



Advancing Women

TO THE CORPORATE BOARDROOM

2018 Women Board Directors in Maryland, Virginia
and Washington, DC

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From the President

Women in Technology (WIT) proudly introduces The Leadership Foundry's 2018 report: *Advancing Women to the Corporate Boardroom* demonstrating our commitment to support the professional aspirations of our membership and increase awareness of the role women must play in today's corporations.

After launching what is now our inaugural 2010 report, WIT noted the remarkably low participation of women serving on corporate boards in our region and chose to act, launching The Leadership Foundry in 2011. From obstacles to opportunity, The Leadership Foundry seeks to inform its members and the Greater Washington business community and join others in the clarion call for board gender diversity. Each year, our report introduces new evidence or ideas to stimulate the conversation by simply counting the number of women directors serving on public corporate boards, assessing the economic impact of board gender diversity, considering the role legislative action serves to improve overall corporate performance, and more. This year, the report examines the influential positions on boards and the percentage held by women directors who could use their influence to increase the number of women directors. We are committed to continue reporting on the number of women in power positions in coming years.

With 115 graduates of The Leadership Foundry, the number of board candidates available to Maryland, Virginia and Washington, DC companies is healthy and will continue to grow. The Leadership Foundry has kicked off a new program year with another group of board candidates in the Class of 2019. We will focus our efforts on advocacy and outreach to ensure that local companies are aware of and have access to this strong group of candidates. We will also continue to raise public awareness of the benefits of board gender diversity through this report and advocacy events. We look forward to partnering with local companies to accelerate board gender diversity by introducing them to women who offer the potential to contribute to better corporate performance.

WIT and The Leadership Foundry extend its appreciation to our study leadership team, including Project Directors Lori DeLorenzo, Sr. Vice President at Cavan Solutions, Inc., Jill Klein, Interim Dean and Executive in Residence at American University's School of Professional & Extended Studies, and Jan Gaudaen, Program Director, General Dynamics Information Technology. Thank you also to the American University student research associates, Heather Randall, MBA '17, MS Analytics '19 and Nosa Iyare, MBA '19.



Margo Dunn
President, Women in Technology



Executive Summary


2018 is the year The Leadership Foundry describes as the Power Punch—when women are in influential positions on a board and can affect change. The Spring 2018 MIT Sloan Review quotes former Xerox Corp CEO Anne Mulcahy regarding the progress of getting women on boards which she described in three layers: “There’s the breaking in part of getting onto boards. Then there is the critical mass part of getting more than one woman on each board. And then there is the influence part of getting women into leadership positions where the real power resides.”¹ The research conducted by The Leadership Foundry since 2010

has followed a very similar progression. In 2010, we counted the number of women making it onto boards in Virginia and Washington, DC. In 2012, we added Maryland companies to the count. In 2013, we focused on the importance of critical mass and the number of companies with three or more women on their boards within the region. We investigated the impact the inclusion of women on the board had on corporate performance in 2013 and 2014. This year’s report provides an update on the annual gender diversity index as well as the initial investigation of the influence women in leadership roles (“power positions”) have on the composition of the board. There are five positions on the board defined as power positions in the MIT Sloan Review: Board Chair, Lead Independent Director, and Chairs of the Audit, Governance, and Compensation Committees.² These power positions have influence over significant board decisions such as identifying the slate of qualified candidates for board seats and influencing decisions in favor of women over traditional male dominated choices.

THE POWER PUNCH

Leadership positions where the real power resides:

- Board Chair
- Lead Independent Director
- Chair of Audit Committee
- Chair of Governance Committee
- Chair of Compensation Committee

