



# THE LEADERSHIP FOUNDRY

ADVANCING WOMEN TO THE  
CORPORATE BOARDROOM

Women Board Directors  
in Maryland, Virginia and  
Washington, DC

Prepared by American University Kogod School of Business

Women Board Directors in Maryland, Virginia and Washington, DC  
August 2012

Prepared for:  
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## Executive Summary

In 2010, Women in Technology (WIT) commissioned research on the number of women serving on the boards of all public companies headquartered in Washington, DC, and Virginia. American University's Kogod School of Business conducted the research and revealed that women were much underrepresented.

WIT's mission is to advance women from the classroom to the boardroom. Since 1994 we have supported the professional aspirations of our members, now 1,000 strong. WIT is also an important partner with many area technology companies, which support our programs in numerous ways. Thus, we have a vested interest in the success of companies in our industry.

With more than 30 research studies conducted all over the world consistently showing that there is a correlation between board gender diversity and better governance and financial performance, WIT embarked on providing a voice and a solution to this problem.

After the publication of the 2010 research, WIT launched The Leadership Foundry to train, mentor and network a selected group of highly qualified executive women, preparing them for their first corporate board seat. The first group of 14 women has graduated from The Leadership Foundry and is ready to lend their experience and talent to help area companies compete and prosper.

As we begin the selection process for the second group of participants in The Leadership Foundry, we have again commissioned American University's Kogod School of Business to refresh the research and determine whether any progress has been made in women's board representation over the past two years. As this report will show, there has been progress but it is only incremental. WIT looks forward to partnering with area companies to accelerate board gender diversity by introducing accomplished women with fresh leadership perspectives and offering the potential for better corporate performance.

Special thanks are due to Jill Klein, Executive in Residence for the Department of Information Technology at American University's Kogod School of Business, as well as MBA student Lina Rojas and MPA graduate Meredith Kirchheimer who conducted the research for the 2012 report, and Julie Bloecher who was the Project Director and Editorial Supervisor.



Nancy Lamberton,  
President, Women in Technology

## Introduction

In continuing its intention to monitor the change in the number of women on boards of directors, Women in Technology (WIT) again commissioned a report by American University's Kogod School of Business. This 2012 study assessed the progress toward higher board membership by women in the two years since the original report was completed. In addition to updating the data for Virginia and Washington, DC, this latest report also incorporates data from Maryland to give a more complete picture of the entire metropolitan area. Some key findings include:

- The number of women on boards in Virginia has increased since the date of the last study.
- More companies in the Washington, DC, metro area have women on their boards of directors than in 2010.
- In Maryland, women hold 10.8% of 763 seats, which is notable as the first time this state is included in this report.

## Women in Technology (WIT) and The Leadership Foundry

WIT's mission is to advance women in technology from the classroom to the boardroom by providing advocacy, leadership development, networking, mentoring, and technology education. To prepare corporate executive women for positions as corporate board directors, WIT launched The Leadership Foundry, a program managed by WIT's Corporate Board Committee, for qualified senior-level female executives interested in serving on a corporate board. Its goal is to prepare women for board service, provide opportunities to make connections, and develop relationships that could lead to a board position.

In 2011, The Leadership Foundry began providing networking and mentoring opportunities in addition to intensive board training sessions. Through The Leadership Foundry, WIT has also helped fuel awareness of the lack of women's representation on corporate boards and encouraged local organizations to support board diversity.

WIT's 2010 collaboration with American University reviewed membership by women on boards of publicly traded companies headquartered in Virginia and Washington, DC. This established a valuable baseline, which the effectiveness of The Leadership Foundry's initiatives could be measured against. Findings from the 2012 study identify that while some progress has been made over the past two years, there is still a great opportunity for organizations to appoint more women to boards of directors.

