

Women in Leadership

Inspire, Influence, Ignite



Introduction

Women in Leadership – Inspire, Influence, Ignite

Women face a unique set of challenges when progressing into senior leadership positions. From unconscious bias and a scarcity of role models, to a peer group that shrinks the more senior they become, women must rise to challenges that are not encountered by most men.

Beyond the larger cultural debate happening around the changing nature of a woman's role and the creation of greater diversity in all areas of society, what do we need to do in the professional sphere to shift perceptions as well as the underlying working reality?

To move from trending hashtags to boardroom action requires concrete policies and dedicated endeavours. It firstly requires making the business case for why we should aim for greater gender diversity and secondly actually delivering positive gender diversity outcomes within your organisation.

So, let's move away from the television debates and focus on where we actually are as a working culture, how diversity can positively shape an organisation, how to get there, and how it could be the equivalent of installing high-speed broadband while your competitors are using a dial-up modem.

“Women hold 48% of positions at the lowest level of management surveyed, with this proportion decreasing at each level of seniority, falling to 19% of CEO positions”

Women in Management – the Leadership Pipeline Report 2017

Source: 30% Club

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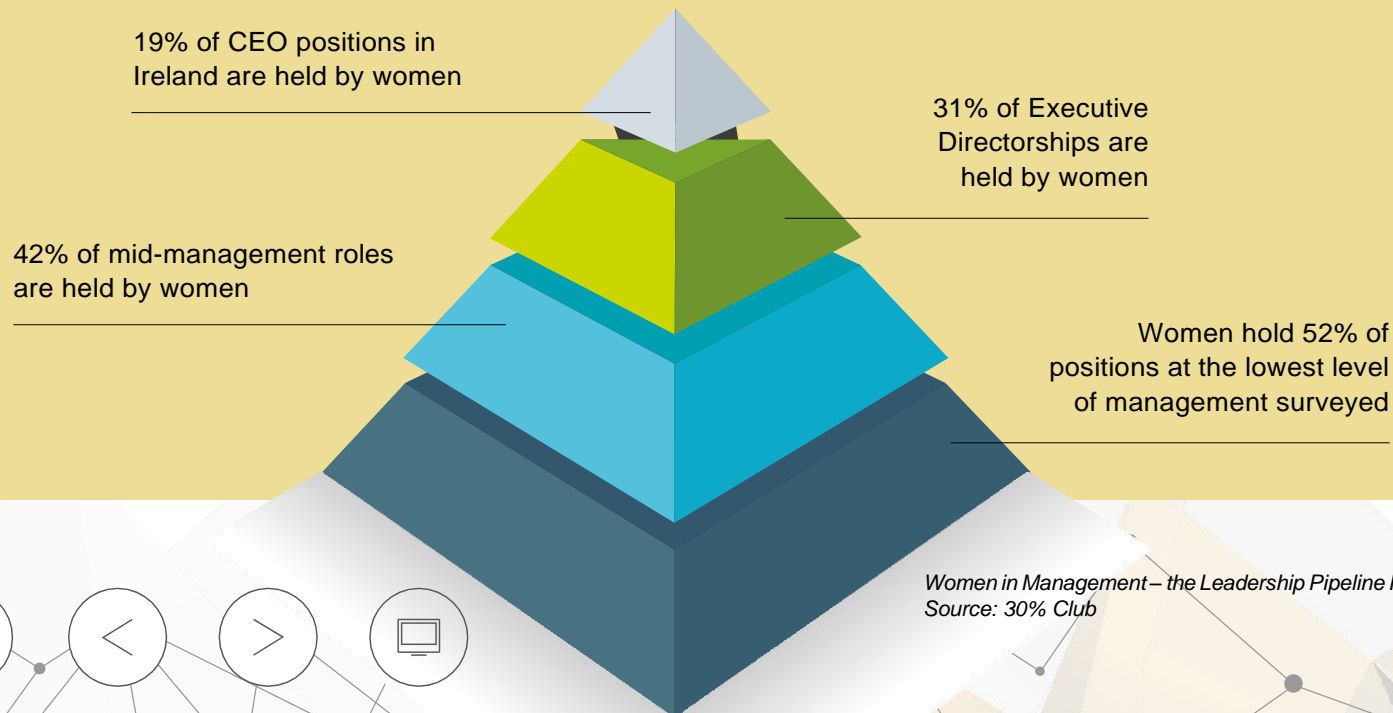
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01 The State of Play

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Consider first the skills – basic, quantifiable requirements for any role. An estimated 60% of global college graduates are women and 40% are men (source, OECD), but this is not translating to a similar gender breakdown in senior leadership positions. Is this just a matter of time? Once this greater volume of women works their way through the ranks, will the balance naturally correct itself?

