

# Conversations

## Janice Ellig: Making Board Gender Diversity Happen

*A growing body of research suggests that women corporate directors are associated with stronger company results, better resilience and increased innovation. Many European countries have set either mandatory or suggested quotas for female board membership. In the U.S., SEC Chair Mary Jo White has proposed rules requiring public companies to disclose their board diversity.*

*How do corporations actually go about increasing their gender mix—especially when history has shaped a clubby “who knows who” approach to board recruiting? Janice Ellig has a few answers. With corporate experience including Pfizer, Citibank, and Ambac Financial Group, she has built a second career in corporate recruiting. She was named by Business Week as one of the world’s most influential headhunters, and brings unparalleled experience to both executive and board search.*

### **The Corporate Board: Why has the topic of women on corporate boards suddenly taken off?**

**Janice Ellig:** This has actually been an issue for a long time. I don’t really think gender has been a focus for boards themselves, but if you look at the gender division, we see more quotas and targets overseas, and now the SEC is talking about greater diversity here. So the press has put more light on it.

### **TCB: What is the boardroom view? Is gender makeup becoming a concern?**

**Ellig:** When you query boards, this is not really a priority. Traditionally, when recruiting, they’ve gone to their known networks. PwC did a survey on this and found 90 percent of board vacancies were filled from the current directors’ networks. Those networks primarily consist of men, and that’s a major obstacle. Last year, Catalyst looked at board openings and found only 27 percent went to women.

### **TCB: What seems to be the roadblock for boards?**

**Ellig:** Diversity requires a board focus, a commitment. The business case has been made. Studies show heterogeneous groups make better decisions, and also lead to better governance. Diversity is the way to go.

### **TCB: What tactical changes should boards make to bend the needle on this?**

**Ellig:** The board search process should start with a slate of candidates who represent the marketplace, but this doesn’t always happen. In three out of four searches, women are not adequately represented on the shortlist of candidates. These candidates should not have to be prior CEOs. There are many highly qualified women who are not CEOs, but boards continue to look for people based on title. They have to broaden the pool to people who don’t necessarily have titles, but are qualified—there is *no* shortage of qualified women for boards.

### **TCB: How do you achieve that?**

**Ellig:** I’d like to see something like the blind auditions used now for symphony orchestras. In the 1970s, conductors switched to auditioning new players who were behind a screen, so they were heard but not seen. This has almost doubled the percentage of women players in American symphony orchestras since 1970. Or, boards should consider something like the NFL’s Rooney Rule, requiring that any slate of coaching candidates include minority prospects.

### **TCB: How will this work within the board nominating committee process?**

**Ellig:** When the CEO or board chair or search committee chair wants to ensure better, more diverse governance, and they’re committed, it will happen over time. It may take three or five years. The board leadership should say that names submitted have to reflect our marketplace. Boards that do this will reflect a commitment to get there. Simply committing to fill *every other* board opening with a woman would get us to

parity within a decade.

### **TCB: Are boards ready for such a commitment?**

**Ellig:** I believe some boards are better prepared than others. I think, as boards look at their own composition, they see real room for improvement on the majority of them. When boards evaluate themselves they say there’s great room for improvement on the quality of their membership.

### **TCB: Do boards need to reach out to other resources for candidates, such as search firms?**

**Ellig:** Boards can definitely broaden their pool of talent with search firms. They can reach out to the consultants they work with already. If they’re doing it on their own, they just need to make sure that whoever is leading the process is going to different pools, people who they don’t already know.

Just tell your consultants and search firms—insist that they bring you new, diverse names. We don’t want the people we already know, and we don’t want people who look like us. These firms can play a pivotal role.

I know one female CEO at a tech company who was explicit about adding a woman to her all-male board. The search firm she worked with kept coming back with only men until she said “If you don’t bring me qualified women, you’re fired.” The end result was a highly talented woman who now sits on her board.

### **TCB: It still comes down to commitment by the board.**

**Ellig:** Yes. You have to commit at the company, board and consultant level to bring in new names, and focus on the effort. Make a company commitment to increase the number of women on your board and say so in your annual report—you won’t get there any other way. Each company, each board, needs to recognize that they fall short on reflecting their marketplace in the boardroom. ■