory ... the 10 smartest people could make the smartest group, but it wouldn’t be just because they were the most intelligent individuals. What do you hear about great groups? Not that the members are all really smart but that they listen to each other. They share criticism constructively. They have open minds. They’re not autocratic. And in our study we saw pretty clearly that groups that had smart people dominating the conversation were not very intelligent groups.”

Lest the conclusion be drawn that the best performance would come from a group composed solely of intelligent women, Woolley added that “teams need a moderate level of cognitive diversity for effectiveness. Extremely homogeneous or extremely diverse groups aren’t as intelligent.”

The implication for gender balancing is quite clear: getting the best decisions or solutions from a group is not a matter of assembling only those people with the most experience or intelligence in the particular field. Women, who are less likely to be controlling and more likely to listen to different points of view, help make groups more effective but only in situations with some degree of diversity.

The pipeline, it’s leaking and it’s costing us dearly

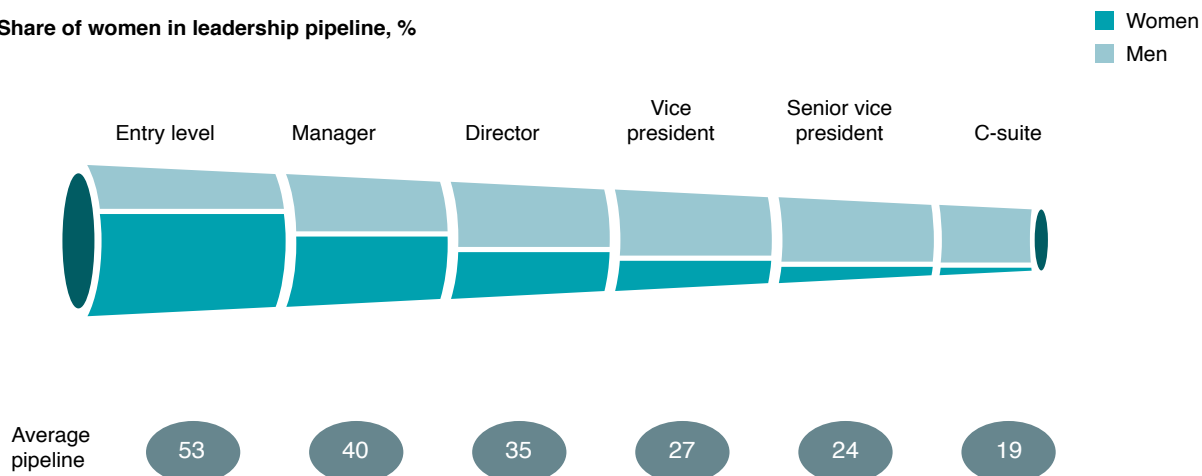
Clearly, a major benefit of diversity is business effectiveness. But expanding gender balancing to the talent pipeline within the organisation will improve efficiency and accelerate the rate at which the Board may be fully gender balanced both in non-executive and executive positions.

In 2011, women accounted for 52% of the University graduates and 55% of the graduates obtaining a first class degree. They are hired into entry level positions at a slightly greater rate than men, making them represent approximately 53% of new hires. Then at the first stage in career advancement – when individual contributors are promoted to managers – female representation drops to just under 40%. According to a McKinsey study of 60 Fortune 500 organisations, the numbers continue to fall until by C-Suite level men are outnumbering their female colleagues by four to one. Some analysts are referring to this phenomenon more accurately as the “slippery ladder” rather than the “glass ceiling”.

²Anita Woolley and Thomas Malone, “What Makes a Team Smarter? More Women”, *Harvard Business Review*, June 2011

Decreasing proportional representation of women as the talent pipeline progresses³

Share of women in leadership pipeline, %



There is certainly a financial impact associated with the exodus of women at the various stages of their careers. Not only is the business community losing valuable insights, they are also paying to train professionals who take their education and experience elsewhere. PricewaterhouseCoopers (PwC), suggests that the cost of replacing a competent member of staff equates to approximately one year of that person's salary, reflecting all the costs associated with lost skills and productivity, replacement and the training of a new recruit.

Rewards for better gender balancing are numerous

1. Talent attraction, retention and engagement – The current loss of high-potential women through the talent pipeline is highly damaging and costly. As the fight for the best talent intensifies, diversity initiatives are helping companies to attract and retain the best female talent, placing those that don't invest at a competitive risk.

2. Better decision making – Research shows that diverse groups make better decisions than homogeneous groups. Groups that are too much alike find it harder to keep learning, because each member is bringing less and less new information to the table. Homogeneous groups are unable to investigate alternatives to their conventional wisdom, because, as renowned organisational theorist James March has famously quipped, "They spend too much time exploiting and not enough time exploring." Even less experienced new members will actually make the group smarter because what they do know is not redundant with what everyone else knows.

3. Financial performance – There is increasing evidence that companies with women on the Boards and Executive Committees perform better than those that don't. A recent study of 362 major companies from European and BRIC countries with two or more women in the corporate board found that on the whole such companies are 41% ahead of the sector's average in terms of return on equity and 56% ahead in terms of earnings before interest and taxes.⁴

³McKinsey & Co, "Unlocking the full potential of women at work", 2012

⁴McKinsey & Co "Women as a valuable asset", 2012

Responding to the diversity challenge

The survey

In conjunction with Reed Smith, Winmark conducted a survey of businesses to determine not only their level of interest and commitment to diversity initiatives but also what programmes and practices they had put in place to achieve results.

- 78 leaders took part in the research. To qualify they had to be currently involved in gender balancing and/or strategy within their organisations at either Senior Management or Board level.
- 65% of respondents were female.
- 27% of the respondents were HR Directors with other common job titles including CEO, CFO, General Counsel, Non-Executive Director, and Heads of Talent and Diversity.
- 44% of organisations surveyed have annual revenues in excess of £1 billion and just 24% have revenues of less than £100 million.
- 14% of the FTSE100 participated in the research, while other organisations ranged from FTSE250 and internationally listed public companies, private companies, professional services firms, public sector and not for profit organisations.

Gender disparity in this survey is consistent with that of the business community as a whole. The median organisation analysed was made up of 49% women, with just 15% women on the Board and 20% on the Senior Management Team/Executive Committee.

Commitment to diversity is high but confidence to meet targets is low

The research shows wide variations in leader advocacy, organisational acknowledgement and investment in gender balancing. Figure 1 shows that 59% of those surveyed believe that their organisational leaders are active advocates of gender balancing, and 45% believe that gender balancing is widely acknowledged as a priority. But, as Figure 2 reveals, four in ten companies are not confident of meeting a target of 25% women on the Board and Senior Management Team/Executive Committee by 2015.

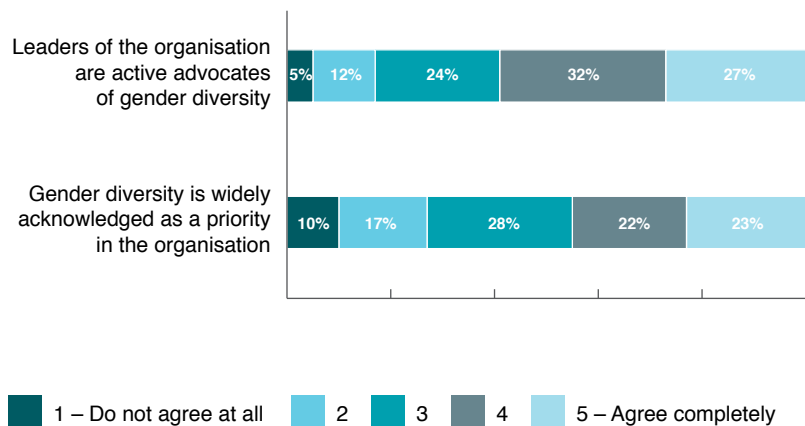
Figure 1

Attitudes to gender balancing – To what extent do you agree with the following statements?