Unfortunately, the evidence does not point that way.



Women in Management – the Leadership Pipeline Report 2017
Source: 30% Club

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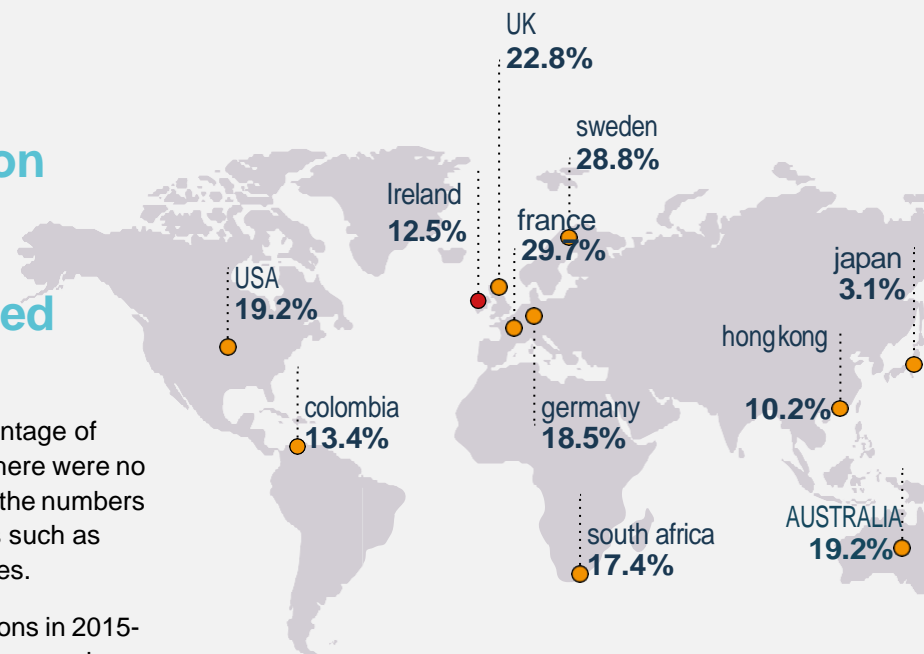
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A look around the globe

Taking the top level – female representation on boards of indexed companies – no country can claim to have achieved parity yet.

Diving deeper within Ireland, the highest percentage of female CEOs is in the food sector at 50%, but there were no female CEOs in the construction industry when the numbers were recorded and low levels in critical sectors such as technology, manufacturing and financial services.

Globally, women made up 16.3% of CEO positions in 2015-2016 and, as a snapshot of the world's largest companies, held 5.2% of CEO positions at S&P 500 companies.



The above figures represent female representation on boards of indexed companies around the world.

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The Rules of the Game – Inhibitors

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At each new professional level, a women reaches there are unique factors that can either halt upward mobility progression or propel it forwards and that are not linked to the individuals talent and experience.

The terms 'inhibitors' and 'accelerators' have been coined to define these factors. In 2018 Sterling Development conducted a focus group with 50 top EU female leaders to classify the inhibitors that hold back progression, and the accelerators that can drive it forward.

In this next section, we will look at the inhibitors.



“The era of being the only woman in the room is behind me. For years I’d be the only woman in the room and the youngest. That rarely happens now.”

Sinead McSweeney,
Managing Director, Twitter Ireland

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Organisational Inhibitors

Organisational Culture

Organisations that don't actively encourage a culture of inclusion and diversity can let the opposite happen through default. Without internal buy-in and formalised processes for balancing candidate pools, greater diversity balance will remain lacking.

Unconscious Bias

Everyone has biases and they can be difficult to change, but our inherent unconscious biases will create barriers we can't even see. Challenging these openly, and training to spot them, will create new conversations and ways of thinking.

These biases can demonstrate themselves in rather strange ways. For example, a study by Queensland University found that blond women's salaries were 7% higher than women who were brunettes or redheads.

Diversity Agenda

Because of inhibitors like unconscious bias, there is a need to create a formalised policy supported by senior management. Through increasing awareness amongst line managers and other leaders, the females working their way through the ranks will experience fewer barriers to progression.