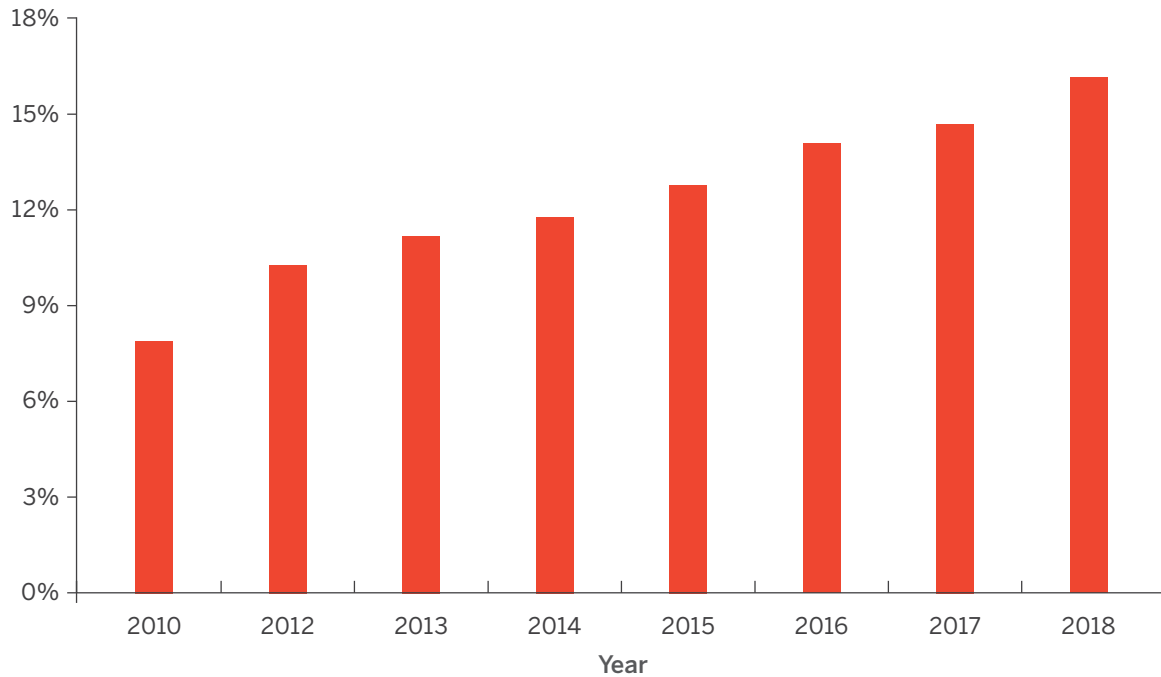


Gender Diversity Trends—Maryland, Virginia and Washington, DC

The Leadership Foundry began counting the number of women serving on publicly traded boards in 2010 and the slow, but meaningful growth continues and bolsters our efforts to prepare women for board service. Our annual report continues to focus on the number of women serving with an eye towards every company achieving critical mass (three or more women serving). Research suggests that one woman serving on a board simply does not address gender having the ability to influence. With at least three women, influence is possible and more recent research suggests that we must also be attentive to the roles these women assume on the board.