59% believe that leaders are active advocates

45% believe that gender diversity is a widely acknowledged priority

40% are not confident that they'll meet their targets



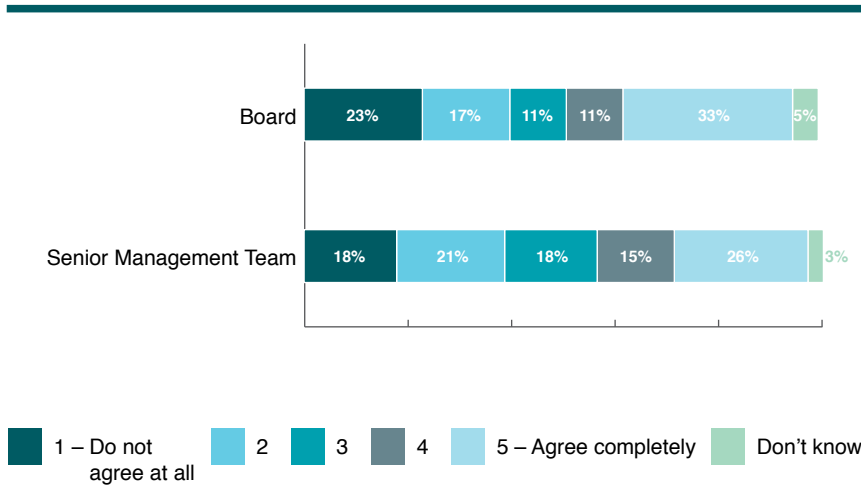


Figure 2
How confident are you that at least 25% of your board and management committee will be women by 2015?

Companies listed as their top three motivating reasons for their diversity commitment:

- Accessing the widest talent pool
- Improving reputation and image
- Being more responsive to the market

Other, less frequently chosen, motivations included:

- Improving financial performance
- Achieving better corporate governance
- Meeting imposed quotas

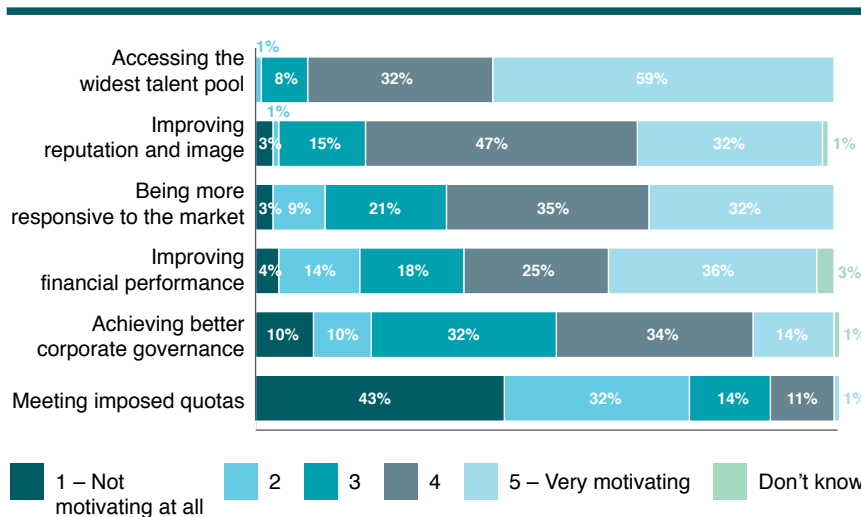


Figure 3
How motivating does your organisation find each of the following in the context of improving gender balancing?

The threat of quotas was considered counterproductive for their diversity efforts by 74% of the respondents. Interestingly, some 36% cited “improving financial performance” as not motivating (or were neutral), even though financial and political research has prioritised it as a key reason for achieving gender balance in business operations.

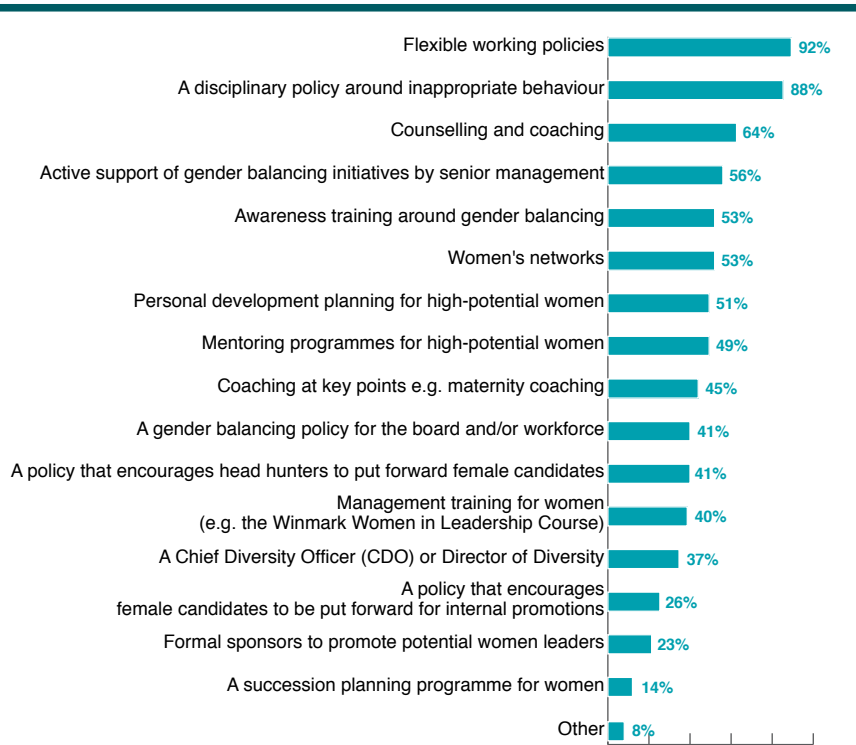
74% feel that quotas are counter-productive

Current diversity initiatives

Companies have developed a range of programmes and policies to address diversity initiatives and to accelerate the movement of women into senior management. As illustrated in Figure 4, “flexible working policies” emerges as the most popular in our survey.

Figure 4

Looking at the list opposite, which of these do you have in place to improve gender balancing in your organisation?



While some view these programmes as working, others question whether they are simply “window dressing”. Those who perceive their company’s commitment as real are likely to respond more favourably about their effectiveness, while those who question the reality behind the rhetoric remain sceptical.

In both cases, our research demonstrates that even after significant investment in a variety of programmes, the slow pace of change in female proportions within executive pipelines is evidence that much more needs to be done.

FLEXIBLE WORKING

policies, disciplinary policies, coaching and counselling are the most commonly implemented initiatives.

Issues holding back progress on gender balancing

Our survey confirms that most corporate leaders agree that women should be a greater percentage of senior management, and they are perplexed as to why the existing programmes aren't making progress toward their goals. Analysis reveals four reasons:

Viewing diversity as a
"Women's Issue"

Underestimating the
need for action

Unconscious bias

Making assumptions on
behalf of women

Viewing diversity as a "Women's Issue"

Diversity isn't about levelling the playing field or making things fair for women; it's about company performance and ultimately fiscal accountability. Companies with women on their board – and with women in senior management positions – are more profitable. If the leadership continues to think of diversity as something that should be achieved because women want it, their efforts will continue to be poorly supported, both by the women and by the other managers.

Programmes that have been put in place in an attempt to train women to be more like the men in the organisation simply result in more of the same groupthink. The numbers of senior managers may increase, but their input will not be diverse and innovative. 'Fixing the women' is clearly not the answer.

Underestimating the need for action

Many people are still in denial about diversity. Despite widely acknowledged research to the contrary and current poor proportions of women reaching senior management roles, only 31% of our survey agree that women are at a disadvantage in achieving senior roles compared to men, and just 6% strongly agree with that statement. Perhaps unsurprisingly, male leaders were less likely to agree with this statement (17% versus 37% amongst women).

