

} **FEDCAP SOLUTION SERIES**  
BUSINESS IN THE 21<sup>ST</sup> CENTURY

Leading as  
Women:  
*How Women  
Are Increasing  
Productivity  
and Changing  
Business.*

**A JOB MAKES A DIFFERENCE**

Solution Series is a project of Fedcap's **Community Impact Institute**



# A LETTER FROM FEDCAP'S PRESIDENT & CEO

Dear Friends,

Welcome to our 12th Solution Series – *Leading as Women: How Women Are Increasing Productivity and Changing Business.*

This is a topic that is near to my heart. Having served as a leader in the nonprofit sector for over 30 years, I understand the challenges that women face as they aspire to leadership positions that have historically been held by men. I know firsthand how important it is to have other women as mentors and role models, and as leaders to serve as mentors for women on the rise, providing them with opportunities for growth and professional development.

As more women take leadership positions in business, politics and the nonprofit sector, we are seeing the impact across the globe. Women are driving innovation and profits at companies in every industry. They are spearheading efforts to improve the quality of life in virtually every nation. As the economic power of women grows, society as a whole cannot help but benefit through stronger families, empowered communities and the promise of a brighter future for all of our children.

I am extremely honored to have four extraordinary women on our panel for this Solution Series. Our guests join us as entrepreneurs, business executives, philanthropists – and leaders and represent the power of Leading As Women!

Thank you for joining us for this important event.

Sincerely,



*Christine McMahon*

**Fedcap President and CEO**

# Leading As Women: CURRENT REALITY

Today, the topic of women as leaders is very much in the news. For the first time, a woman has been chosen as the presidential candidate for a major U.S. political party. The number of women doctors and lawyers has grown significantly over the past decade. Women hold 104 congressional seats, comprising almost 20 percent of Congress. Women represent just over half the population but earn almost 60 percent of undergraduate degrees and 60 percent of all masters' degrees.

While few would disagree that the status of women has substantially improved, women are still greatly underrepresented in the C-Suites and boardrooms of the nation's largest companies and today, women who work full time in the U.S. currently earn 79 percent of what men earn, a figure much lower for women of color. Among the Fortune 500 only 21 companies (about 4 percent) have a woman as CEO. At the end of 2015, women held 1,057 of Fortune 500 board seats (about 20 percent), placing the U.S. 10th among developed nations according to Catalyst, a nonprofit that works to advance professional women in the workplace, for board representation.

Women account for half of the world's working-age population. By restricting or hindering working-age women from working or advancing their careers, the economy suffers. A McKinsey Global Institute report released in 2015 noted that advancing the role of women in the labor market could add as much as \$12 trillion to the global GDP by 2025. If women were to match men

equally in the labor market, the annual global GDP could be bolstered by as much as \$28 trillion, or 26 percent. The \$12 trillion economic opportunity represents an 11 percent boost from the "business-as-usual" scenario.

For many, the issue of gender inclusiveness on boards and in the C-Suites is a question of fairness – representation should reflect the fact that women comprise just over half of the population. Others say that good governance depends on a diversity of viewpoints, from people with different life experiences, and that boards and leadership should reflect the makeup of the companies they govern and the public they serve. Leadership that understands the economic reality of women's lives can be a competitive advantage in a fast-moving, fast-changing global marketplace where the economic power of women is growing exponentially.

One of the most compelling arguments for gender-diverse leadership is simple math. By drawing from a larger talent pool, boards and executive teams are stronger and companies are more productive. A gender-balanced board of directors and executive team also mitigates brand and reputational risk from a corporate social performance standpoint.

**Those companies who do choose to have women in the boardroom as CEOs and within the leadership pipeline are faring very well – much better than their competition. Leading As Women changes the dynamic, improves profitability and the lens of corporate and social responsibility.**



# Leading As Women: IMPACT ON ORGANIZATIONAL CULTURE

Research by The Rockefeller Foundation found that most believe that having more women in leadership positions would have significant benefits, including reducing the pay gap between men and women for the same work (79%), changing workplace policies in ways that benefit both men and women (74%), and attracting a more diverse workforce (71 percent).

