20-first's

WOMENOMICS 101 Survey

New Core Metric of Competitiveness: Gender Balance on Executive Committees

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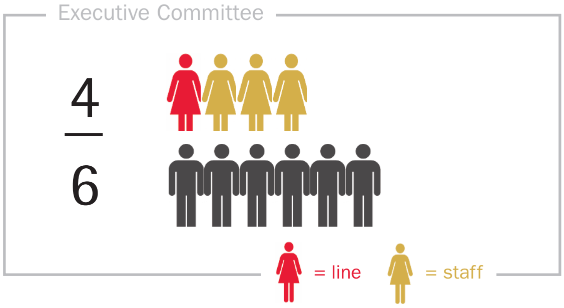
THE CORE METRIC

It's time to move beyond the current focus on boards. A more revelatory indicator is the Executive Committee.

After great progress on drawing attention to the dearth of gender balance on boards, this survey invites you to look deeper into companies, and use metrics that distinguish those serious about gender balance from the rest.

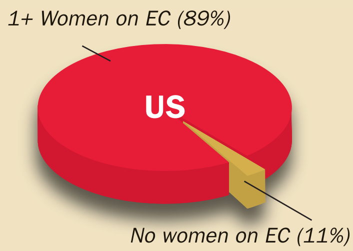


That's what WOMENOMICS 101 proposes to do. Every year, we will focus on a single measure of progress: the gender balance on the Executive Committee of the top 101 companies in three key regions of the globe.

KEY FINDINGS

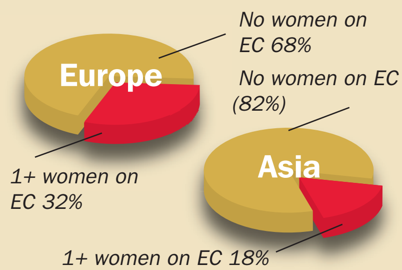
- **US Leads:** The US is ahead in this survey, with 89% of companies having at least one women on their Executive Committee. A key warning signal, however, is that the vast majority of these Executive Committee members are in staff or support positions (104 out of a total of 137) - typically HR, Communications or Legal - rather than operational roles.

% of US Companies with 1+ Women in EC Roles



- **Europe and Asia Lag:** Both Europe and Asia have barely embarked on the gender journey. 82% of companies in Asia and 68% of companies in Europe have no women at all on their Executive Committees. Both regions are inching towards tokenism, with 21% of companies in Europe and 17% of companies in Asia having a single woman at this level, usually in a staff role.

% of European and Asian Countries with 1+ Women in EC Roles



- **Women Promote Women:** Only 12 companies out of 303 achieved a critical mass percentage of 30% women on their Executive Committees, which studies have shown is significant if companies want to create more effective leadership teams. They are all US-based and three of them are run by women CEOs – Archer Daniels Midland, Kraft Foods, and WellPoint.

WHY FOCUS ON EXECUTIVE COMMITTEES?

The focus on the boardroom has been helpful in raising the visibility of the gender issue. It was an easy-to-understand and easy-to-measure reading of gender balance (or the lack thereof) in business. Yet it is not the best indicator of how gender balanced a company actually is in 2009. Nor of how gender balanced they will manage to become tomorrow. As companies have discovered, it is much easier to appoint a woman or two onto a corporate board than it is to actually groom a woman for power and have her progress through the traditional, internal route to the Executive Committee. Boards are oversight bodies. They do not actually run companies. So getting more gender balance at board level does not necessarily have a very direct impact on the gender balance of the organization as a whole.

It is time to recognize that we need to go a little deeper into the gender issue in leadership.

Avivah Wittenberg-Cox

Info: womenomics101@20-first.com

WHY CARE?

A growing number of studies, from McKinsey, Catalyst and a range of universities, show the correlation between gender balance in leadership and improved corporate performance. Most companies now accept that improvement is necessary. The complementary skills and styles of men and women have a positive impact on business. Not surprising when most of the educated talent in the world, and a majority of the consumer market, is female.

SURVEY METHODOLOGY

The data for this survey is based on publicly available information provided by the top Fortune 101 companies in each region (United States, Europe, and Asia) on their websites. When necessary we confirmed details by telephone or e-mail.

We defined the Executive Committee as the executives who report directly to the CEO.

GENDER UNDER COVER

Many companies are making it increasingly difficult to identify who is on their Executive Committees. Various techniques have become common, on corporate websites and in annual reports, to camouflage the gender of corporate leaders. These include removing all photos, reducing first names to an initial, or adding large numbers of people to something called 'the Leadership Team' which in some companies numbers up to 60 people.

We sought further information from the companies that listed senior leadership committees with more than 15 members (which we selected as a reasonable cut-off), and excluded those who chose not to respond to our request for more precision. 76 companies out of the total 303 were excluded because we could not verify who was on the real Executive Committee. All percentages referred to in this document are based on the number of companies retained (227 out of 303).

This is the first survey of this kind and we hope that in the future companies will be more forthcoming about the people who serve on their Executive Committees.