## Background

Why is female participation on boards of directors significant? In 2011, the independent research group, GovernanceMetrics, found that S&P 500 companies with no women on their boards scored below average with a Home Market Corporate Governance rating of 5.8 out of 10.<sup>1</sup> However, companies with a third or more female directors scored above average with a rating of 8.1 out of 10.<sup>2</sup> These findings support the theory of “critical mass” defined by Konrad, Kramer & Ekrut, which states that having three women on a board is a significant threshold that can create certain benefits. The authors found that women serving on boards that achieve this critical mass are less likely to be subject to stereotyping, feel more comfortable to express opinions, and are more likely to be heard. Also, companies were found to benefit from enhanced collaboration among board members, an increased variety of perspectives that broadens discussion, and more effective long-term thinking.<sup>3</sup>

Other research has found that companies with more women in executive positions not only attain better overall leadership and corporate governance, but also are better able to represent their shareholders, consumers and other stakeholders. This results in enhanced profitability.<sup>4</sup>

Despite growing awareness of the benefits of female representation on boards, national improvements have been minimal over the past two years. For instance, a Catalyst census comparing 2010 and 2011 Fortune 500 data found almost no difference between the two years.<sup>5</sup> Further, the same three companies continue to be the only ones with women holding more than 40 percent of board seats—Avon, Estée Lauder, and Macy’s.<sup>6</sup>

## Developments Over the Past Two Years

The 2010 WIT report coincided with an initiative led by the Securities and Exchange Commission (SEC) that sought to address diversity on corporate boards. In 2009, the SEC established rules to enhance transparency and accountability surrounding diversity efforts of publicly traded companies. These rules, which came into effect in 2010, require companies to identify the following in their annual reports:

- Whether diversity is a factor when considering board of director nominees
- How, if diversity is considered, it is incorporated in the process
- What methodology is used to evaluate the success of these efforts to promote diversity

By requiring information on diversity, the SEC provides useful information to investors and creates a framework in which methods for improvements may be discussed and evaluated. In presenting the new rule, SEC Commissioner Luis Aguilar identified an important point: “A ‘useful disclosure’ would be one that indicates how many candidates interviewed were women or minorities.”<sup>7</sup> This is consistent with the idea that, rather than mandating quotas for women, which

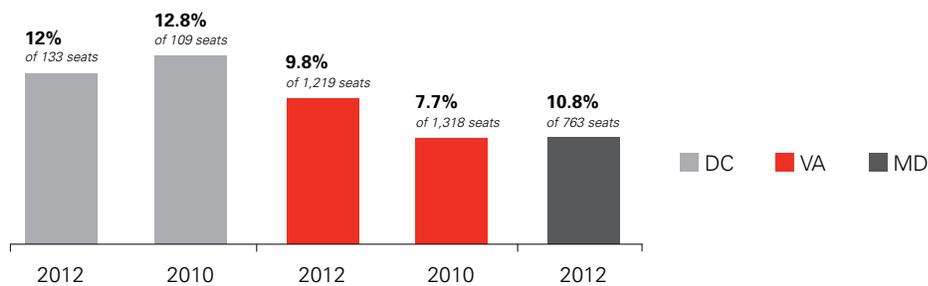
is done in some countries overseas, diversity is better served by requirements that focus on the inclusion of minority candidates in the interview process. A report published by Paul Hastings explains, “The idea behind this rule, an idea supported by many advocacy groups, is that the problem is not a shortage of qualified women or even a calculated effort to exclude women; rather, it derives from a tradition of hiring board members from an existing pool.”<sup>8</sup> Despite much discussion, requirements around maintaining a certain number of minority candidates in the interview process still have to be set by the SEC or other regulating agencies.

In addition to the SEC’s reporting requirements, select US-based financial service companies have also taken action to promote female representation in leadership positions over the past two years. For example, Pax World launched the “Global Women’s Equality Fund” in 2010, which primarily invests in global large cap companies that emphasize gender equality and women’s advancement.<sup>9</sup> Pax World’s CEO explained that funds such as this were developed to address investors’ interest in more socially responsible companies. The fund’s creation suggests that potential investors have become increasingly aware of the positive impact—in terms of greater profitability or more sustainable practices—that women can provide.<sup>10</sup>

## The Regional Outlook

Overall, data compiled for the WIT study follow national trends, showing only slight growth over the past two years. It is evident, then, that significant opportunities continue to exist for companies headquartered in Maryland, Virginia, and Washington, DC, willing to appoint female board members.