According Keith Merron, Senior Associate at Barbara Annis & Associates, a consulting firm specializing in gender diversity, *“Men are linear in thought process and more narrow in their focus, so they are able to break down problems into their component parts and solve it. Women more often see a problem holistically and are able to come up with an understanding of that situation without needing to know what all the parts are.”* Additionally, in a

## TRAILBLAZER:



**Mary Katherine Goddard**

(1738-1816), publisher, printer and postmaster

*“Woman more often see a problem holistically and are able to come up with an understanding of that situation without needing to know what all the parts are.”*

study done by Caliper, women exceeded male leaders in persuasiveness and assertiveness and were able to “take information from all sides.”

Business Insider’s standard 360-degree feedback instrument measures competencies in fifteen areas. Of interest, women leaders appear to change culture, scoring higher than men in twelve of the fifteen measures of competency, as depicted in the chart below:

Leadership Competency	Male	Female
Takes Initiative	49.8	56.4
Displays Integrity and Honesty	49.9	54.7
Drives for Results	50.6	55.2
Practices Self Development	51.3	56
Develops Others	51.1	55.1
Inspires and Motivates Others	51.6	55.1
Builds Relationships	51.2	54.5
Collaboration and Teamwork	52.1	54.5
Champions Smart Change	51.6	54
Establishes Stretch Goals	51.7	54.1
Solves Problems and Analyzes Issues	52	52.7
Communicates Powerfully and Prolifically	52.9	53.4
Connects the Group to the Outside World	52.3	52.1
Technical Expertise	52.1	51.1
Develops Strategic Perspective	53.7	51.2

This kind of leadership style appears to translate into higher productivity and ultimately stronger financial performance, as indicated in the following section.

# Leading As Women: IMPROVED FINANCIAL PERFORMANCE

There is ample evidence that board and C-Suite diversity improve financial performance. A 2015 study by McKinsey & Company found that companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians. Companies in the bottom quartile are statistically less likely to achieve above-average financial returns.

A survey conducted by the Peterson Institute for International Economics

## TRAILBLAZER:

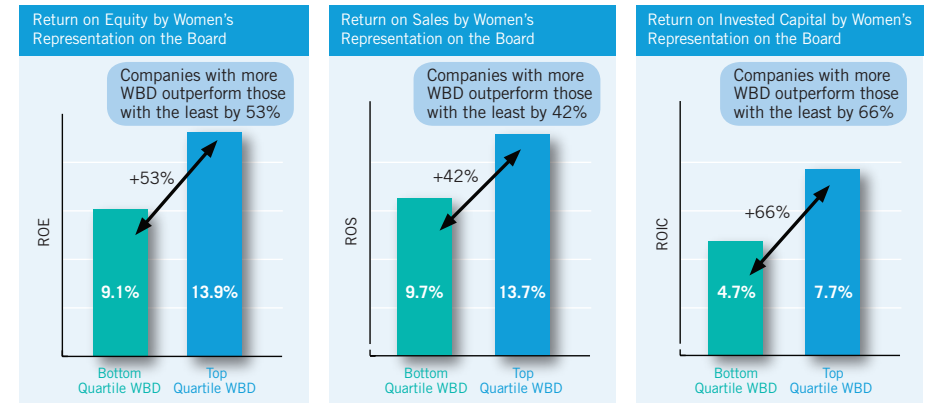


**Sarah Breedlove**  
(1867-1919), entrepreneur,  
first U.S. female self-made  
millionaire

*“Fostering an environment where women can reach the senior-most levels of executive leadership is not only imperative to gender parity, it’s critical to our own economic vitality—to ensuring that American companies remain competitive in the global marketplace.”*

— Frederic Cumenal,  
Chief Executive Officer,  
Tiffany & Co.

## Women Board Directors (WBD) Align With Strong Performance at Fortune 500 Companies



(*Is Gender Diversity Profitable? 2016*) analyzed 21,980 firms in 91 countries, and found a positive correlation between a higher percentage of women on boards and increased profitability. The survey also found robust evidence that more women in top management positions leads to higher profits - an increase in the share of female top managers to 30 percent would be associated with a 15 percent increase in profitability.

Research (*Erhardt, Werbel, and Shrader, 2003*) identified a corollary between board diversity and return on assets and investments among 112 Fortune-listed U.S. companies. Mixed-gender boards have been found to outperform all-male boards (*McKinsey, 2012*) and Fortune 500 companies with the highest proportion of women on their boards performed significantly better than firms with the lowest proportion (*Catalyst, 2011*). Hedge funds headed by women have also been found to outperform hedge funds headed by men (*Rothstein Kass, 2012*).