Lack of Transformative Roles

There is strong evidence - more details later - that women are not given and often not even considered for roles, that will accelerate their careers. This is especially true for commercially focused projects at mid-manager level. Without the opportunities to take on these roles, an experience gap develops which hinders upward mobility.

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Personal Inhibitors

Confidence

Women can be less vocal about career opportunities and often, especially when compared to men, fear they do not have the skills required for a new position.

Self-Awareness

Men are good at building their brand, while women have a tendency not to focus on themselves and their own career ambitions. Consciously creating a personal brand and taking opportunities to build a personal network are vital steps to 'getting ahead'.

Motivation

Women often self-select themselves from progression due to guilt and the feeling that they will struggle to strike the right work-life balance. There is also a perception that involvement with office politics is necessary for such progression.

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02 Changing the Rules – The Concrete Benefits of Diversity

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Why should a shareholder care about diversity in the organisations they invest in? Taking this angle, what we are really asking is if greater diversity in leadership positions will lead to greater monetary value. In other words, will a diverse organisation be more profitable?

Consider the facts:

- Companies with the most women board directors had 16% higher Return on Sales (ROS) than those with the least, and 26% higher Return on Invested Capital (ROIC).
- Companies with *sustained high representation* of women board directors significantly outperformed those with sustained low representation by 84 percent on ROS, by 60 percent on ROIC, and by 46 percent on ROE (return on equity).
- MSCI (an American provider of equity, fixed income, hedge fund stock market indexes, and equity portfolio analysis tools) found that companies with “strong female leadership” (primarily measured by women on boards) were correlated with higher Return on Equity (ROE) than companies without (10.1% vs. 7.4%), as well as a superior price-to-book ratio (1.76 vs. 1.56).



“Women make more than half of all global purchases and boards that represent that customer base will have better intuition for their needs.”

Huber & O'Rourke, McKinsey, 2018

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The Definition of a Leader

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Leaders are the driving force behind any organisation's success, but the definition of an effective leader has changed. It has not changed because of shifting ideologies, but because of evidence.

A 2012 study in the Harvard Business Review of 7300 leaders (rated by their peers, supervisors and through direct reports) showed that women scored higher on 12 of 16 key skills of a modern leader. Skills like developing others, building relationships, collaborating, practicing self-development, taking initiative, driving for results, solving problems and analysing skills.

Sounds like the skills you'd put on a CEO's CV.

This broader range of skills – and notice how many of the heightened traits are dealing with other people – allow for greater team cohesion and development.



“The quality of discussions goes up dramatically when you have a more diverse group in the boardroom. You get questions from perspectives you hadn't thought of before, and this helps avoid blind spots”.

Rodney McMullen, CEO of Kroger

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Creating the Next Generation of Female Leaders – Accelerators

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This leads to our next question – with all this evidence, what can shareholders insist their companies do to accelerate high performing female leaders through the ranks? We previously looked at some of the ‘inhibitors’ holding women back professionally, but what are the ‘accelerators’ that can ignite a career?

Mentoring

People follow people and get confidence from stories they experience. Cross company mentoring can help accelerate progression – women encouraging each other can enable a cultural shift.



Coaching

Coaching can be an accelerant for many careers. For example, maternity and paternity coaching of employees and line managers has shifted the needle in many organisations. While mentors talk to you, coaches talk with you and this can help overcome some of those personal inhibitors – confidence, self-awareness, guilt about work/life balance – that halt a career.



Sponsorship

Internal sponsors can be an effective way of accelerating high potential employees within an organisation. These sponsors will push candidates into game-changing roles, build their confidence and generally get them noticed.



“A woman is much more likely to set up her own business if she has a mentor or a fellow female in business advocate. If you see someone else succeeding it makes you think, “that could be me, if she can do it, why can’t I?”

Marissa Carter, Entrepreneur and Cocoa Brown CEO

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Getting to the Top

– The Unspoken Rules of the Game

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We've seen from the 2012 Harvard Business Review study that women generally have more of the qualities required to be effective leaders and from multiple studies that greater diversity in leadership positions results in better company performance.

Consider the top job - the CEO chair. What's the quickest way to this position? By looking at the highest level, we can begin to see the points along a female's journey where obstacles appear.

One of the crucial factors is, quite simply, opportunity. According to a 10-year study (the CEO Genome Project) of 17,000 C-suite executives, 97% of CEOs had taken at least one 'catapult experience' (taking a job beyond their current experience or capability level) with 50% having two of these experiences.

Why does this matter?