As of the most recent Catalyst report, women held approximately 16.1% of the 5,508 Board seats at Fortune 500 companies in 2011, compared with 15.7% in 2010.<sup>11</sup> Data for publicly traded companies in Maryland, Virginia, and Washington, DC, reveal that the regional situation continues to be much worse than that of the nation, with women holding just 10.3% of 2,115 seats. Consistent with WIT’s original findings, companies headquartered in Washington, DC, display much more positive results than Virginia, with women



Companies headquartered in Washington, DC, display a greater percentage of women holding board seats compared with Virginia and Maryland, although Virginia experienced a significant increase in 2011. However, this regional profile greatly lags behind the nation as a whole.

holding 12.0% of 133 seats (compared to 2010's 12.8% of 109 seats). While Virginia experienced a significant increase to 9.8% of 1,219 seats (up from 2010's 7.7% of 1,318 seats<sup>12</sup>), the state continues to pale in comparison to Fortune 500 companies. Finally, in Maryland women hold 10.8% of 763 seats.

Although these figures are disappointing, one encouraging fact is the increase, however small, that reflects the generally positive trend of the Fortune 500 firms. That said, the gap between the regional and national results indicates that the area continues to miss the critical business development opportunities that are offered by greater female leadership.

## Methology

This report includes 224 public companies headquartered in Maryland (79), Virginia (131), and Washington, DC (14), that are listed on the major stock exchanges (NYSE and NASDAQ).

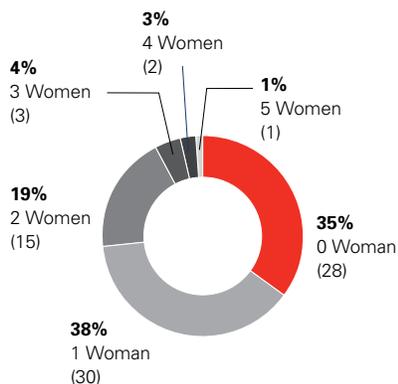
The report used data available between June 1 and August 1, 2012.

Company listings were produced using the Hoover Database, which provided:	Board member information was obtained using:	Data collected at the company level included:	Data collected about women serving on Boards included:
Company contact information	Company websites	Total number of Board members	Name of individual
Industry classification codes from the North American Industry Classification System (NAICS)	Annual reports	Number of women serving on the Board	Title (current or former)
Annual sales	Edgar Online		Company (current or former)
Number of employees	Forbes.com Corporate Executives and Directors database		Number of years served on Board
	Business Week List of Public Companies Worldwide		Board compensation
	Thomson One		Age
			Education completed
			Current geography (city, state, country)
			Other relevant information from the individual's bio

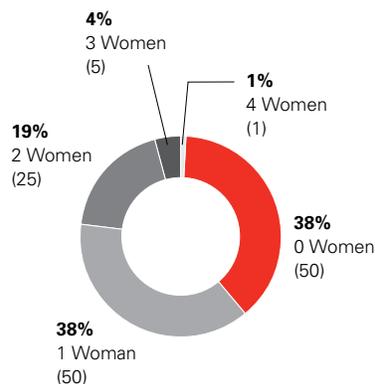
## 2012 Executive Summary of Key Findings

MARYLAND	VIRGINIA	WASHINGTON, DC
Women hold 82 of the 763 board seats of the 79 public companies headquartered in Maryland (MD), which is 10.8%	Women hold 119 of the 1,219 board seats of the 131 public companies headquartered in Virginia (VA), which is 9.8%	Women hold 16 of the 133 board seats of the 14 public companies headquartered in Washington, DC (DC), which is 12.0%
Twenty-eight companies (35.4%) have no women on their corporate board of directors	Fifty companies (38.2%) have no women on their corporate board of directors	Five companies (35.7%) have no women on their corporate board of directors
Thirty companies (38.0%) have one (1) woman on their corporate board of directors	Fifty companies (38.2%) have one (1) woman on their corporate board of directors	Three companies (21.4%) have one (1) woman on their corporate board of directors
Fifteen companies (19.0%) have two (2) women on their corporate board of directors	Twenty-five companies (19.1%) have two (2) women on their corporate board of directors	Five companies (35.7%) have two (2) women on their corporate board of directors
Three companies (3.8%) have three (3) women on their corporate board of directors	Five companies (3.8%) have three (3) women on their corporate board of directors	One company (7.1%) has three (3) women on their corporate board of directors
Two companies (2.5%) have four (4) women on their corporate board of directors	One company (0.8%) has four (4) women on their corporate board of directors	
One company (1.3%) has five (5) women on their corporate board of directors		