There is clearly a financial rationale for ensuring that there are women leaders in the boardrooms, C-Suite and in the pipeline of leadership positions throughout the agency.

## TRAILBLAZER:



**Katharine Meyer Graham**  
(1917-2001),  
Washington Post publisher,  
America's first female  
Fortune 500 CEO

# Leading As Women: IMPROVED CORPORATE CITIZENSHIP

Women and social responsibility appear to go hand-in-hand. According to Catalyst: *“The presence of women leaders in Fortune 500 companies has a significant, positive effect: more women leaders is correlated with higher levels of philanthropy.”*

A gender-balanced board of directors is associated with better Corporate Social Performance (CSP), a metric developed by Catalyst to rate performance against expectations for responsible behavior related to

environmental, social, and governance factors. Having a higher percentage of women board directors was positively associated with companies’ scores across four of six CSP measured dimensions: community, customers, environment, and supply chain.

According to Lehigh University professor, Corrine Post and Georgetown State professor, Kris Byron women offer variances in perspective, education, and style

*“The presence of women leaders in Fortune 500 companies has a significant, positive effect: more women leaders is correlated with higher levels of philanthropy.”*

of conduct. Women in senior positions tend to have higher levels of education and therefore have greater perspectives on social responsibility. Findings from Catalyst and Harvard Business School propose that gender-diverse leadership encourages higher levels of corporate philanthropy.

**Women in senior positions tend to have higher levels of education and therefore have greater perspectives on social responsibility.**

## TRAILBLAZER:



**Rebecca Pennock Lukens** (1794-1854),  
iron and steel manufacturing

# Leading As Women: RESPONSIBILITY TO CREATE A PIPELINE

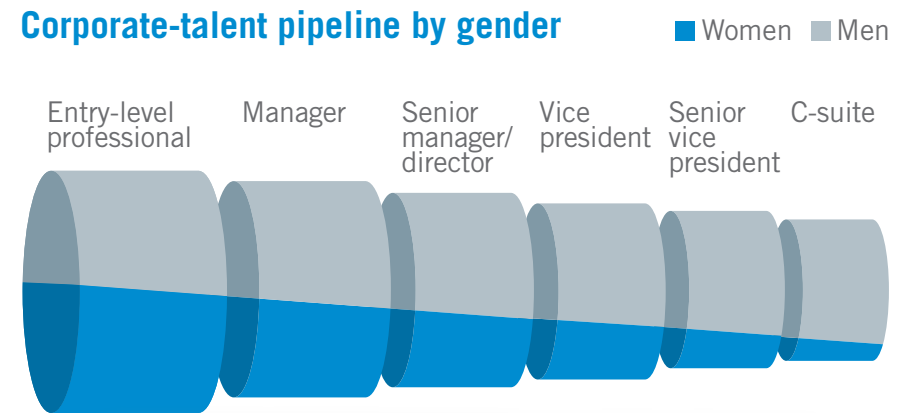
“Having female leaders in positions of influence to serve as role models is not only critical to the career advancement of women, but stands to generate broader societal impacts on pay equity, changing workplace policies in ways that benefit both men and women, and attracting a more diverse workforce.

— *Women in Leadership: Why it Matters*


It's kind of a catch-22 the only way to increase the number of women in leadership roles is to have more women in leadership roles serve as mentors to younger women.

The chart below depicts the current pipeline.

Start with the original pipeline chart	Change the pipes to stacked bars	Include 2012, show both years and change the title	Change to an area chart and emphasize the separation	Swap the year and Level dimensions to show the change of each level	Finally, add labels for the change and write a better title
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There is no doubt that role models are critical, particularly for women who aspire to leadership positions from which they have historically been excluded. Two-thirds of people surveyed by the Rockefeller Foundation say it's highly important that younger women starting their careers have more women in leadership positions to serve as role models. Among millennials, the number is 82 percent. The fact that these mentors are frequently other women suggests a compelling societal need to increase the number of women leaders, to mentor future generations of women.

