

Reader Letter...

Last month, the *The New York Times* ran an article about the Dearth of women CEOs. One of our columnists disputes a claim in the article that women just need to be in line jobs instead of staff. She sent a response to the paper's op-ed editor, who declined to publish it. Here is Blythe McGarvie's "response" to *The New York Times*.

In her article of December 17, *How Suite It Isn't: A Dearth of Female Bosses*, Julie Creswell asserted that women are not being hired into CEO positions because women do not fill enough line positions in major corporations. While I appreciate breaking the conspiracy of silence about the lack of women CEOs, I believe she misdiagnoses the nature of the problem and fails to offer constructive ideas to improve the number of women CEOs.

In 2006, *Fortune* magazine lists 10 women CEOs in the largest 500 US companies and 20 in the Fortune 1000. This 2% is heralded as an all time high! Yet according to the tenth anniversary and most recent Catalyst "Census of Women Corporate Officers and Top Earners of the Fortune 500", "women held only 6.4% of top earner positions, up just 1.2 percentage points from 2002. And fully 75% of Fortune 500 companies reported no women as top earners."

These numbers confirm the hidden prejudices that women aspiring to the C-suite still encounter. Walking into the US Air terminal in Boston last month with my standard carry-on roller suitcase and dressed in my navy blue St. John Knit suit, a man I never met exclaimed to me "So, you'll be serving me on this afternoon's flight?" Many of us learn to ignore comments and attitudes that reflect a refusal to accept women as fellow corporate executives. In fact, the explicit comments like I faced at the airport can be directly handled. It's the attitudes they reveal that are seldom spoken of in more formal business settings that must be addressed.

Women must compose a larger percentage of top corporate positions for three reasons. First, and most importantly, according to *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent* written by Ken Dychtwald, Tamara J. Erickson and Robert Morison, "The demographic composition of the workforce is becoming more diverse than ever before, not just in age but in gender, ethnicity, country of origin, etc." In the US, by the end of this decade, "women [will be] 48% of the total workforce". No country can succeed by ignoring half of its available talent in top leadership positions.

Second, corporations wish to avoid legal liability for sex discrimination under Title VII of the Civil Rights Act of 1964 and to avoid other penalties that could result under affirmative action requirements. Third, promoting competent women to C-Suite positions is simply the right thing to do. Let's consider the facts and certain actions companies can take if they want to access the talent workforce of both genders.

In the first 11 months of 2006, 1347 US companies have changed CEOs, as surveyed and published by Challenger, Gray and Christmas. This is a record year of CEO changes, beating out the last record set in 2005 when 1322 CEOs turned over in US companies. Only 8% of the CEOs in 2006 were replaced by women. Often, companies lack women in traditional CEO feeder positions. But, the facts show that 44% of the vacancies were filled from outside the company. Outside hiring opens up a wide range of qualified female candidates; more need to be hired. As a board member myself, I know that the first action a board of directors must take prior to changing CEOs is to develop annual reviews of potential successors ensuring the slate includes diversity. Clearly, this has not been sufficient. Women are most likely appearing on slates but not being hired into CEO positions.

Creswell's suggestion in her article that: "When women hold line positions, there will be more women top earners and CEOs" rings hollow. In 1987, I researched functional backgrounds of CEOs as listed in the Forbes list of 1000 largest public companies. About one-third of the CEOs came up through the legal function. Other CEOs came from marketing, research, finance, and some from sales. In fact, very few CEOs came from traditional line jobs, commonly thought of as operations or field divisions. When I searched the web to update this research 20 years later, neither Forbes nor Fortune provide functional lists showing CEO backgrounds. Recruiters of CEO and board searches confirmed that CEOs today come with various experiences. Gayle Mattson, Global Leader of the Board and CEO practice at DHR International asserts, "Look at the change engine that Indra Nooyi created at Pepsico. It's not about line experience as much as it is about asking, are they transformational leaders?" Companies can broaden the definition of competencies and identify what really matters in the company's leaders. Assuming that nuances of leadership expertise can only be gained through experience in certain job titles is no longer valid. Instead, companies must search for talent based on experiences, values and leadership skills in a variety of functional expertises.

At the dismal rate at which women are being hired as top corporate leaders, global warming will melt the icecaps before women comprise 50% of the CEOs in US businesses. Yet boards and management can improve the rate at which women are hired as CEOs by embracing a proactive, intervention program. The Corporate Leadership Center at the Kellogg School of Management, created by two successful women, Sheila Penrose and Cheryl Francis, offers such a program. Launched in 2005, Raj Gupta, its Executive Director, states "the program distinguishes itself in several ways. The curriculum is built around the CEO's agenda, those items that the chief executive and management team cannot delegate but must own, such as interdisciplinary issues like growth, customer focus, culture and others." This program is for senior executives who have been nominated by their CEOs or board chairs. Hopefully, within a few years, when an executive sees a professional woman in an airport, he will consider that she could be running the company that makes the airplanes not serving the peanuts.