

Why it has to be women

Equality of opportunity is not just a matter of improving corporate diversity profiles. The simple fact is that companies that employ a number of women in senior positions tend to do better on a range of key measures than those that do not

By Judith Giordan

Women are tangible. We are flesh and blood, capable and smart – and we deliver results. But the value we bring to an organisation has traditionally been viewed as intangible – that is, not easily or directly measured or able to be captured on a balance sheet. – Until now.

Zurich-based Nassance Capital has achieved a 17% average annual rate of return over the past 10 years. On 26th October, Nassance Capital announced the imminent launch of its Women's Leadership Fund and, with a board including Cherie Blair, Kim Campbell and Jenny Shipley (the former Prime Ministers of Canada and New Zealand respectively), Heidi Sinclair (the former CEO of PR firm Burson Marsteller), and several others, expects to invest up to US\$2 billion. Its investment philosophy is to "act as both a 'beacon' and a 'siren' by investing in firms which understand the need for greater female representation, and taking an activist stance against those which do not. In this way, we hope to make a real contribution towards advancing opportunities for women in the workplace".

The Women's Leadership Fund joins the angel groups of Golden Seeds and the Isabella Fund as examples of growing interest in gender diversity in companies and represent efforts to monetise an often-

unrecognised intangible asset – the value of women and diversity to bottom-line results and corporate reputation.

Study after study has shown that the presence of women in corporate leadership positions adds tangibly to the bottom line, and the National Association of Corporate Directors reported that companies with women on their boards generate value to their corporations by broadening market vision, enhancing board dynamics, inspiring female stockholders and improving corporate reputation. This paper reviews the evidence that there is a compelling business case – in terms of operations, reputation and finance – for promoting women into positions of corporate leadership and having women on the board. It also provides recommendations for specific actions that women and companies can take to embrace and successfully engage in this paradigm shift.

Current state of gender diversity

The fact that women make or influence 80% of consumer decisions and represent half the population has, in many circles, not supported or gained respect for the value of women and diversity in senior corporate or start-up leadership roles. Rather, it can be argued that this data has been used as grounds to deal with diversity and women in leadership roles as:

- Nice to do intangibles traditionally associated with soft factors such as "looking like the face of our customers" or "it helps our business".
- Legal requirements with training for compliance in topics such as diversity or harassment.
- Negatives to manage against, such as in preventing lawsuits in areas including harassment, salary discrepancies or impaired promotional opportunities – all of which can generate potentially

IAFS

This article is sponsored by the Intangible Asset Finance Society's Outreach Committee. The objectives of the Society (www.iafinance.org) are to increase the visibility, transparency and value of intangible assets through education, advocacy and the promulgation of standards. The Outreach Committee is developing best practices for increasing, protecting and restoring the intangible asset value of human resources. *IAM* magazine publishes a contribution from the Society on a noteworthy intangible asset finance matter in each issue.

Figure 1. **An individual woman's role and responsibility**

1. Develop her value – both personally and from a corporate perspective.
2. Embrace the extent to which, “we have met the enemy, and she is us”. Success requires tenacity and perseverance supported by an agreed to process – enacted with confidence and resolve

damaging press that can have a negative impact on reputation and corporate value.

But this is no longer the case. Promoting women into positions of corporate leadership and having women on the board both make a tangible and quantifiable difference to bottom-line corporate performance and can be a key factor for building intangible reputational value.

And the case has been made. There is enough data to demonstrate the tangible value of women to a company and to the intangible value of a company's reputation. The time to act – decisively and with confidence – to promote women, create balance and corporate value while enhancing reputation is now.

But what are the practical steps that women and companies can take? As this is a case for reputation enhancement and brand equity development, using documented processes that enhance both is the starting point.