**TRAILBLAZER:**   
**Juanita Morris Kreps**  
 (1921-2010), first female U.S. Secretary of Commerce, director, New York Stock Exchange

# Mentorship: VOICES FROM THE FIELD

- General Motors CEO Mary Barra’s career hasn’t been shaped by just one or two mentors. Instead, it’s been influenced by a network of them. Early on, one mentor encouraged her to be more vocal in meetings; another crystallized the importance of honoring commitments, whether they are personal or professional. *“You get to a new position, you work really hard and you earn people who are willing to support you, because they see how hard you’re working and they’re willing to extend a bit of their personal capital to say, ‘Yes, I know so-and-so is going to do a great job in this new role.’”*
- *“After 18 years of partnering with women leaders from around the world, I’ve realized that having a mentor is especially meaningful for women. I strongly believe that mentorship fosters leadership. The wisdom, encouragement, and tough love you receive from mentors is priceless. If we start looking at mentorship as a practical strategy to overcome barriers for women, I’m certain we’ll be able to close gender gaps in a range of fields.”*  
**Alyse Nelson, CEO and Co-founder of Vital Voices Global Partnership.**
- *“Change begins with intentional and inclusive leadership from the top that positions women to gain the experience they need to become a CEO. In order to develop a pipeline of potential women CEOs, we must both close the gender gap at the executive leadership level and support women early in their careers with sponsors, access to profit-and-loss roles and the opportunity to serve as an outside director on a corporate board.”*  
**Deborah Gillis, President & CEO of Catalyst.**
- *“Having female role models and mentors in the C-Suite is critical for inspiring and encouraging the next generation of young women leaders.”*  
**Mary Ann Tighe, CEO of the New York Tri-State Region of CBRE.**

# Leading As Women: EXPANDING THE NUMBER

The three keys to creating a company culture that institutionalizes women as leaders and ensures a steady pipeline of women who are candidates for leadership are:

- **Cultures**
- **Succession Planning**
- **Metrics to Measure Progress**

Leadership programs by themselves are insufficient - diversity must be a value that is embedded in the culture, with the full and ongoing commitment of top management. As a McKinsey & Company study put it: *“Gender diversity programs only give the initial impetus. It has to be lived each day by everyone in the company so that it becomes ingrained in their culture.”*

A key step is to identify strong candidates for leadership and match those individuals to career trajectories that foster their professional growth and development. Ideally, the candidates should be mentored by women leaders in the organization who have already climbed the ladder.

McKinsey & Company reported that some Fortune 500 companies tie gender diversity to talent planning and

## TRAILBLAZER:



### Jane Addams

(1860-1935), nonprofit leader, Nobel Peace Prize winner





## **Leading As Women: WOMEN IN PHILANTHROPY**

compensation. At these firms, when there are current and future openings in leadership positions and no women in the pipeline to fill them, people are held accountable in the performance review process.

In interviews with top female executives at 22 U.S. companies, a report in *McKinsey Quarterly* identified principles for companies to adhere to in order to help women advance to leadership positions.

- Nurture a culture of gender diversity: Most companies that champion women as leaders share a longstanding commitment to gender diversity. Their focus is not exclusively on women per se, but on changing “the way employees interact and work with one another, a shift that benefits women and men alike.”
- Put a system in place to make gender diversity the norm: A commitment to gender diversity, and a plan for getting there, needs to be structured in a way that makes sense. It can’t happen overnight – each step of the way, from talent development to succession planning, has to be monitored and measured.
- Put more women on boards: Research points to a strong correlation between the representation of women on boards and on top-executive teams. In top-performing companies, board members (both male and female) serve as mentors or sponsors to promising women leaders.



As more women amass personal fortunes, guide large-scale family giving and take leadership roles in the business and nonprofit sectors, they have become the nation’s fastest growing force in philanthropy.

According to Boston College’s Center on Wealth and Philanthropy, women now control more than half of the private wealth in the U.S. and make 80 percent of all purchases. Women will inherit 70 percent of the \$41 trillion in intergenerational wealth transfer expected over the next 40 years. Forty-five percent of American millionaires are now women, and 48 percent of estates worth more than \$5 million are controlled by women.