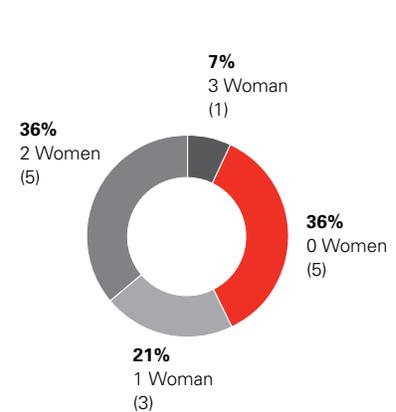
**Percent of Women on Board of Directors in Maryland**



**Percent of Women on Board of Directors in Virginia**



**Percent of Women on Board of Directors in Washington, DC**

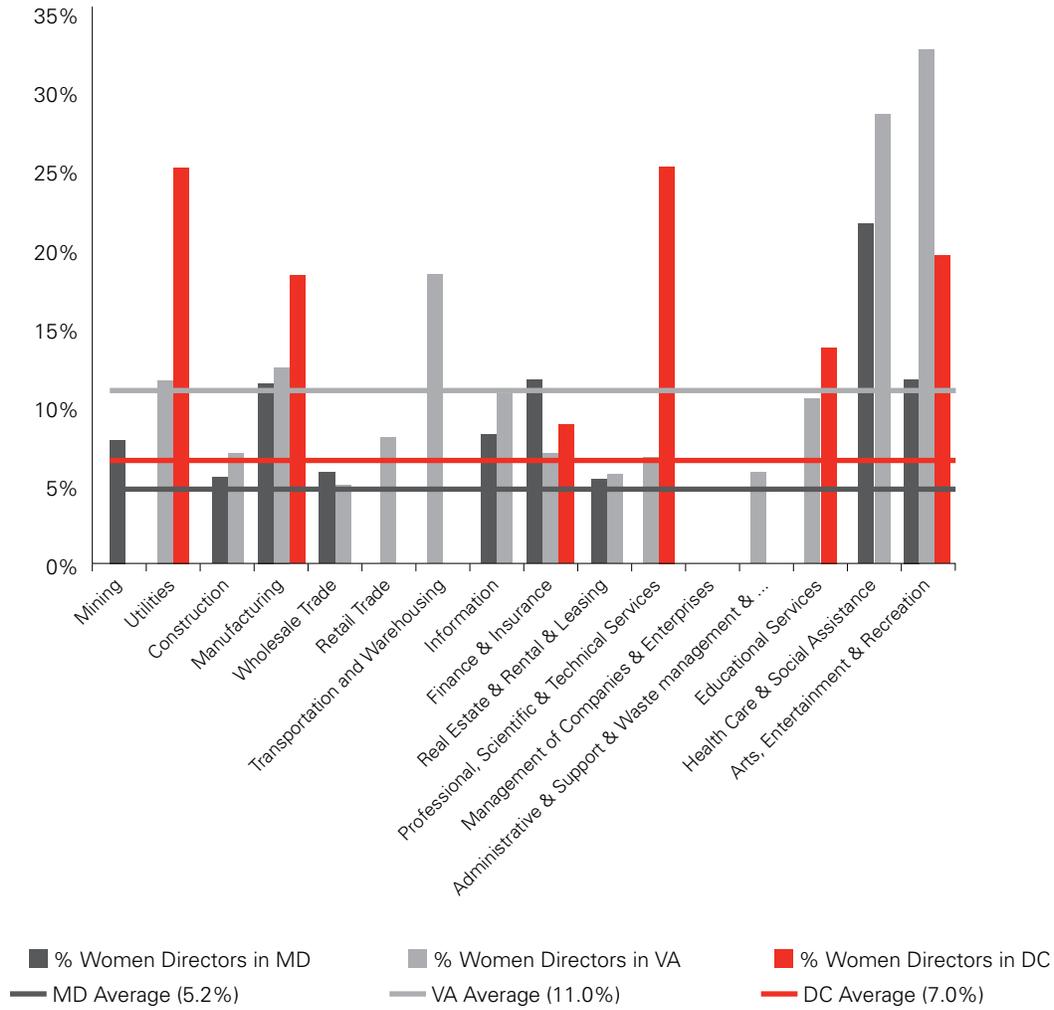


# Industry Data

MARYLAND	VIRGINIA	WASHINGTON, DC
Maryland's largest industry sectors by percent women directors include Health Care & Social Assistance and Finance & Insurance	Virginia's largest industry sectors by percent women directors include Health Care & Social Assistance and Arts, Entertainment & Recreation	Washington, DC's largest industry sectors by percent women directors include Utilities and Professional, Scientific & Technical Services
The industries with the largest number of women serving on board of directors include Manufacturing and Finance & Insurance	The industries with the largest number of women serving on board of directors include Manufacturing and Finance & Insurance	The industries with the largest number of women serving on board of directors include Utilities and Finance & Insurance