THE NAMES AND THE NUMBERS

UNITED STATES

BEST

- KRAFT
- WellPoint
- macy's
- Allstate (You're in good hands.)
- Pfizer
- Wells Fargo

NEXT BEST

- Bank of America
- Hewlett-Packard
- Cardinal Health
- Target
- Johnson and Johnson
- MetLife
- Archer Daniels Midland
- Sunoco
- PepsiCo
- Ingram Micro
- Johnson Controls
- Honeywell International
- Prudential Financial
- New York Life Insurance
- News Corp
- TIAA-CREF
- Hartford Financial Services
- Walgreens

WORST

- Caterpillar
- comcast
- Enterprise GP Holdings L.P.
- HESS
- Sears
- Freddie Mac
- Exxon
- intel

EUROPE

BEST

- J Sainsbury plc
- SNCF

NEXT BEST

- Société Générale
- StatoilHydro
- EDF
- sanofi aventis (Because health matters)
- centrica
- RBS (The Royal Bank of Scotland)
- Eni

WORST

68% of companies have no women on their Executive Committees.

ASIA

BEST

- 國泰金控 Cathay Financial Holdings

TOKEN

- State Grid (China)
- Sony
- Petronas
- Industrial and Commercial Bank of China
- China Mobile Communications
- China Construction Bank
- Bank of China
- China Southern Power Grid
- Baosteel Group
- Hutchison Whampoa
- Flextronics International
- Bridgestone

WORST

82% of companies have no women on their Executive Committees.

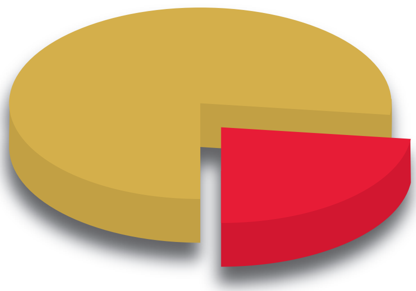
Info: womenomics101@20-first.com

HOW MANY WOMEN ON THE EXECUTIVE COMMITTEE?

UNITED STATES

Number of women					
Companies	8	17	21	18	6

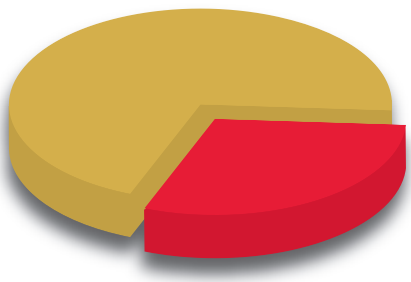
LINE vs STAFF



EUROPE

Number of women					
Companies	58	18	7	1	1

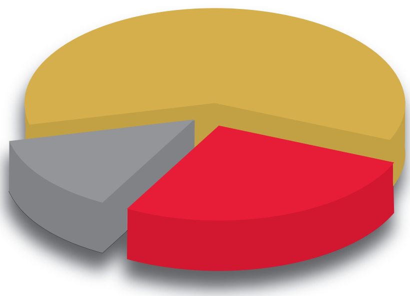
LINE vs STAFF



ASIA

Number of women					
Companies	59	12	0	1	0

LINE vs STAFF



A number of companies were excluded from the above figures because the information was unavailable - see Gender Under Cover

Info: womenomics101@20-first.com

SUSTAINABLE BALANCE: LINE vs STAFF

One of the key criteria we explore in the survey is whether women on Executive Committees are in line or staff roles. By line roles, we mean someone with profit-and-loss responsibility.

Why this emphasis? Companies that only manage to promote women into leadership through staff roles demonstrate that they have not yet worked out how to gender balance their leadership development systems and their talent pipelines. We would assume this also has consequences on their ability to understand the gender opportunities in their markets and among their customers. This does not bode well for the future sustainability of the gender balance in these organizations.

BEST OF THE BEST: 'CRITICAL MASS' COMPANIES

Studies have shown that companies need to achieve a certain proportion of women on their leadership teams before the competitive advantage of balance comes into effect.

Getting beyond tokenism: It has been shown that organisations need to have at least 30% women on their top teams, after which the impact is felt, driving better decision-making and leadership capability. Only 12 companies out of the 303 in our list have achieved this critical mass position in their Executive Committees, all of which are US-based. Three of them are run by women – Archer Daniels Midland (at 43%, the highest percentage of women in the list along with Hartford Financial Services), Kraft Foods, and WellPoint.

The Challenge Ahead

While American companies have progressed further than others, we are not convinced their approach is entirely sustainable. As our report shows, only 24% of the senior executive women in the US are in line roles. This limits any significant amplification of the current modest balance. Companies in the US, therefore, still have much to do.

And as Europe and Asia are only just setting out on the gender journey, we hope that some of the lessons of the leaders of WOMENOMICS 101 will help them leapfrog approaches that have not convincingly proven their efficacy, and innovate faster into more balanced, progressive 21st century leadership.

Stop Focusing on Women

Too often leaders, who mean well, wonder why women are not making it to the top, and try to find ways to 'help' them – with training, networks, mentoring or coaching. With women now representing the majority of university graduates in most developed countries around the globe, we'd suggest that it is time to stop asking what's wrong with women, and start asking what is wrong with the culture, processes and mindsets of your organization if it can't effectively attract, retain and promote a majority of today (and tomorrow's) talent.

Start Measuring Balance

Companies that aim for sustainable, global performance need to become more gender balanced. That requires asking the right questions of the right people. And holding them accountable for results.

We'll be Watching.

So we'll help. By monitoring progress (or lack of it). Every year in our WOMENOMICS 101 survey. When your kids go back to school, we'll go back to basics.

CONTACTS

INFO: Womenomics101@20-first.com

PRESS: press@20-first.com | www.20-first.com