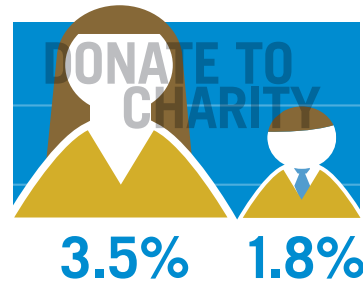
**women now control more than half of the private wealth in the U.S. and make 80 percent of all purchases**

In a review of surveys about giving, Geneva Global, a philanthropic consultancy, found differences in the giving profiles of women and men.

The research showed that women:

- Prefer to learn from one another about issues and where to give
- Are more rigorous in their evaluation of programs and their potential impact
- Volunteer more, and often at places where they are also donors
- Spread their giving across multiple causes or organizations that are important to them.

Women tend to donate more of their wealth than men do.



Women tend to donate more of their wealth than men do. According to a Barclay's Wealth study, women in the U.S. give an average of 3.5 percent of their wealth to charity, while men give an average of 1.8 percent.

Women don't just give more – they give differently, with more funds being directed to address gender equality and women's empowerment issues. For example, Women Moving Millions (WMM) is a network of 240 donors who have all given at least \$1 million. To date, WMM has raised over \$500 million to promote gender equality around the world.

Groups like the Prosperity Together Initiative, the NoVo Foundation and Grantmakers for Girls of Color are providing hundreds of millions of dollars for causes that support women and girls of color. At the local level, there is a fast-growing number of women's giving circles, which are groups of individuals that pool their resources for impact.

**Women don't just give more – they give differently**

## Leading As Women: CORPORATE AMERICA PROFILES

*Ursula Burns, Chairman and CEO, Xerox Corp.*

The daughter of Panamanian immigrants, Ursula Burns was raised by a single mother in a public housing project on the Lower East Side of Manhattan. "Many people told me I had three strikes against me," she has said. "I was black. I was a girl. And I was poor."

Ms. Burns excelled in school and prepared herself for one of three career options: nun, teacher, or nurse. None felt quite right, and she began to dream of becoming an engineer. After earning a Master's Degree in Mechanical Engineering at Columbia University in 1981, she took a job as a summer intern at Xerox Corp. Ms. Burns held a number of jobs with the company, and in 2000 was named a senior vice president. She worked closely with then-CEO Anne Mulcahy – a relationship both women have described as a "true partnership". In 2009, Ms. Burns was named Chairman and CEO of Xerox, a global business service and document technology company with revenues of \$18 billion.

“Many people told me I had three strikes against me,” she has said. “I was black. I was a girl. And I was poor.”




*Indra K. Nooyi, Chairman and CEO, PepsiCo*

Indra K. Nooyi was always a bit of a rebel. Born in 1955 in Madras, India, she raised eyebrows in the socially conservative world she grew up in by joining an all-girls cricket team, and playing lead guitar in an all-female rock band in college. Despite obvious signs that she was a force to be reckoned with, few would have predicted that she would one day be Chairman and

**few would have predicted that she would one day be Chairman and CEO of PepsiCo**

CEO of PepsiCo, the world's second-largest food and beverage company, with \$65 billion in annual revenue.

Since becoming CEO in 2006, Ms. Nooyi has guided the company through 10 years of steady revenue growth while spearheading innovations in product development and design. She has overseen key strategic acquisitions, emphasized healthier products, improved relationships with its major retail customers, doubled spending on R&D, and implemented a widely-admired talent development process.




*Cathy Engelbert, CEO, Deloitte LLP*

As CEO of Deloitte LLP, Cathy Engelbert oversees a workforce of more than 78,000 professionals who serve as 80 percent of the Fortune 500. Since becoming CEO in 2015 she has helped the company grow to \$17.5 billion in revenues, up from \$16.1 billion, and hired 8,000 new employees, two-thirds of whom were women and minorities.

Engelbert credits her 30-year career with Deloitte to the company's commitment to hiring and promoting women. A champion of workplace diversity and work/life balance, Engelbert is a strong believer in mentoring, and encouraging high-potential women to take on "stretch" assignments.

She said in September 2016, Engelbert announced that Deloitte would offer men and women alike up to 16 weeks of fully paid family leave to support a range of life events impacting them and their families. "By adding support for eldercare, spousal care, and children beyond the birth stage to both men and women we are communicating equity in family caregiving roles, providing all staff with the time they need to focus on their families in important times of need."



**Since becoming CEO in 2015 she has helped the company grow to \$17.5 billion in revenues**

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