The industries with the fewest number of women serving on board of directors include Utilities and Retail Trade	The industries with the fewest number of women serving on board of directors include Management of Companies & Enterprises and Real Estate, Rental & Leasing	The industries with the fewest number of women serving on board of directors include Construction and Wholesale Trade

Industry	No. of Women Directors in MD	% Women Directors in MD	No. of Women Directors in VA	% Women Directors in VA	No. of Women Directors in DC	% Women Directors in DC
Mining	2	8.7%	1	0.0%	0	0.0%
Utilities	0	0.0%	10	12.2%	5	25.0%
Construction	1	5.9%	2	7.7%	0	0.0%
Manufacturing	26	11.2%	25	13.2%	2	18.2%
Wholesale Trade	1	6.3%	2	5.4%	0	0.0%
Retail Trade	0	0.0%	3	7.3%	0	0.0%
Transportation and Warehousing	0	0.0%	8	18.2%	0	0.0%
Information	2	8.7%	10	11.0%	0	0.0%
Finance & Insurance	28	12.2%	35	7.5%	5	9.6%
Real Estate & Rental & Leasing	3	5.8%	1	6.3%	0	0.0%
Professional, Scientific & Technical Services	6	0.0%	8	7.7%	1	25.0%
Management of Companies & Enterprises	0	0.0%	0	0.0%	0	0.0%
Administrative & Support & Waste management & Remediation Services	0	0.0%	2	6.3%	0	0.0%
Educational Services	0	0.0%	4	10.8%	1	14.3%
Health Care & Social Assistance	3	21.4%	2	28.6%	0	0.0%
Arts, Entertainment & Recreation	10	11.5%	6	33.3%	2	20.0%