Figure 2. **Corporate role and responsibility**

1. Build a reputation for enacting diversity as a measurable means of building corporate value
2. Develop, implement and require results from processes that embrace diversity as part of the business case and that address the real issues facing women.
3. Invest in women – as intrapreneurs and entrepreneurs

Women make the difference

The numbers make a compelling case. Studies show that women can make the difference between economic success and failure in the developing world, between good and bad decision-making in the industrialised world, and between profit and loss in the corporate world. Conclusion: both existing and nascent companies would do well with more women in leadership positions. And the contention is substantiated by data.

Pepperdine University found that the Fortune 500 companies with the best records of putting women at the top were 18% to 69% more profitable than the median companies in their industries. McKinsey looked at the top-listed European companies and found that greater gender diversity in management led to higher-than-average stock performance.

Catalyst, a global non-profit organisation dedicated to expanding opportunities for women in the workplace, found that Fortune 500 companies with three or more women in senior management positions score higher on top measures of organisational excellence, including correlation to 35% in return on equity and 34% improvement in return on sales.

Further, speculation by economists at Davos this year suggested that the presence of more women on Wall Street might have averted the downturn. Perhaps in response to this, Norway now mandates that corporate boards be 40% female, while Iceland has placed major banks in female hands.

Economic imperative and the wisdom of crowds

The case for the diversity of women in corporate leadership is the case for better business, better decisions and better actions. It is the case for diverse approaches and opinions being collectively more effective than that of any one expert or traditionally accepted group of experts – in this case an all-male corporate leadership or board. It is in the maths and in the data. It is the case for improving reputation and corporate performance.

It's not diversity training, it's reputation enhancement

“I'd love to put qualified women on our board,” asserted the CEO of a major corporation. “We just can't find them.”

Action starts by acknowledging that qualified women already exist, by acknowledging that processes supporting conformance and not programmes aiming for compliance must be enacted. Processes that encourage and promote women themselves and promote the value that women bring with their male peers and supervisors. Processes that demonstrate that this is not a zero-sum game in which every position taken by a woman is one lost by a male, but rather that corporate growth and viability is a tide that raises all boats and creates greater value and opportunity for all. These processes are not programmes that check boxes and foster numeric compliance or quotas; rather, these are processes that are developed and monitored to foster a desire for conforming to and abiding by the process for personal and corporate benefit – by women, their peers and the company.

As with any other business process, when done well, this process builds business reputation and value today, a stronger and more robust pipeline for the future, and addresses the requirements of women, their peers and colleagues, and companies. Such conformance processes are not simply programmes and courses – they require leadership from the very top and accountability throughout.

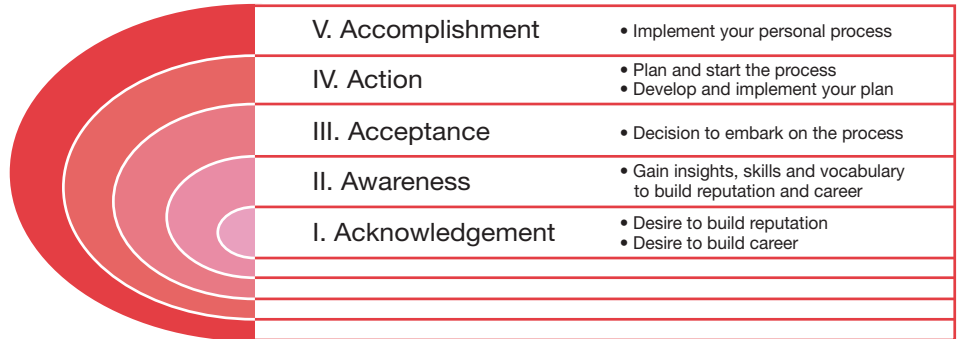
The basis for success of such processes rests with clarity and alignment of requirements for success – by women and their management. In Project ENHANCE, funded by the National Science Foundation, Fassinger and Giordan studied over 1,400 women formally trained in science, engineering and maths, and their managers, using the chemical industry – the single largest employer of broadly trained

scientists – as the model industry. Its findings, published in the report “It’s Elemental”, provide statistically valid insights into the requirements of women and their management, and can act as one of the starting points to identify factors that impede or facilitate women’s careers. The research included defining where women trained in science and engineering stand in career progression within technical and other professional roles, job types they have, the contextual factors and workplace climate they experience, and retention and promotion. In addition, corporate practices and their effectiveness were identified by women and management in the areas of recruitment, retention and promotion of women.