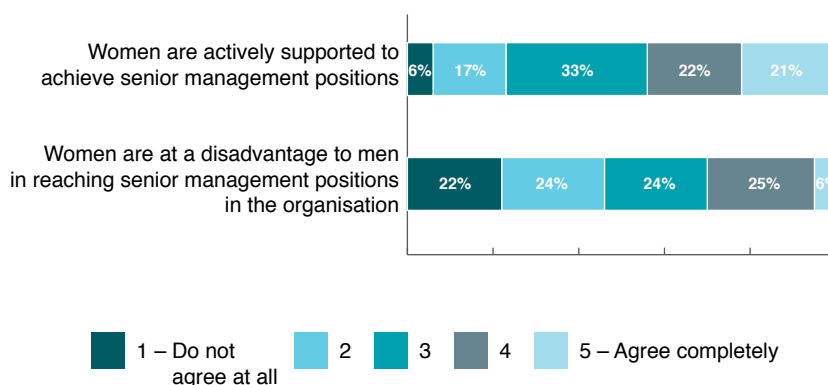
Some 43% of our surveyed leaders believe that women are actively supported to achieve senior management positions, and another 33% remain neutral on this question.

"If it is up to only women to inspire and find their voices on diversity, the road will remain less trodden. When we have the majority supporting gender balancing, things will really begin to change for the better."

Female director

Figure 5

Attitudes to gender balancing – To what extent to do you agree with the following statements?



If leaders aren't convinced that they should be doing anything differently – and perhaps are not even convinced that there is a problem – diversity initiatives are unlikely to succeed.

Some leaders see diversity as a government mandate or an HR programme to encourage workplace equality rather than as a business enhancement. Without clearly articulated financial benefits, gender balancing programmes are relegated to a lower priority.

“As long as incentives are designed to essentially ‘make women fit into the mind set of many men’, they will not work.”

Female professional

Making assumptions on behalf of women

If the diversity initiatives aren't working for businesses, perhaps that is because they are relying on their own expertise instead of asking the people for whom the programmes are being designed. Most of the programmes mentioned by the participants in our survey were created and developed by HR or diversity leaders, not by women in the talent pipeline.

As highlighted in the anecdote below, the lesson for the leaders looking to meet diversity targets is very clear: don't assume you know what women in your workplace want: Ask them.

Anecdote from Yahoo's new CEO Marissa Mayer

When Marissa was at Google, she had an employee, a valued executive engineer, who wanted to quit for “family reasons”. As part of her responsibilities, “Katy” was expected to participate in a conference call at 2:00 a.m. each day. Marissa knew that Katy had young children at home and thought that the return to the office in the middle of the night might be disturbing her children's sleep and thus causing stress for Katy. Marissa set about finding ways to solve Katy's problem – perhaps join the conference call from home, possibly schedule a rotation for the phone call so Katy wouldn't be returning every night.

Pleased with her creative solutions, Marissa approached Katy with some options. Katy was appreciative of her boss's efforts, but she didn't see them as the answer to her problem. She didn't mind the return to the office, but what was bothering Katy was something entirely different. Often, Katy confessed, she showed up late at her children's events because a meeting went overly long, for no important reason other than meetings tend to go long. And she hated having her children watch her walk in late.

For Mayer, this was a no-brainer. She instituted a Katy-tailored rule. If Katy had told her earlier that she had to leave at four to get to a soccer game, then Mayer would make sure Katy could leave at four. Even if there was only five minutes left to a meeting, even if Google cofounder Sergey Brin himself was mid sentence and expecting an answer from Katy, Mayer would say “Katy's gotta go” and Katy would walk out the door and answer the questions later by e-mail after the kids were in bed.

Unconscious bias

A study at Yale University⁵ found that if men and women had the exact same CV, men are more likely to get hired and to receive a higher starting salary. “The résumé raters were statistically more likely to rate the male candidate higher on competence and hirability and were also more likely to offer the male candidate a bigger salary and greater professional mentorship. By contrast, the hypothetical female applicants were rated more likable but less hireable”.

Despite progress made in reducing overt sexism in educated classes, subtle gender biases held by even the most egalitarian individuals still favour the belief fostered by cultural stereotypes that women are more likeable but less competent than men. Although leaders in our survey seemed to believe that gender bias is not a factor in their hiring and promotion practices, it appears that it often is.

Perhaps as important as this finding is the revelation in the research that women were equally guilty of bias against their own gender. The unconscious and subtle biases that impede the advancement of women hamper corporate efforts to meet diversity targets. Spending time and money on programmes to “help” women may, in fact, be counterproductive in that they feed the existing stereotype that they are less competent by virtue of their gender.

⁵Shirley Tighman, ed. Proceedings of the National Academy of Sciences, 12 October 2012

Part Two: Solutions to take Gender Diversity from Rhetoric to Reality

The companies in our survey represent some of the most progressive and successful enterprises in the UK today. In many cases they are sincere in wanting to improve the ratio of women to men in senior management positions as well as in Board positions and are willing to invest resources into efforts to make that happen. Determining which efforts will result in the greatest return on investment is, however, uncertain. This section of the report looks at the solutions that seem to be paying off, as well as those that need to be included in developing the pathway to success.

Change in culture

Key to any progress on diversity must be a change in culture to one that recognises the capability and competence of women. Recent studies have shown us that long-held and reiterated stereotypes have created a culture of bias (among both men and women) that needs to be exposed and dispelled if women are going to permeate the senior management ranks in any significant number.

The behaviours associated with a transformational leadership style

A 2004 study⁶ of leadership styles in corporate environments concluded that the transformational style is most appropriate for the fast-changing and competitive environments that we operate in. Transformational leaders act more as teachers or coaches than as traditional 'command-and-control' leaders who tell subordinates what to do. By motivating subordinates to respect them, they also act as role models and mentors, nurturing subordinates' talents and attending to their individual needs. Generally enthusiastic about the organisation's goals, transformational leaders are good at searching "outside the box" for new solutions to problems.

⁶A.H. Eagly, M.C. Johannesen-Schmidt, and M. van Engen. "Transformational, Transactional, and Laissez-Faire Leadership Styles: A Meta-Analysis Comparing Women and Men", 2003

Certain leadership behaviours are described as being characteristic of transformational leaders. Key among them are:

- **People development** – spending time teaching, mentoring and listening to individual needs and concerns
- **Expectations and rewards** – defining expectations and responsibilities clearly and rewarding achievement of targets
- **Role model** – being a role model, focusing on building respect and considering the ethical consequences of decisions
- **Inspiration** – presenting a compelling vision of the future and inspiring optimism about its implementation
- **Participative decision making** – building a team atmosphere in which everyone is encouraged to participate in decision making
- **Intellectual stimulation** – challenging assumptions and encouraging risk taking and creativity
- **Efficient communication** – communicating in a convincing way with charisma
- **Individualistic decision making** – preferring to make decisions alone and engaging others in executing them
- **Control and corrective action** – monitoring individual performance, including errors and gaps against objectives, and taking corrective action when needed

The researchers then analysed the frequency with which women and men exhibited those behaviours and found that women were more likely to apply these leadership characteristics than men were. In a subsequent study⁷ McKinsey & Co took that research a step further. They ranked the transformational leadership behaviours in order of their correlation to organisational excellence and thus corporate performance.

Of the nine behaviours, five were more often applied by women than men. More importantly, of the top five behaviours, women excelled in four of them and only ranked equally with men in the other. The two in which men performed better were the two ranked least important for commercial success.

When current leaders recognise that women are as capable – if not more so – at leading large organisations, there will be no need for quotas or special programmes to move them into senior management.

Reducing bias and gender stereotyping

We can't fix that which we don't know is broken. Creating a new culture of organisational excellence requires us to expose those attitudes that limit the acceptance of women as competent business partners.

Some companies in our survey have implemented training designed to reduce gender bias. One case study, reported overleaf, utilised a programme that incorporated a fable from *Building a House for Diversity* by Thomas Roosevelt and Marjorie Woodruff (Appendix 2).

⁷McKinsey & Co "Women Matter 2", 2008

Case study: The Elephant and the Giraffe

A male CIO in a global consumables business was asked to join an otherwise all female taskforce focused on gender issues to report back to the Board of Directors.