## Women on Boards by Industry

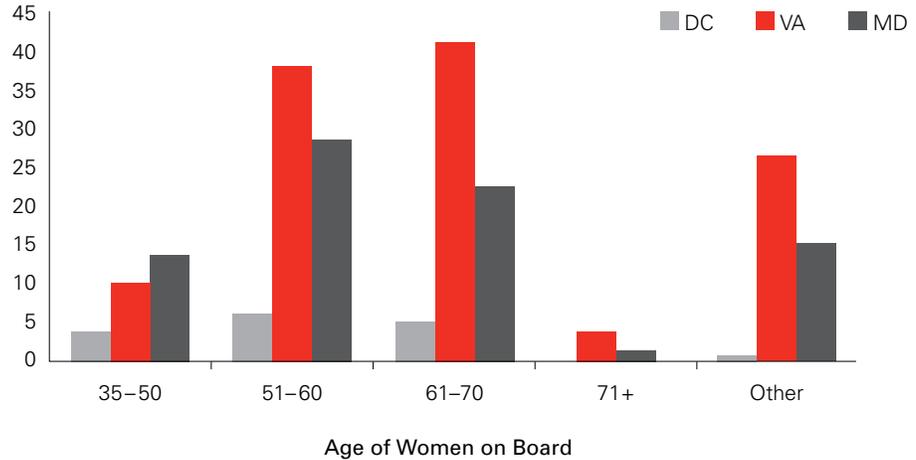


It is important to keep in mind though percentages may indicate a relatively high percent of women directors, the data hinges upon the number of public companies in Maryland, Virginia, and Washington, DC, and the total number of board seats. Below is a chart with the compilation of number of companies by industry in Maryland, Virginia, and Washington, DC.

Industry	No. of Companies in MD	No. of Companies in VA	No. of Companies in DC
Mining	2	2	0
Utilities	2	8	2
Construction	2	3	0
Manufacturing	23	22	1
Wholesale Trade	2	4	0
Retail Trade	1	4	1
Transportation and Warehousing	0	4	0
Information	4	11	1
Finance & Insurance	20	44	4
Real Estate & Rental & Leasing	6	2	0
Professional, Scientific & Technical Services	3	14	0
Management of Companies & Enterprises	2	0	0
Administrative & Support & Waste management & Remediation Services	0	4	2
Educational Services	0	4	1
Health Care & Social Assistance	2	1	0
Arts, Entertainment & Recreation	10	2	1

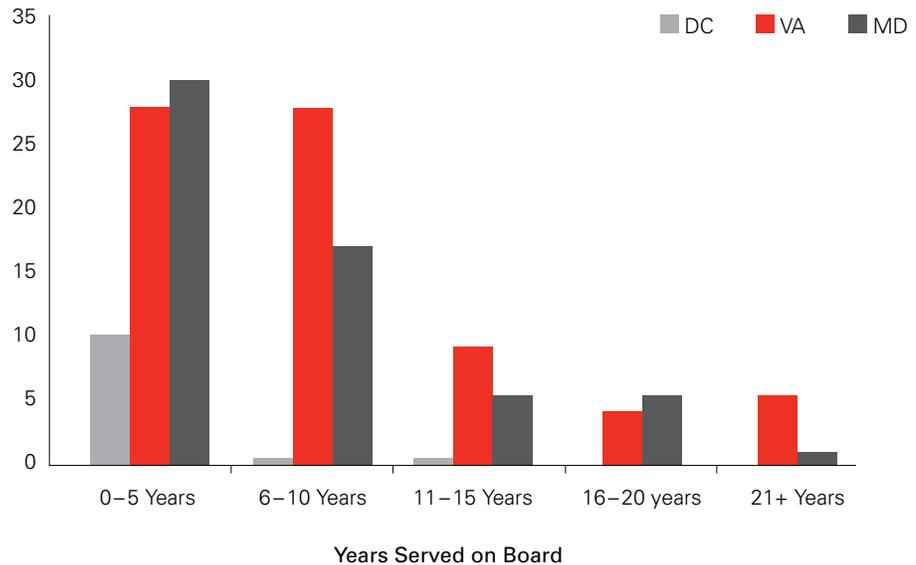
### Age of Women on Boards of Directors

The average age of women directors in Maryland, Virginia, and Washington, DC, is 57.4, 59.2, and 56.7. The majority of the women occupying board positions are between 51 and 70 years old. This is an increase from 2010's averages, which for Virginia and Washington, DC, were 56.8. The graph below shows the age of female directors in Maryland, Virginia, and Washington, DC.



### Number of Years Women Have Served on Boards of Directors

The average time served on a board for women in Maryland is 7.3, Virginia, 8.4, and Washington, DC, 3.9. Virginia's average service time is greater than reported in the 2010 report and Washington, DC's is less. (Both had an average service time of 6.8 in 2010.) The graph below shows the time served by female directors in Maryland, Virginia, and Washington, DC.