Key broadly based, applicable outcomes from this study show:

- Confidence is the single best predictor of career success for women. Therefore, companies that aid women in developing their confidence will reap the rewards of enhanced performance and reputation.
- There are strong links between women’s actual success (eg, salary, position) and their attitudes and beliefs related to advancement.
- Women with greater opportunities for professional networking are more successful and satisfied with their jobs than women with fewer networking opportunities.
- There are differences in perceptions of male and female managers regarding the advancement of women.
- Male managers perceive a more level playing field for women to advance than do female managers.
- Female managers have more positive perceptions of women’s attitudes toward advancement than women themselves.
- Managers’ estimations of the amount of home-work stress experienced by women are considerably higher than the amount of conflict reported by women themselves, suggesting that managers may be making erroneous assumptions that stress faced by women is always predominantly of a family nature, and therefore taking actions and making decisions about a woman’s fitness for a position, ability to do the job or desire to do the job.
- Women with mentors advance more quickly in their careers than those without mentors.
- Women with male mentors have higher salaries than those with women mentors.

Figure 3. **Process for reputation and career building – it’s a personal change process**



Using such information as a basis shows that building effective processes for enhancing diversity and corporate reputation will require work by both women and management. Figures 1 and 2 share explicit recommendations for roles and responsibilities by both companies and women.

Women: develop value and perseverance

The starting point for building and maintaining a process for personal value-add and reputation enhancement is analogous to building and maintaining a process for corporate value and reputation (Figure 3). It is a change process – one that begins by acknowledging the need for the change and the process, followed by gaining awareness of what is required for the process to be successful, then accepting the work and steps required; next by taking action and finally accomplishing the goal of reputation enhancement and building and staying with your career.

Unfortunately, data shows that women do not always embrace the value of the process and often do not assertively go after their goals. Results from a recent survey of postdoctoral fellows showed that 30% of men expected their wives to make career concessions compared to only 15% of women who expected the same from their husbands. Women need to embrace their own value and confidently stand up for their abilities and careers.

Further compounding this challenge of low expectations by women was a study which concluded that many women are so grateful to be offered a job that they accept what they are offered and don’t negotiate their salaries. Women report salary expectations between 3% and 32% lower than those of men for the same jobs; men expect to earn 13% more than women

Figure 4. The seven steps to increasing, protecting and restoring intangible asset value – a useful framework for creating value from diversity



during their first year of full-time work and 32% more at their career peaks.

When women do get into positions that could help them into leadership positions and build corporate reputation, many leave. Thus, a leaky pipeline of qualified women in many fields may also contribute to the belief that there are not enough qualified women. One study cites the significant attrition of managerial women in venture firms. About 64% of the women who were in the industry in 1995 were no longer in the industry in 2000. Only 33% of the male control group exited the industry in the same timeframe. In another study, bank executives say that fewer female MBAs are choosing careers on Wall Street, and the banks also say they have had limited success halting the flow of women who leave midcareer. In the sciences an estimated 3,000 PhD-trained women opt out of the workforce every year. At that rate, attrition is not just a feminist issue; it costs the United States more than a US\$ billion a year and threatens economic competitiveness.

Companies: supportive processes that build corporate value and reputation

Harking back to the data from Project ENHANCE, to gain the value that women can bring, they must be present and confident they can succeed. Companies, through their policies, processes and management action, or lack thereof, clearly demonstrate whether they are building diversity or women's programmes to be in compliance and check boxes; or whether they are building clear, open and transparent processes which foster the buy-in, trust and conformance that lead to attracting, retaining and promoting qualified women into leadership positions.