The Board was presented with an analogy based on the book "Building a House for Diversity" by Thomas R Roosevelt which begins with a short fable about how a friendship between an elephant and a giraffe is threatened when the house built for a tall, skinny giraffe cannot accommodate his invited guest, a broad, bulky elephant. The book is based on the premise that any archetype – whether gender, race, sector or industry – builds a system that is suited to that archetype and therefore unconsciously excludes others. Inclusion can be attained only if the excluded archetype is changed to conform to the original.

The presentation was hugely successful in revealing to the Board the nature of unconscious bias, an issue of which they were totally unaware. They began to examine the stereotypes that underlay the policies they had in place, and after further investigation, the taskforce identified a series of established practices that were alienating women. These included:

- The expectation of long working hours in the office
- Excessive travel
- Management meetings based around golf days
- The importance of evening social events
- Offsite meetings where the partners (typically wives) were invited to use the spa or have afternoon tea
- The requirement for international relocation with little consideration to supporting the partners of employees with employment relocation. The assumptions were often based on wives accommodating their husband's jobs.

Until the Board was made aware of the unconscious bias that alienated women, they could not devise a pathway for including them in the executive pipeline. Women were not part of the "ingroup" where decisions were being made and careers were being advanced; this exclusion made them part of the "outgroup".⁸

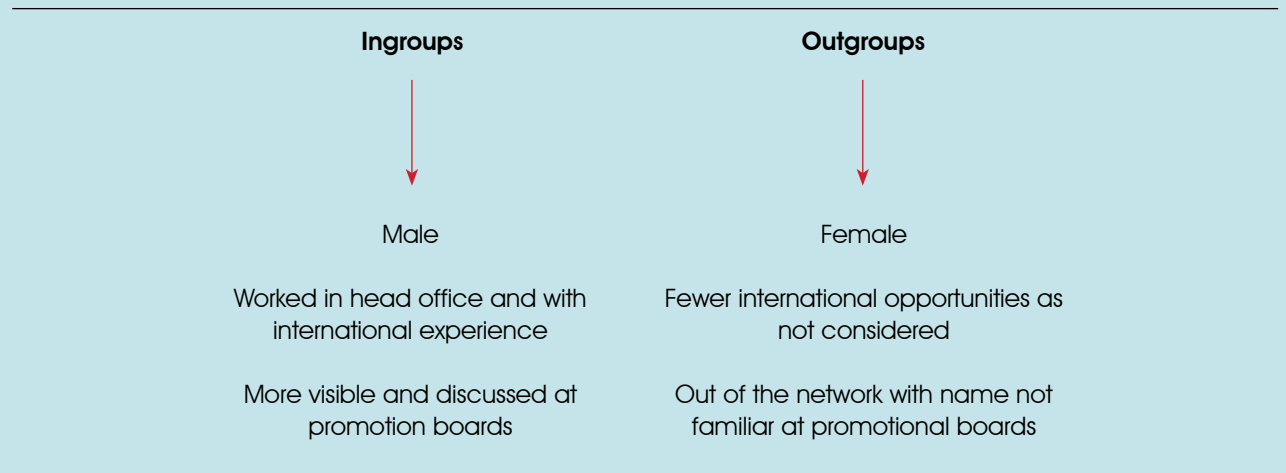
In the example overleaf, an insurance company discovered how its lack of female progression was founded on the existence of masculine ingroups. The proposed solution to the issue was simple but very effective.

⁸Binna Kandola, *The Value of Difference*
(Oxford: Pearn Kandola, 2009)

Global Insurance Company Case Study – Removing the biases of ingroups and outgroups

The organisation had an issue with gender balancing, particularly at leadership level. It became evident that women were not being considered for senior positions by the promotion board, but no one knew why.

The company went through a thorough external review process and consultation that explored a wide range of data and sought to interview people from around the company. The primary revelation of the review was the existence of ingroups and outgroups which explained why members of the outgroups, in many cases women, did not get the opportunities for promotion as their male counterparts.



Outcomes

Each member of the promotional board was tasked with finding out more about women in the company. Through this simple process alone, there was a fast and dramatic improvement in female names in the pipeline.

Culture change is multi-faceted. From the above case study, we can see how one company's efforts to bring about change started with the simplest of tasks: getting to know people who were not normally in the circle of influence. This step is recommended as a "best practice" to move the issue of diversity forward to the next stage.

Employing the most effective mix of gender balancing initiatives

Among the dozens of programmes being implemented by corporations to address the issue of diversity in senior management, almost all are directed at women only. Although our "best practices" dictate that diversity can be achieved only through a culture change that involves all members of staff – not just women – there are some current women's initiatives that are considered to be effective. Figure 6 shows the programmes being offered by those companies in our survey and charts them with the leaders' views on their effectiveness.

UNTIL THE BOARD was made aware of the unconscious bias that alienated women, they could not devise a pathway for including them in the executive pipeline.

Figure 6

Which of these do you have in place to improve gender balancing in your organisation? How effective do you feel each of these initiatives have been to improve progression of women in your organisation?



Notably, the most widely offered programmes are not necessarily the most successful. Ninety-two percent of our participant companies offer flexible working, but the efficacy of that initiative is not even in the top three. The most effective undertaking, sponsorship of potential women leaders, is offered by only 23% of the companies in our survey.

Sponsorship differs from mentoring in some very key ways. Mentoring focuses on grooming women to develop the proficiency to become leaders. The presumption in a mentoring relationship is that the woman needs guidance and instruction in order to reach the next stage of her career. In contrast, sponsorship is not a programme that aims to build skills in the potential executive but rather a process whereby the existing leaders in a company actively look for ways to get their protégés into the right circles to be noticed and promoted. The responsibility for success in this programme lies with the sponsor, not with the woman who is on the receiving end of the sponsorship. This is an important distinction because sponsorship is one of the few currently offered initiatives not aimed at the targeted women but rather at the system itself. It is very much a part of the culture change that this report advocates.

Succession planning, the least ubiquitous offering at only 14% of our survey, is judged to be one of the top three most effective and is included in the best practices section of this paper.

THE MOST widely offered programmes are not necessarily the most successful.

Five recommended steps

The process of effecting a culture change involves structured planning and implementation by all potential leaders in the pipeline. The issue is one of talent, not women, and the talent must be cultivated and utilised if companies are to compete in challenging financial times.

STEP 1 Establish a clear business case

STEP 2 Obtain real leadership commitment (not rhetoric but reality)

STEP 3 Focus programmes on leaders and future leaders (not just women)

STEP 4 Set incentives for compliance

STEP 5 Communicate successes and brainstorm failures to find improvements

STEP 1 *Establish a clear business case*

Key to achieving real success through gender balancing is understanding that this is not a woman's issue but a business issue. Every single individual in the enterprise, not just top management, must be convinced that having gender balance will result in better business practices and greater fiscal success. Building the business case, then, becomes priority #1 in effecting a culture change.

It is estimated that

- Women comprise about 51.4% of the population but make or influence 85% of all purchasing decisions
- In 31% of the marriages where both partners work, women now outearn their husbands
- One out of every 11 women owns a business
- Women purchase over 50% of traditional male products, including automobiles, home improvement products, and consumer electronics
- Women account for 58% of all online spending
- In the U.K. women are expected to own 60% of all personal wealth by 2025
- There are more UK female millionaires between the age of 18 and 44 than male
- Women earn 40% of the world's GDP

The role that women play in the global economy should not be underestimated. They are clients and customers of almost every business; in these roles, they are influencing the movement toward greater female representation at all levels of management, including the C-Suite and the Board.

Women in positions of influence have a direct link to the success of the organisation's efforts to reach an increasingly female marketplace:

"There is a strong link between the characteristics of an organisation (how masculine or feminine it is) and its ability to develop relevant marketing to the female audience. Respect for feminine differences, and therefore respect for female customers and employees, is essential to success."⁹

For decades, women's advancement has been seen as an issue of fairness and equality. But now it strikes closer to the corporate heart: it's a smart way to make money. This is further illustrated in the Diageo case study below.

Diageo: Working with women to target a new demographic based on an interview of Matt Barwell by Marketing Week¹⁰

Matt Barwell, consumer marketing director for Diageo Western Europe, was charged with targeting women as the new consumers of spirits. After months of studying the market, he recognised that focusing on women turns previous insight "on its head".