“There are fewer large companies run by women than by men named John.”

Justin Wolfers,
New York Times, 2015

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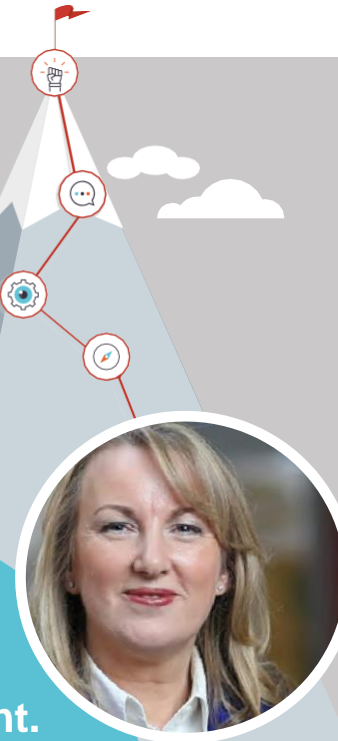
According to another study of 1,660 high potential future leaders, women are given far fewer game changing roles. In other words, they are not being selected for those catapult experiences and, even when they are, the roles are of a smaller and less visible variety.

- About 33% of men reported getting C-suite visibility over their projects, compared to 25% of women
- 30% of men reported getting roles with budgetary responsibility of greater than \$10 million, compared to 22% of women
- After attending leadership programmes, 51% of men were promoted within a year compared to 37% of women

Women are not being selected for the roles that would accelerate their careers and, even when they are selected, their rocket has a parachute dragging them back.

“In business, there must be an equal sense of entitlement. When we look at our organisation, we always ask whether we are diverse enough. You don’t need quotas for that.”

Siobhán Talbot, CEO, Glanbia



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03 Winning the Game – How to Drive Diversity

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There are several different approaches to achieving workplace diversity that have been implemented around the world. Affirmative action legislation and proactive corporate initiatives have been the norm in the US, while Asian countries have set quotas to increase the representation of minority groups.

Before approaching the practical next steps, it is helpful to reiterate the basic conclusions of the research done in this area:



The Aristotelian logic of these conclusions leads you to the inevitable: that companies that don't actively try to increase diversity in leadership positions will be at a competitive disadvantage to those that do.

If you don't want to be left behind, what are the kind of cultural changes, new policies and processes you should implement in your organisation?

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Getting down to practicalities, here we'll look at some best practices and concrete initiatives to improve gender diversity on boards and in leadership positions within your organisation.

Publish the Numbers

One of the most powerful moments in this debate was when Google published the diversity numbers within their company. As with many companies, they weren't what Google would have liked to see, but the simple act of publishing them so transparently forced both Google and their competitors to face the issue and begin tackling it.

The numbers will also give you a base point against which to measure future progress and see if any diversity programmes you initiated are really having an effect.

“It takes 3-5 years to see the impact of gender diversity programmes.”

Women Matter, Time to Accelerate, Ten years of insights into gender diversity, McKinsey (2017)



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Change the Culture

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A belief in diversity and its benefits are not enough. Your leadership must make a visible commitment to diversity through sustained action. Changing the culture of your organisation through definable policies will take time but will snowball quickly once started.

Flexible working hours, on-site childcare solutions, professional mentorship opportunities, educational opportunities... these are concrete policies that can change an organisation's culture.



“When I think about diversity I think about styles, opinions, not just gender. It’s about having unique perspectives, bringing people from different industries into the boardroom that can offer a different way of looking at a problem, and finding a unique solution.”

Cathriona Hallahan,
Managing Director, Microsoft Ireland

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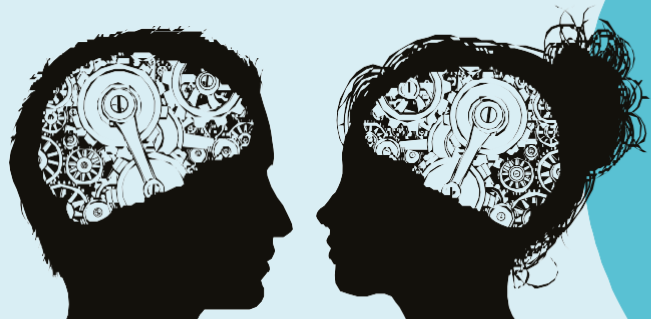
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Implement Diversity Programmes

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Putting diversity as part of an overall strategy is essential. Specific diversity programmes can be a catalyst for change within an organisation and can act as a focus for both leadership and the general workforce but won't be effective all on their own.