Figure 4 illustrates the process that can be adopted and successfully implemented to drive conformance in translating intangible assets – such as hiring, retaining and promoting women – into tangible bottom-line results. To be effective, the process must be used to build and support conformance –

the desire to participate and work for the outcome by both men and women – as a means for corporate reputation enhancement, intangible asset monetisation and personal growth. And with Ernst & Young reporting that the investment community believes that between 30% and 50% of a company's value is intangible – based mostly on corporate reputation – and with others placing the value of such intangibles as high as 70%, companies that embrace such processes for reputation and intangible asset monetisation reap the rewards.

Investing in women as intrapreneurs can aid in their retention and create benefits from their skills. Intrapreneurship is a process that can help to build corporate innovation and reputation, and aid in the retention of key employees – many of whom are women. It is a process that supports and encourages people to initiate and oversee new ideas or improvements within the framework of and in alignment with the goals of the company. Part and parcel of intrapreneurship is developing a corporate culture that allows women to engage in opportunities for innovation and ownership – starting a new business; developing a new technology; overseeing a new process; building a new strategy – without having to leave the company.

With increasing attrition rates for women in almost every field, retaining them and their skills can be challenging. Exit interview comments abound with “I really like my job, but I am leaving for a better opportunity”, or “I want to grow and branch out”, or because “I am in search of something more”, or “to start my own business”. The woman may really be saying that she was looking for more than a desk and a paycheck; that instead she was looking for the opportunity to create, establish and nurture an identity – a corporate identity, a work-related identity, a personal identity – of her own. Leaving the company may not have been her goal, but clear, transparent and uniformly applied processes for advancement and being recognised and acknowledged for

contributions, perhaps by becoming an intrapreneur, may be the ticket for mutual success.

Women, start-ups, investment and corporate leadership

Corporate leadership does not only occur within the Fortune 500. Women-owned businesses generate about US\$3 trillion in revenue in the US and employ 16% of the workforce, making them significant players in the national economy. Advocates for women in business say that such figures are a wake-up call for those who consider women to be niche players, according to a report by the Center for Women's Business Research.

Women-owned ventures accounted for 15.7% of the American entrepreneurs that sought angel capital in 2008. But while the number of women seeking angel capital is low, the percentage that received angel investments was in line with the overall market yield rate. This data indicates that when women do seek angel capital they fare well, but the need is to increase the

number of women entrepreneurs that seek angel capital.

To address the needs of women angel investors and women entrepreneurs directly, Golden Seeds and the Isabella Fund were both founded by women angel investors with the aim of funding entrepreneurial ventures with female leaders. As the Isabella Fund states: "We believe this to be an untapped market in the venture capital industry." And based on the numbers, one with an increasing reputation for success.

Build value

Attention, women and executive leaders of all persuasions: if you want something you have never had or to be something you have never been, then you must do something you have never done. This pertains to both women and companies. Both must act with resolve, with confidence, with metrics and accountability, and with the knowledge that the business case for building the intangible assets of reputation and personal value will build corporate value. *iam*

The opinions expressed in this article are solely those current opinions of the authors and should not be construed to reflect the opinions, policies or positions of any entity other than the authors. The opinions do not represent a recommendation of any particular security strategy, or investment product. The authors' opinions are subject to change without notice. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Statements concerning financial market trends are based on current market conditions, which will fluctuate. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities. This article has been produced for educational purposes and should not be considered as investment advice or an offer of any security for sale.

Judith Giordan is a managing director with Steel City Re, a senior adviser to the National Collegiate Inventors and Innovators Alliance, and a Professor of Practice at the University of Southern Mississippi
jgiordan@steelcityre.com

Parthys Patent Eagle
Hunting for Relevance

Searching Services As Simple As **Ctrl F**

Technology Coverage
Life Sciences
Chemistry
Medical Devices
Consumer Products
Electrical
Electronics
Mechanical and
Chemical Engineering

Patent Search Services
Patentability
State-of-the-Art
Validity
Infringement
Freedom-to-Operate

Call Us Today So We Can Get Started
Email: searches@patenteagle.com
Call: +91-98409-75643
<http://www.patenteagle.com>