"We haven't been as good at marketing our brands to women as we need to be. Historically we've had the same belief that says if you target men then the women will follow, but having been married for 15 years I know from experience that that's not the case! Historically we've been overly focused on men and haven't fully understood how to grow our brands with women."

Initiatives

Diageo has chosen to put more emphasis on the power of design and aesthetics as part of marketing alcohol brands to women because women are a "better judge of aesthetics, and are much more articulate and discerning".

The company is increasingly working with all-female creative teams at its ad agency to influence the direction of brand communications targeting females.

Outcome

Diageo has seen the financial benefit of incorporating women into its network of management and suppliers. As the company proceeds toward transforming the landscape for their business, their own business case for gender balancing becomes stronger and stronger.

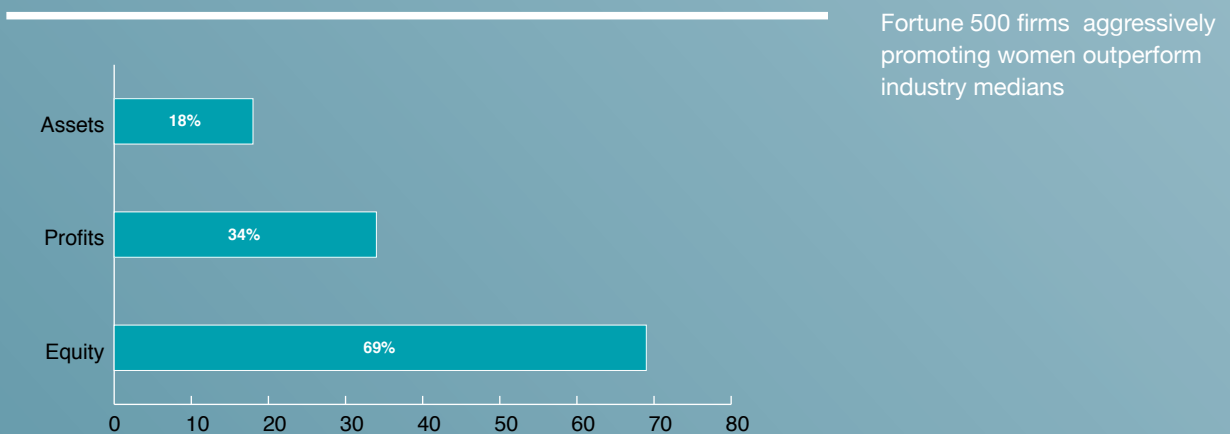
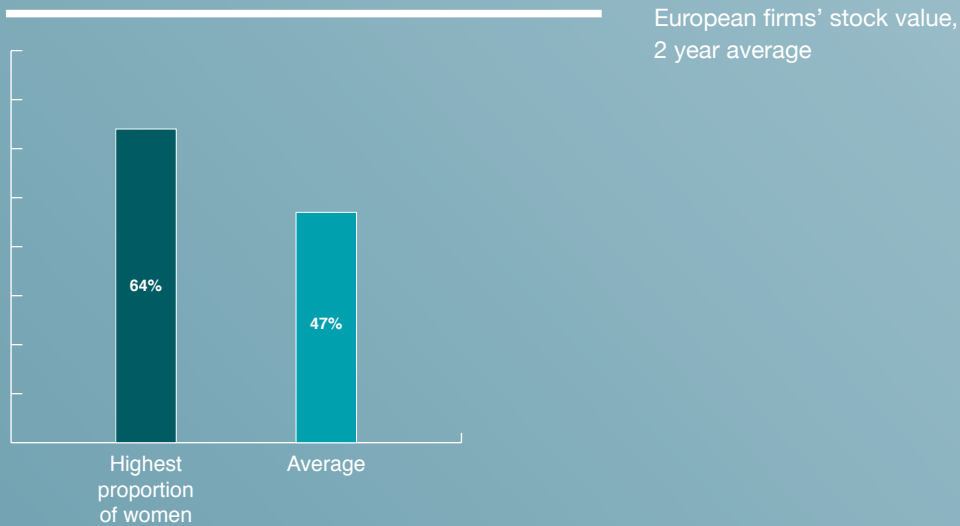
A side effect of the strategy that is increasing the appeal of Diageo's brands to women is that it is also improving the quality of Diageo's marketing to men, according to Barwell.

⁹Cunningham and Roberts, *Inside Her Pretty Little Head* (London: Marshall Cavendish Business, 2006)

¹⁰Rosie Baker, *Marketing Week*, 20 June 2012.

Linking gender balancing to financial performance

The relationship between organisational and financial performance and gender diversity in companies has been extensively analysed and reported by McKinsey & Co¹¹. Their research shows that companies with greater numbers of women at the highest levels of management were likely to have higher operating margins than those with few women leaders. Additionally, a Pepperdine University study¹² showed that when measured as a percent of revenues, profits at those Fortune 500 firms that most aggressively promoted women outperformed the industry medians on three measures. Calculated as a percent of revenue, their profits were 34 percent higher; as a percent of assets, they were 18 percent higher; and as a percent of stockholders' equity, they were 69 percent higher. Their results were published in the Harvard Business Review.



“We are convinced it is essential to accelerate the progress of women into senior positions, given the UK’s need to deploy the best talent available. This need is greater than ever in the current economic climate.”

A group of male executives who participate in a British mentoring program published a letter to the editor in The Telegraph

¹¹McKinsey & Co “Women Matter: Gender Diversity, a corporate performance driver”, 2007

¹²Adler, Roy D. “Women in the Executive Suite Correspond to Higher Profits” Harvard Business Review, 2001

STEP 2 *Obtain real leadership commitment (not rhetoric but reality)*

Some of the world's leading companies have executives who are firmly committed to gender balancing:

"I definitely think that it has all to do with business, in the sense that gender balancing is going to lead us to unlocking the resources that we have, the talent that we have, that we haven't unlocked until today."

Paul Bulcke CEO, Nestlé

Even though a significant percentage of companies in our survey claim to have full leadership commitment for diversity, responses from individuals in those organisations show that support becomes weaker the further down the organisation we look.

Taking the lead in prioritising gender balancing as a strategic objective, a CEO should be its chief advocate, signalling top down commitment to the financial benefits of the initiative. Those who delegate the monitoring of diversity to the Human Resources department find that support wanes at middle management levels, where that critical first loss in the talent pipeline occurs.

The success of gender balancing programmes is dependent on sustained leadership commitment to make diversity a core company value. It is important that this commitment goes beyond buy-in and support, but rather into genuine belief and engagement.

To our survey participants, it is clear that failure is commonly related to lack of leadership support. Some of their candid comments include:

"We have few to no initiatives that are actively supported by executive management and little to no money allocated to help with this. It lies on the strength of the people in charge of the networks and their volunteerism."

Female Director of Investment Operations, Global Investment Organisation

"Initiatives are not taken seriously by male colleagues who are in the majority in senior management."

Female General Counsel, Global Automotive Organisation

"We are a complex organisation with a devolved management structure. Without a clear visible objective and commitment from the management, it could be argued that there is little appetite for progress."

Male Diversity & Equality Officer, Higher Education Organisation

"There is a strong dislike of quotas and preferential treatment, so development and other support for women are not supported."

Executive leadership commitment must be reflected in the level of resources allocated to the issue. Moving from rhetoric to reality takes a significant investment of both money and time.

STEP 3 *Focus programmes on leaders and future leaders (not just women)*

Recognising that gender balancing in leadership roles is good for business leads to the next action: developing the leaders to fill those roles. Five best practices have emerged for helping enterprises move smoothly into an evolved management team.

A. Reduce unconscious bias

As delineated earlier in this paper, reducing unconscious bias is the initial step in creating a gender-balanced team, but this is probably not something that an entrenched management structure can do without outside help. Many good consulting companies offer programmes designed to create awareness of biases. Critically important, though, is to ensure that all potential leaders, male and female, are invested in the learning, since we have seen that women as well as men have been guilty of subconscious stereotyping.