One major study, carried out over ten years, found three game changers when it comes to diversity programmes making a difference.

- 1) Persistence – results take time and current best-in-class companies have been the ones that started earlier.
- 2) CEO and management commitment – companies that have successfully ingrained gender diversity at the leadership level are twice as likely to place gender diversity among the top three priorities on their strategic agenda.
- 3) Holistic transformation programmes – successful companies are those that tackle gender diversity at all levels of their organisation, have dedicated change agents at each level, and have communicated internally the benefits of the initiatives through compelling story-telling.

These reports point to one conclusion; organisations that don't have diversity as an integral part of their strategy are missing out on a catalyst for growth.



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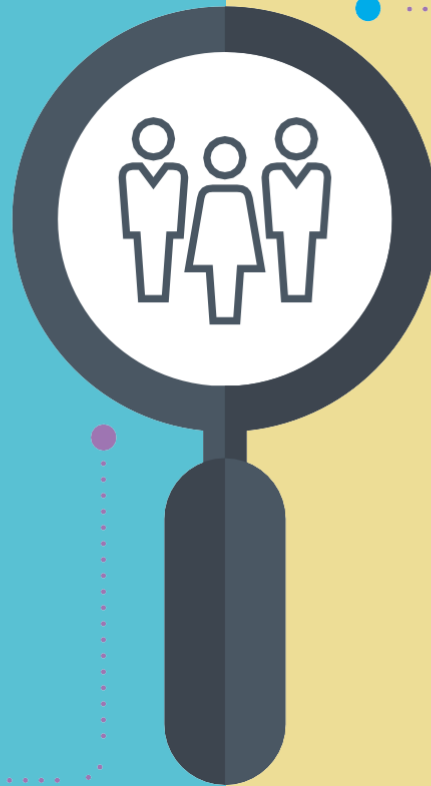
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Look at the Hiring Process

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The hiring process is an excellent place to start diversity initiatives within your company. From blind hiring (replacing names on CVs with initials to remove any unconscious bias the reader may have during initial selection), to using different techniques such as EQ (emotional intelligence) tests to evaluate the full spectrum of the candidates' talent that traditional interviews ignore, there are a number of simple methods to get your organisation taking the right first step.



When people hear the word 'quotas' they often think of negative connotations; however, ensuring that minority groups (from gender to race) are represented at the interview stage is an effective method of increasing the number of hires from diverse backgrounds. Google, for example, tripled the number of colleges where they recruited from while at the same time launching the Googler-in-Residence Program to improve access to coding education at historically black colleges and universities.

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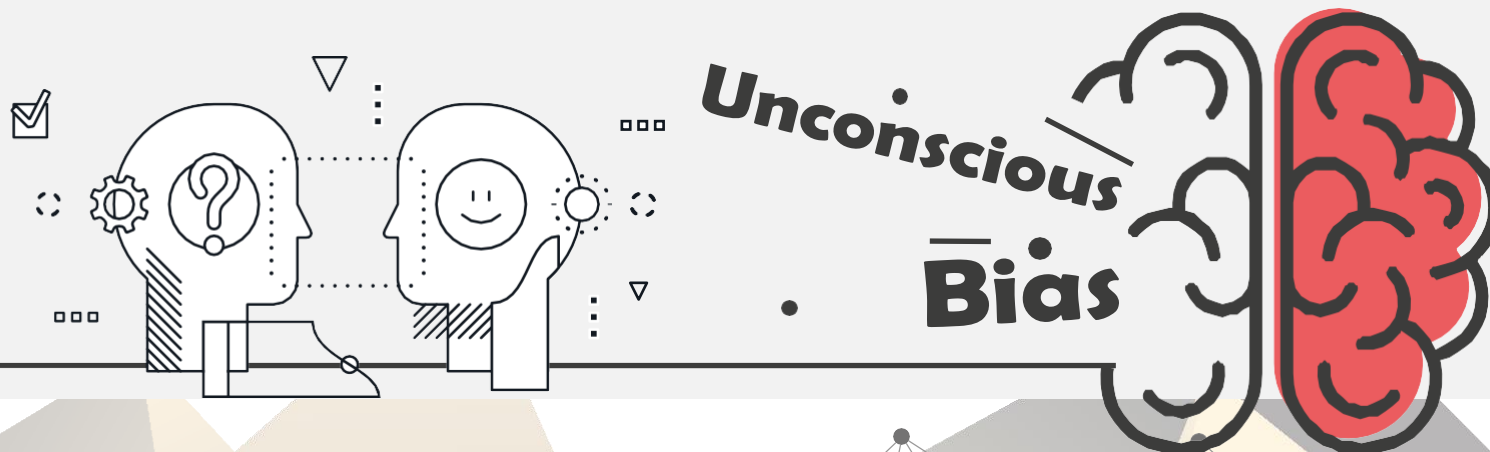
Remove Unconscious Bias

