

# HEIDRICK & STRUGGLES

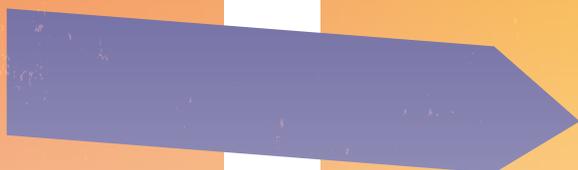
CEO & BOARD PRACTICE



BOARDROOM BRIEFING

## Women in leadership

### Building a sustainable talent pipeline



Heidrick & Struggles, the global leadership advisory firm, has been at the forefront of the diversity debate about women on boards and building a sustainable pipeline of women leaders. In this Boardroom Briefing, we explore some industry imperatives and the outlook for future women leaders.

# Women in leadership

## Building a sustainable talent pipeline

The year 2015 marks a historic turning point in the debate about women on boards in the United Kingdom. Today, there are no all-male FTSE 100 boards, with Glencore and Antofagasta being the last two companies to appoint women non-executive directors. The statistics speak for themselves and show a change in demographic at the heart of business in the UK.

Over the past four years, since Lord Davies launched the Davies Report of Women on Boards, FTSE 350 boards have nearly doubled the number of women board directors. Whilst the UK is currently the fifth best performing country globally for women on boards, a concerted effort is now required to hit the 25% UK voluntary target, currently 23.5% in March 2015, up from 12.5% in 2011 — especially as there are still 23 FTSE 250 boards (18%) without women non-executive directors.

The voluntary, business-led approach in the UK is working and has successfully gained business support without quotas. It has not been based on political correctness but rather has been an evidence-led approach working with business leaders to advance the cause of women in the boardroom. However, attaining one target simply moves the focus to the next. For example, with only three female chairs of FTSE 100 companies and six female chief executive officers, women may be getting board seats but few are progressing to the decision-making roles of chair, chief executive officer, or senior independent director. The

case for drawing on the talents of both men and women through board participation is clear, yet there are still too few women in senior executive leadership roles. How can senior leadership opportunities be opened up across the operating core of an organization?

If the benefit for women on boards is clear, then certainly the benefits of a more diverse talent pipeline that feeds diverse talent up to executive committees and beyond are also evident. As we near meeting the immediate challenge of improving the representation of women on boards, we need now to focus on enriching the talent pipeline and to concentrate on more women being appointed to leadership roles. Women in executive board/committee positions (e.g. plc board level minus one) stand at a fragile 8.6% for FTSE 100 companies and 4.6% for FTSE 250 companies. These numbers are small, and the paucity of women in these positions also suggests that further increasing the number of women at the plc board level will be difficult. Furthermore, the number of women being developed in the pipeline across a wider breadth of roles (including the executive committee) is also weak: 21% of women in FTSE 100 businesses and 18.5% of women in FTSE 250 businesses are in such senior management roles. The attraction, development, and retention of female talent in business is absolutely critical and should be a major focus for all plc boards.

So, how do companies develop more women leaders as a matter of urgency? While the threat of quotas for UK boards certainly got everybody's attention, and pressure from society and the media added to the impetus, it is rather trickier to apply a similar formula further down the hierarchy of the company. Societal pressure will certainly help, as will public and highly visible signs of progress, such as the recent UK election result that saw

# 23.5%

WOMEN  
ON BOARDS  
MARCH 2015  
(TARGET 25%)

# 8.6%

WOMEN IN  
EXECUTIVE  
BOARD/COMMITTEE  
POSITIONS, FTSE 100

# 21%

WOMEN ALREADY  
IN DEVELOPMENT  
PIPELINE, FTSE 100

# 29%

WOMEN MPs  
IN GOVERNMENT

the number of women MPs jump 23%, the largest increase since 1997. This represents an important tipping point for women in politics at nearly 30% representation of women in government.

Meanwhile, employers must be encouraged to ensure that they are sensitive to issues such as unconscious bias, flexible working conditions (for both men and women), the power of technology to support disparate geographical leadership, and the importance of sponsors and mentors will also make a significant contribution. But we need to do more.

Boards must spend more time examining and challenging the efficacy of internal talent management and development processes and the metrics of the talent pool. They must also demand real progress in making the talent pool much more diverse. Companies would do well to make a more concerted effort to engage with the education sector to ensure that women are properly represented in the subjects that employers value. Companies and headhunters should continue to create search briefs that encourage the headhunter to dig deeper and to look carefully in unusual places for candidates for executive roles. In short, everybody involved has to work harder and more consciously to ensure that every opportunity is taken to enrich and develop the talent pipeline. It is everyone's responsibility — boards, CEOs, CHROs, search professionals, the education sector, and beyond. We all have a part to play. If we don't rise to this challenge, then the advances we have made at the board level may prove a hollow victory.

Heidrick & Struggles has responded to the challenge in our own work by taking an active approach in profiling talented women who serve on boards, especially the

“rising stars.” For example, Heidrick & Struggles' Leadership Network offers women leaders who aspire to plc board positions the opportunity to network with a community of their global peers across a range of sectors and functional and operational roles. The forum helps provide women with the knowledge, skills, networks, and professional development to aspire to board roles. The Leadership Network, in turn, feeds into The Board Network, a global forum focused on developing boards at the international level that brings together women senior board directors from a diverse range of commercial businesses and social enterprises. Both forums have been embedded into Heidrick & Struggles' global CEO & Board Practice to ensure that we are building relationships with a broad range of current and future women leaders. The supply of women for management positions requires a different approach — one that recognizes that one size does not fit all and that women need to be engaged in recruitment and promotional processes and outcomes differently. For example, in order for women to progress through the talent pipeline, we have to consider seriously the cultural changes required to encourage women to enter the workplace and to stay there until they reach the top.

It seems that the UK is confident in reaching its voluntary target of 25% women on FTSE 100 boards. By the end of the decade, we would expect to see one-third of boardroom roles in female hands. However, now is the time to shift the boardroom discussion to the executive pipeline for women in leadership. By capitalizing on the good momentum to date, and ensuring that all the stakeholders really focus on improving the diversity of the talent pipeline, we can ensure that we build a robust and sustainable approach to a more diverse, balanced, and productive workforce. ■

# CEO & Board Practice

Heidrick & Struggles' **CEO & Board Practice** has been built on our ability to execute on top-level assignments and counsel CEOs and board members on the complex issues directly impacting their businesses.

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ONE LEADERSHIP  
TEAM AT A TIME™

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