B. Take a consultative approach

Both in assessing options and delivering gender balancing initiatives, a consultative approach is important. Lessons learned here include the following:

1. When setting up initiatives, consult a cross section of those that will be in a position to participate. The feedback will provide a useful indication of how likely the initiative is to succeed, will generate ideas for delivery and will drive the messages to make the initiative appealing and engaging.
2. When dealing with situations that relate to diversity, avoid drawing conclusions without consulting the individuals concerned. Taking a consultative approach is particularly useful when considering options around maternity cover, international placements/travel and other career moves that require high workload. Through candid and honest discussion, much more objective and effective outcomes can be reached.

C. Develop a full sponsorship programme

Many men have informal sponsors to help them engage in the process of moving into senior management. Setting up a formal sponsorship programme can ensure that gender balancing is addressed as these future leaders are being positioned for the next level in the organisation. In our survey, formal sponsorship to promote high-potential women leaders was identified as the single most effective initiative to improve progression. Yet fewer than a quarter of organisations have a sponsorship approach in place.

Why sponsors are important – Unconscious bias, in many cases, has meant that women have not had the same opportunities to benefit from sponsors as men. Since sponsorship is a proven path to help leaders progress, it represents a major opportunity to achieve a better gender balance.

How it works – Potential leaders are allocated a sponsor who will typically be on the Executive Team, and that person is held responsible for creating opportunities for that individual. Opportunities include exposure to the board, leadership training, and the opportunity to join in networking at the highest levels of the organisation. By being accountable for ensuring that the candidate reaches an appropriate senior position, leaders are incentivised to ensure their sponsorship is effective.

Benefits – The sponsor gives the candidate a clear path to achieving an executive role. As an additional benefit, the process engages senior men in the organisation with the high-potential women and generates greater momentum for the sponsorship programme.

MANY MEN have informal sponsors to help them engage in the process of moving into senior management. Setting up a formal sponsorship programme can ensure that gender balancing is addressed as these future leaders are being positioned for the next level in the organisation.

Investment Banking Case Study – Driving Leadership Diversity through a formal Sponsorship Programme

Impetus

In 2009 the organisation recognised that increasing female proportions at the Executive level required active intervention. Sponsorship was seen as critical to increase gender balance from the top, build an executive talent pipeline and increase senior role models.

Objectives

The Senior Sponsorship programme was launched in 2009 with the objectives of increasing:

- The number of women eligible for the most senior positions in the firm
- The number of women in senior revenue producing roles
- The number of women direct reports to the Group Executive Committee members
- The number of women in senior roles in the regions

Approach

Sponsors provide:

- Guidance on career management and progression, access to and development of personal networks, practical advice on leadership
- Improved exposure of their protégés to the Group Executive Committee and the level just below
- Involvement in strategic business discussions and conferences
- Involvement in cross divisional projects and strategic discussions

Programme components:

- One to one quarterly meetings with a sponsor from the Group Executive Committee
- Bi-annual meetings with the Chairman of the Group Executive Committee
- Preparations for board appointments; training on executive presence, strategy, and leadership across cultures; building sustainable networks

Outcome

- Fifty percent of participants have already moved into larger roles, some more than once, demonstrating the success of the sponsorship programme
- Participant women play an active role in promoting gender initiatives and act as visible role models.
- The initiative has created significantly more dialogue between the senior men and senior women in the firm. Senior leaders now compete to get their women into the programme.
- Participants support one another to solve business problems and stay connected outside the confines of organised activities.

D. Utilise succession planning for all targeted future leaders

Succession planning programmes for women are infrequently put in place; however, companies in our survey listed them in the top three most effective initiatives.

Why succession planning is important – Succession planning is important for organisations to ensure they have candidates in place who are capable of taking high profile roles. For individuals, succession plans are important to ensure visible opportunities for progression.

How it works – Succession planning involves identifying high-potential candidates at a specific level in the company and actively planning their career paths so that they are ready for senior management roles. Succession planning is linked to personal development plans so that assignments, experiences, and development can be planned to prepare a high-potential candidate for the job.

Benefits – An effective succession planning programme will enable organisations to fill executive positions with high-potential women who have the required experiences and exposure to excel in the role. In the context of gender balancing, this approach is critical in helping companies ensure they can actively plan when specific individuals will be in position to take specific roles.

Kantar Case Study – Succession planning to drive the female leadership pipeline

Kantar is one of the world's largest insight, information and consultancy networks. Following the recruitment of a new female Chief HR Officer, the organisation carried out a detailed analysis of diversity through its network and identified a lack of female leaders. With the full support of the Global CEO, the organisation embarked on a continuous programme to improve gender balance, initially focusing on identifying high-potential women to feed into succession plans.

"When you come into an organisation there is only a short amount of time where you notice things as being in need of change which for everyone else are just business as usual. The CEO said to me that you have carte blanche in your first board meeting to call out everything you have observed during the course of your first 90 days that you believe is challenging the way we operate."

Chief HR Officer

Succession planning approach

For the top five levels of the organisation a global talent review is now carried out twice yearly. Following this across the entire global business, organisational charts are developed with women highlighted in red for each business so that female representation is immediately visible. If proportions are low, leaders have to demonstrate the steps they are taking to rectify the issue over time.

Lessons learnt

1. By colour coding the organisational charts, the Chief HR Officer is able to clearly represent the extent of the issue and continuously reinforce the requirement for change.
2. In formalising and refocusing assessments to include ambition and potential, the succession planning process is constantly updated, repositioning candidates based on their potential and removing those whose career interests lie in a different direction.

E. Adjust programmes for the motivations of different genders and generations

Developing future leaders for the challenges of management in a diverse environment requires an understanding of what motivates the different generations as well as the different genders. Tomorrow's leaders will be women and men from Gen X and Gen Y (also known as the Millennials), who generally fail to respond to the same incentives and stimuli that inspired their workaholic parents. Keeping these generations of young women in the leadership pipeline may call for a different approach.

Gen X-ers are independent, resourceful, and self-sufficient. In the workplace, they value freedom and responsibility, often manifested as a disdain for authority and structured work hours. They particularly dislike being micro-managed and feel that work organisations should be egalitarian and respectful of all levels of contribution.

The Millennials are, according to a recent article in the Washington Post, the "confident generation". They know their own minds and will openly express opinions that differ from their peers or their management. They have embraced the concept of "thinking outside the box" and often play devil's advocate in order to stimulate original ideas or to search for solutions

in new directions. Preferring collaboration to competition, these young professionals like working in cohesive teams. They welcome and respect differences amongst themselves, eagerly seeking the spark that may produce a “Eureka” moment.

Future leaders should encourage these new work methodologies because they represent a microcosm of the business model that diversity brings. Differences are encouraged, not minimised, resulting in greater productivity and better decisions.

“If it gets measured, it gets done.”

Female HR Director

STEP 4 *Set incentives for compliance*

Leaders are accustomed to being measured against objectives for the financial and operational elements of the business. Including and prioritising gender balancing objectives into that system will ensure that all levels of management are motivated to reach the company’s goals.

To build a diverse executive pipeline, organisations must identify high-potential women early in their careers. Successful companies have developed a central tool for measuring proportions of women through their organisation and transparent, rigorous and objective metrics to assess talent.

Engaging and incentivising headhunters

To continue to feed the talent pipeline for a gender-balanced leadership, headhunters must be engaged to support the corporate objectives. The following approaches are recommended:

- Seek headhunters with a focus on diversity and communicate to them the priority of gender balancing within the organisation. If headhunters have a good reputation in this regard, it will be more likely that they will have built their network to include a stronger range of diverse candidates.
- Challenge headhunters to put forward diverse candidates. Some organisations insist that every shortlist must include at least one female candidate, and in some cases insist on at least an even split or at least a percentage of female candidates that is reflective of the estimated representation within the target candidate population.
- Encourage headhunters to focus on objective skills rather than reverting to finding candidates that are like the predecessor, or that they feel would ‘fit in’. This requires much stronger briefing processes and more effort on their behalf; however, such endeavours will clarify what is necessary and important as well as help to remove bias.
- Convince headhunters to widen the target candidate population by giving serious consideration to those candidates who may not be an immediate 100% fit. Widening the candidate pool will increase the diversity of candidates. Headhunters will not invest the time to source such candidates if their clients do not engage or consider them in the long run.