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We all have them, but we all can challenge them. Delivering unconscious bias training for hiring managers and explicitly making the business case for diversity throughout your organisation to create buy-in can make a huge difference.

One training initiative run within FCB, an advertising agency in the US, resulted in 35% of attendees making behavioural changes, such as how they act in meetings and interviews. Leaders aiming to measure the areas they target should look at what data they already have, such as retention, number of hires made or retention rates of women and then track them over time as the training is implemented.

As another example of successfully removing bias, Mattel asked its African-American employee resource group for advice and insights during development of a new doll that would be targeted to girls in that community - it became one of their top selling products for a minority market.



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Promote Gender Diversity with Partners

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For large multi-nationals, a supplier diversity programme can help expand your diversity drive beyond the four walls of your HQ. Marriott International's Exchanges, a supplier diversity programme, for example, helps drive economic empowerment around the world by partnering with women-owned businesses. Between 2012 and 2016 they spent more than \$1 billion with women-owned businesses globally.



“Diversity is a tool for driving business success and is a competitive edge. The fact is that improving gender understanding and enhancing diversity and inclusiveness leads to a better, happier workplace and better business results.”

Anne O'Leary,
CEO of Vodafone Ireland

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Coaches talk to you, but sponsors talk about you.

Having sponsorship and mentoring initiatives within a company is a powerful way of bringing females through the ranks. Giving a visible representation of progression, a sponsor will also push high performing individuals to 'put their hand up' when opportunities arise and become an advocate for that person's advancement.

Cross-company initiatives will also give great exposure to new ways of thinking and perhaps even challenge perceptions in industries under-represented by women. Today, over 70% of Fortune 500 companies have mentoring programs in place to help employees grow and increase the overall success of the organisation.



"To attract the best talent into the company, you need to appeal to 100 percent of the top talent, not 50 percent. To do that, you need strong female role models."

Tiger Tyagarajan,
CEO, Genpact



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Give females game-changing roles and reward them for it

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As we've demonstrated previously (see the 'Getting to the Top' section), giving women those game-changing roles can accelerate their career significantly.

Make sure to check the progress of your high potential leaders and consciously ask yourself the question 'Have I given them the opportunities to succeed? Have they taken them? Have we rewarded them for success?'



“In order to ensure that women reach top positions, you have to monitor every single step of your talent pipeline so the percentage of women who are promoted is equal to the percentage of people applying.

In addition, you need to make sure that people are coached about the gender bias because they tend to dismiss it.”

Barbara Dalibard, CEO, SITA

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The Winners and Losers in the New Economy

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Apple famously asked us to ‘Think Differently’. It was the calling card for a new generation of innovation in the workplace, the belief that what was successful in the past will not necessarily equate to success in the future.

The next great evolution in the workplace may not be the introduction of AI and automation, it may be the introduction of new voices. These voices are no longer remaining silent, and it is the organisations that begin listening and incorporating this new thinking that will gain a step-change in performance.

The truth is the facts are on diversity’s side.

48% of companies in the US with more diversity at senior management level improved their market share over the previous year, while only 33% of companies with less diverse management reported similar growth.

2013 survey by the Center for Talent Innovation

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Taking the Lead

– Women in Leadership Programme

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In February 2018, Sterling Development conducted a focus group with over 50 women in senior leadership roles across the EU. Based on the insights from this focus group and other global research, we redesigned our leadership programmes.

Designed to give men and women executives an opportunity to come together and share their leadership experiences in a learning environment that has direct relevance and personal impact. Our leadership programmes will help you develop accelerators like purpose, empowerment and your personal brand whilst learning to address inhibitors like feeling overwhelmed, unconscious bias and power-play.



For more information on our leadership programmes email info@sterlingdevelopment.co.uk



“Most professional women enjoy the sound of glass shattering”

Anne Anderson,
Ambassador of Ireland to the USA

“Companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians.”

Vivian Hunt, Why Diversity Matters, McKinsey, 2015

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