## Conclusion

WIT commissioned this follow-up report to assess the progress of women in Virginia and Washington, DC, over the past two years and to create a set of baseline data for Maryland. This update is intended to be the first of many that will enable WIT to evaluate trends and inform The Leadership Foundry initiatives.

The findings of this report indicate slight improvements from WIT's original research. Data for Washington, DC, were very similar to those presented in the 2010 report, while Virginia showed a 2% increase in the number of board positions held by women.

Other noteworthy findings include:

- The percentage of companies with no women on their boards of directors in Maryland, Virginia, and Washington, DC, is 37.1% which is a 14.9% improvement from 2010.
- Less than 6% of the companies in Maryland, Virginia, and Washington, DC, have three or more women on their boards of directors.
- The average age of female directors in the region has increased slightly over the past two years, although the majority is still between 51 to 70 years old.

Board representation by women remains significantly lower than what would be expected in a region with such a large number of working women, many of whom serve in management positions. It is clear that WIT's advocacy role in this area is key, and The Leadership Foundry must continue its task of preparing women for board service. To this end, we hope that this research will provide confirmation of the need for WIT's efforts in developing programs that ultimately will contribute to greater representation of women on boards of directors.

## Contact Information

For further information on Women in Technology and The Leadership Foundry, please see <http://www.theleadershipfoundry.org> or contact Denise Hart at [denise@o2lab.com](mailto:denise@o2lab.com).

## Acknowledgements

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Jill Klein—Executive in Residence at American University's Kogod School of Business

Marge Niedzwicz—Editor, Women in Technology Corporate Board Committee

Lina Rojas—MBA Student at American University's Kogod School of Business

## References

- 1 GMI is an independent research and ratings agency founded in 2000 to provide institutional investors and governance leaders an objective way of assessing corporate governance risk. All company ratings are calculated relative either to other rated companies in the same region or country of origin (home market rating) or to the over 4,100 companies rated by GMI worldwide
- 2 Corporate Board Member website (2012). Retrieved from [https://www.boardmember.com/Article\\_Details.aspx?id=6035&terms=women+on+boards](https://www.boardmember.com/Article_Details.aspx?id=6035&terms=women+on+boards)
- 3 Konrad, A., Kramer, V. & Erkut, S. (2008). Critical Mass: The Impact of Three or More Women on Corporate Boards. *Organizational Dynamics*, 37 (2), 145.
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- 5 In 2010, of all board seats in the Fortune 500, women held 15.7 percent and that number increased slightly to 16.1 percent in 2011. This means that, of the 5,508 board seats available in the Fortune 500, men held roughly 83 to 84 percent of these seats in both 2010 and 2011. Source: Catalyst website (2012). Retrieved from [http://www.catalyst.org/file/533/2011\\_fortune\\_500\\_census\\_wbd.pdf](http://www.catalyst.org/file/533/2011_fortune_500_census_wbd.pdf)
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- 7 Giunta, Tara K., Ed. "Breaking the Glass Ceiling: Women in the Boardroom," *Paul Hastings*, Sept 2011. Retrieved from [http://www.paulhastings.com/assets/pdfs/Gender\\_Parity\\_on\\_Corporate\\_Boards.pdf](http://www.paulhastings.com/assets/pdfs/Gender_Parity_on_Corporate_Boards.pdf)
- 8 Ibid.
- 9 Pax World Investments website (2012). Retrieved from <http://www.paxworld.com/our-products/pax-world-mutual-funds/womens-equality-fund>
- 10 Stewart, Janet Kidd, "Boomers Get Real About Socially Aware Investing." *Chicago Tribune*, 27 Apr 2012.
- 11 Retrieved from [http://www.catalyst.org/file/533/2011\\_fortune\\_500\\_census\\_wbd.pdf](http://www.catalyst.org/file/533/2011_fortune_500_census_wbd.pdf)
- 12 The total number of companies (and board seats) in Virginia has decreased in this report compared to the 2010 report, which included some companies selling over the counter stocks. By removing these numbers from the 2010 report, the percentage of women occupying total board seats would have been 7.8%.