With any change process, measurement is absolutely critical to: a) clarify the starting point, b) set targets around a desirable outcome, and c) track progress. Targets must be specific and quantifiable, with some recognition that diversity should occur in every element of the business, not just a few. For example, as Avivah Wittenberg-Cox noted,¹³ if the objective is to have 25% women in the leadership pipeline, can we really conclude that the goal is met when support functions are 80% female and operational functions are 80% male? These issues and similar ones need to be considered when objectives are being set.

¹³Wittenberg-Cox, Avivah, “3 Diversity ‘Best Practices’ that Hurt Women”, 2012

Case Study Example – Measurement of staff diversity perceptions

Staff satisfaction surveys are used by 62% of companies surveyed, and many have found it useful to incorporate diversity related questions to better engage and understand the wider employee base.

“Every two years we run a People Survey that all staff are asked to complete. This includes some Agree/Disagree statements in relation to Diversity & Inclusion, for example ‘All employees have equal opportunity to advance regardless of any personal characteristic or circumstances’”.

Female Head of Corporate Affairs and member of Executive Committee,
Global Professional Services Firm

The statements below are the diversity questions from PepsiCo's Organisational Health Survey¹⁴

- “My company supports my efforts to balance my work and personal life.”
- “I feel this is a company where I can have a successful career.”
- “Since PepsiCo implemented Inclusion training, I have seen improvements in our culture; it is more inclusive.”
- “Senior management (your senior leadership team) has taken ownership for the company's diversity and inclusion initiatives.”
- “My manager supports and encourages my involvement in diversity and/or inclusion related activities.”
- “I see diversity reflected in the management of this company.”
- “My manager recognises diversity as a business imperative and takes specific actions to drive it.”
- “My work group has a climate in which diverse perspectives are valued.”

Some gender balancing measurements may include:

- Proportion of female representation at levels throughout the organisation, including in succession plans.
- Quantification of the success of specific initiatives.
- Degree of staff satisfaction and customer/client receptivity.

¹⁴Anna Marie Valerio, *Developing Women Leaders: A Guide for Men and Women in Organizations* (Malden: Wiley & Sons, 2009)

Three hallmarks of effective metrics

Measures should be specific, measurable and accountable with timelines set to achieve outcomes:

Specific	<ul style="list-style-type: none">– Measures should be targeted to achieve short, medium and long term goals. These should all be aligned to the overall diversity strategy of the company.– When launching new initiatives, plan for short term wins to gain crucial momentum. Often organisations should look to set targets to improve female numbers in the talent pipeline, rather than harder-to-achieve objectives around women Executive Directors for example.
Measurable	<ul style="list-style-type: none">– Gender balancing lends itself well to visual representation. Efforts should be made to graphically chart male and female proportions. By using colour coding, for example, gaps become visible and easily tracked.– Ensure that measures are comparable across individuals, departments and geographies. Tracking progress with competitive pressures can become a highly engaging incentive.
Accountable	<ul style="list-style-type: none">– Managers through the business should be held accountable for ensuring that targets are achieved. This includes top management to local and more junior managers.– Measurements should be both personal and departmental. For example, metrics can cover numbers of women at specific levels of the department as well as personal targets around numbers of direct reports and protégés.– Rewards and sanctions for performance can be included in personal development plans for leaders, in bonus calculations and in sanctions around central intervention in department management.

Figure 7 highlights the measurements our surveyed organisations currently have in place to monitor gender balancing. The most frequently tracked are those directly related to senior roles. Other measurements mentioned include:

- Number of female graduates/trainees
- Turnover rates of women at levels through the company
- Feedback from Women’s networks and forums
- Utilisation of flexible work arrangements
- Promotion rates
- Representation of women in succession plans
- Percentage of Diversity Action Plan objectives completed.

Figure 7
How do you measure the success of your gender balancing initiatives?



Once objectives have been set and measurements have been quantified, managers should be incentivised to accomplish them and asked to justify any deficiencies in doing so. Middle managers in particular need to buy into the corporate enthusiasm for gender balancing in order for the initiatives to succeed. If the leadership has effectively communicated the business benefits of diversity, this objective will become just as important as any other financial or operational target.

STEP 5 *Communicate successes and brainstorm failures to find improvements*

From the survey results, it is highly evident that any success in attainment of objectives has follow-on benefits that enable the organisation to maintain and increase real momentum.

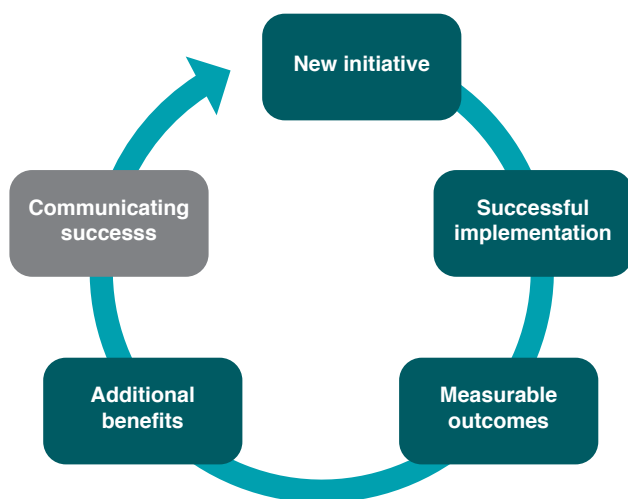
Direct additional benefits

- Newly promoted women leaders become role models for others in the organisation.
- Those involved in initiatives become advocates.
- Those that are hired externally recommend the organisation to their external network.

Indirect additional benefits

- Departments improve performance.
- Customer satisfaction or employee engagement improves.
- Media attention occurs, and external awards may be won.

It is important that organisations capitalise on successes and drive the diversity agenda forward. There is no room for complacency. The diagram below illustrates how the communication of success can start to build a virtuous circle of progress.



Organisations should consider the methods available internally and externally to communicate most effectively the successful outcomes of their activities. Options cited by the participants in our survey include:

- Developing a diversity intranet
- Carrying out internal briefings with managers of both genders
- Engaging investors through CSR and sustainability reports
- Engaging leaders across the business through roadshows
- Developing PR and news items
- Promoting successes to potential recruits and recruiters.

As momentum toward gender-balancing builds within an organisation, the communication process becomes self-propagating. The important thing for initial communiqués is to report on any recognised success, however small it may seem, in order to show progress toward the ultimate objective.

IT IS IMPORTANT that organisations capitalise on successes and drive the diversity agenda forward. There is no room for complacency.

Tailoring the gender balancing initiative

The five steps outlined provide a framework for successful implementation of gender balancing initiatives, but the approach is by no means prescriptive. Individual organisations have to consider their own objectives for talent and financial success when structuring a plan to meet goals. In the example below, the action plans of three companies show different ideas for gender balancing, but each one has maintained the core values of the five steps.

	A global financial services corporation	Global consumables corporation	Regional housing association
Problem definition	<p>Limited talent pool in a male dominated sector</p> <p>Changing client groups becoming less satisfied with all male teams</p> <p>Group thinking stifling innovation</p>	<p>Losing highly talented women in which the organisation has invested</p> <p>Concerns about being out of touch with a highly diverse customer base</p> <p>Limiting the talent pool</p>	<p>Lack of female representation at a leadership level</p> <p>The company brand not connecting with customers</p> <p>Employee retention and loyalty</p>
Objectives	<p>Proactively increasing female representation through the Bank</p> <p>Developing a leadership talent pipeline designed to increase female representation at the top</p> <p>Fair and objective assessments</p>	<p>Retaining women through the organisation</p> <p>Reducing unconscious bias that resulted in women being alienated</p>	<p>Giving equal opportunities to all</p> <p>Engaging with local communities</p>
Measurable outcomes	<p>The leadership pipeline</p> <p>Numbers of women in senior roles across regions and departments and at all levels</p>	<p>The numbers of high-potential women at each level of the company</p> <p>Number of women at General Manager level</p> <p>Exit interview findings</p>	<p>Employee satisfaction</p> <p>Customer satisfaction</p> <p>The numbers of women in leadership roles</p>

“People want to work for us and with us.”

Male CEO

Conclusion

Current media and political attention to gender balancing indicates that FTSE350 leaders are at least aware of the issue and indeed are, for the most part, also cognisant of the benefits. The next step is to take gender balancing from rhetoric to reality in those and other organisations.

There are almost as many diversity programmes as there are companies trying to implement them. This hit-or-miss approach has created a flurry of activity but very few positive results. Some managers are getting “diversity weary” as they go to meeting after meeting to learn how to implement some new policy that seemingly favours one group over another. If plans aren’t put in place for real progress to be made soon, backlash may occur. In fact, it may already be starting; Steve Moxon, author of *The Woman Racket*, recently told the parliamentary business select committee on Women in the Workplace that women were biologically unfit to be leaders and that all of the efforts toward gender balancing are infringing on men’s rights. It is imperative, then, that companies develop well-formed plans, based on solid business principles, to bring diversity of thought and experience into their executive ranks. To that end, our survey participants have led us to the five steps recommended in this report by telling us what works and what does not work in their organisations.

Gender balance is a strategic tool. It’s the right thing to do, and it’s a means of becoming more profitable and more successful, rather than an effort to make work fairer to women. It’s not about women. It’s about balance. And that’s just plain good business.



Appendix 1 – Research Methodology

The research was compiled through consulting leaders of some of the most prominent organisations in the UK and beyond. To be eligible to participate, individuals had to be involved in strategic discussions at board and/or executive committee level on the subject of gender diversity. This ensured that we captured high quality insights from those that are actively engaged in driving gender diversity in their business. The survey data and subsequent case study interviews have been supported by in-depth desk research of secondary sources to present a rounded and objective report.

About the survey participants

78 leaders of organisations took part in the survey. The most common job titles were HR Director (27%), General Counsel (16%), CEO/Managing Director (6%), CFO/Finance Director (6%) and Non Executive Director (6%), with a range of others including COO, Chief Talent Officer and Chief Diversity Officer.

Figure 8

Which of the following best describes your organisations?

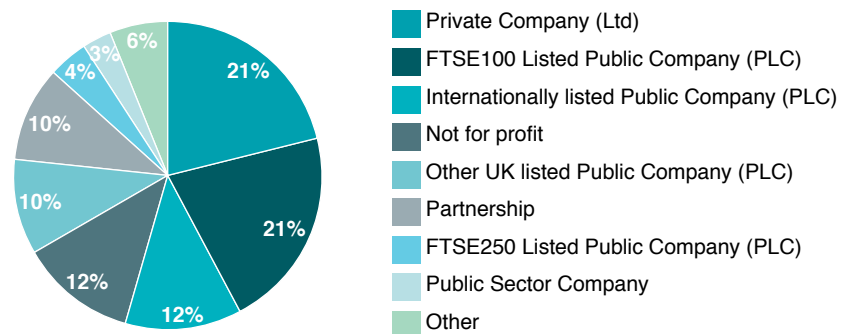
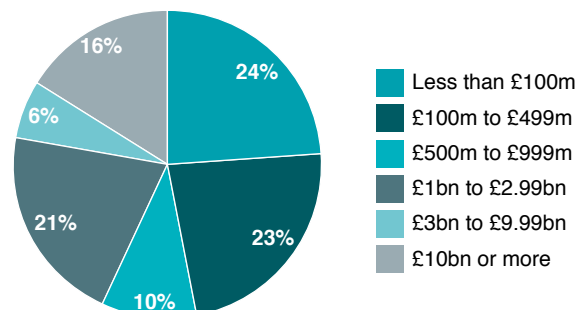


Figure 9

What is your organisation's annual turnover, based on the most recently completed financial year?



The organisation types and annual revenues of participating firms are broken down below.

Following survey participation, selected participants were asked to discuss responses in much more detail to provide case study examples of practical steps taken.

Appendix 2 – The fable of the Elephant and the Giraffe

In a small suburban community just outside the city of Calabria, a giraffe had a new home built to his family's specifications. It was a wonderful house for giraffes, with soaring ceilings and tall doorways. High windows ensured maximum light and good views while protecting the family's privacy. Narrow hallways saved valuable space without compromising convenience. So well done was the house that it won the National Giraffe Home of the year Award. The home's owners were understandably proud.

One day the giraffe, working in his state of the art wood shop in the basement, happened to look out the window. An elephant was coming down the street. "I know him," he thought. "We worked together on a wood-project. He is an excellent woodworker too. I think I will ask him to see my new shop. Maybe we can even work together on some projects." So the giraffe reached his head out of the window and invited the elephant in.

The elephant was delighted. He walked up to the basement door and waited for it to open.

"Come in, come in," the giraffe said. But immediately they encountered a problem. While the elephant could get his head in the door, he could go no farther.

"It is a good thing we made this door expandable to accommodate my wood shop equipment," the giraffe said. "Give me a minute while I take care of our problem." He removed some panels to allow the elephants in.

The two were happily exchanging woodworking stories when the giraffe received a telephone call from his boss. The giraffe told the elephant. "Please make yourself at home; this may take a while."

The elephant looked around, saw a half finished project on the table in the far corner, and decided to explore it further. As he moved through the doorway that led to that area of the shop, however, he heard an ominous scrunch. He backed out, scratching his head. "Maybe I'll join the giraffe upstairs," he thought. But as he started to climb up the stairs, they began to crack. He jumped off and fell back against the wall. It too began to crumble. As he sat there dismayed, the giraffe came down the stairs.

"What on earth is happening here?" the giraffe asked in amazement.

"I was trying to make myself at home," the elephant said. The giraffe looked around. "Okay, I see the problem. The doorway is too narrow. We will have to make you smaller. There's an aerobics studio near here. If you would take some classes there, we could get you down to size."

"Maybe," the elephant said, looking unconvinced. "And the stairs are too weak to carry your weight," the giraffe continued. "If you'd go to ballet class at night, I'm sure we could get you light on your feet. I really hope you will do it. I like having you here."

"Perhaps," the elephant said. "But to tell you the truth, I'm not sure that a house designed for a giraffe will ever really work for an elephant, not unless there are some major changes."

For further reading

CNBC Small Business, 17 September 2012

Erika Cristakis, "Why are Women Biased Against other Women", *Time Ideas*, 4 October 2012

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About Winmark

The purpose of Winmark is to enable people in leadership roles to take full advantage of their time in role. This is not only beneficial to the individual, but also raises the profile and improves the performance of the business for which they are responsible. This is good for them, the organisations they serve and the many people who benefit from their activity.

Winmark is a 'world class' standard in the management of membership communities and has been a leader in this field since 1996. Today, over 1,000 directors choose Winmark networks to source new ideas, learn from the best of their peers, and to keep abreast of cutting-edge management best practice. Member organisations range from the largest FTSE & Fortune companies to Central Government Departments, representing trillions of dollars in revenues and millions of people in global headcount. To meet their thirst for management know-how and valuable contacts Winmark works closely with the leading industry experts, Institutes and Business Schools, including Oxford, Cranfield and London.

"Business leaders are in the wealth creation business and have the ability to improve the lives of millions of people. Give them a safe environment, access to the best know-how and people, and support them along the way, and they will do exactly this."

John Jeffcock, Chief Executive, Winmark

Contact

John Jeffcock, CEO

+44 (0) 20 7605 8001 | John.Jeffcock@winmarkeurope.com

www.winmarkeurope.com

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Contact

Tamara Box, Head of Structured Finance and Founder member of the 30% Club Steering Committee

+44 (0)20 3116 3658 | TBox@reedsmith.com

Lynne Freeman, Partner and Head of Women's Initiative

+44 (0)20 3116 2926 | LFreeman@reedsmith.com

Richard Swinburn, London Office Managing Partner

+44 (0)20 3116 3604 | RSwinburn@reedsmith.com

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