BOARD SEATS IN MARYLAND, VIRGINIA AND WASHINGTON, DC HELD BY WOMEN SLOWLY INCREASING

Figure 1. Percentage of board seats held by women 2010–2018



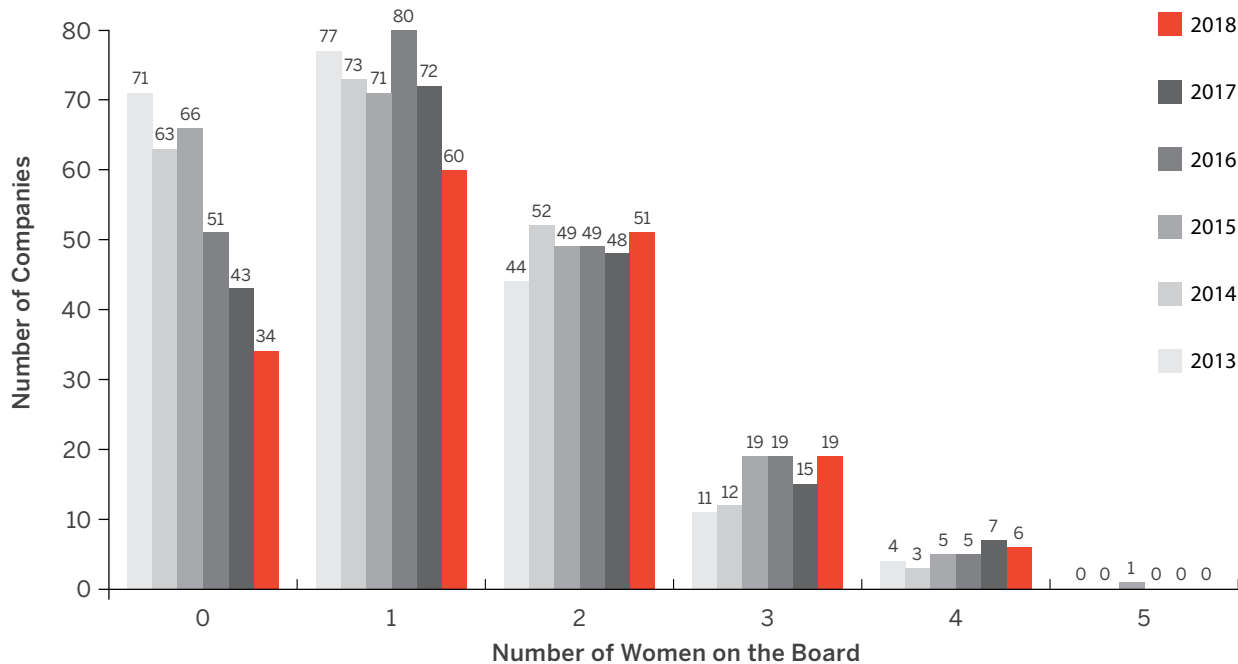
The findings from the 2018 study show 15.8% of the board positions in the region are held by women, an increase of 1.1% from last year. Figure 1 shows the continued growth in women's representation on corporate boards in the region from about eight percent in 2010 to 15.8% in 2018.

Figure 2 shows a positive trend with a continued decrease in the percentage of companies in Maryland, Virginia and Washington, DC with no women on their boards, and the percentage of companies having two or more women continuing to increase by four percent. The trend toward boards achieving critical mass is somewhat encouraging, as illustrated by the three percent increase over 2017 for boards with three or more women directors.

One additional trend is the fluctuation in the number of public company board seats in Maryland, Virginia and Washington, DC. Figure 3 shows a peak in 2012 of board seats, and a near steady decline thereafter. At the same time the number of seats is declining, women in director positions have increased. Though the growth in the percent of women in board seats is increasing approximately 1% a year, the actual progress is greater if the decline in available board seats is considered.

CRITICAL MASS (THREE OR MORE WOMEN ON A BOARD) CONTINUES TO LAG

Figure 2. Percentage of companies studied in this region with at least one woman, two women, and four or more women on the board continues to grow from 2013–2018.



AS TOTAL BOARD SEATS DECLINE, WOMEN'S REPRESENTATION INCREASES OVER TIME

Figure 3. Number of public company board seats in Maryland, Virginia and Washington, DC by year.

	2010*	2012	2013	2014	2015	2016	2017	2018
Number of Board Positions	1,427	2,096	1,906	1,900	1,958	1,813	1,642	1,538
Board Positions Held by Women	113	216	214	225	251	255	241	243
Percentage	7.92%	10.31%	11.23%	11.84%	12.82%	14.07%	14.7%	15.8%

*NOTE: 2010 only included publicly traded companies in Virginia and Washington, DC.



Board Gender Diversity and “Power Positions”

There is evidence that the approach for selection and appointment of directors is changing.

The Heidrick & Struggles Board Monitor 2017 notes several improvements in the Fortune 500 board refreshment that offer promise for women seeking board seats:

- The percentage of seats held by newly appointed directors overall has been trending upward, while the total number of board seats has been declining;
- 36% of new board appointees in 2017 had no previous board experience;
- Current and former CEOs accounted for 47% of director appointments in 2017, down from 50% in 2016, 54.4% in 2015, and well below the high of nearly 55% in 2013, suggesting that boards are beginning to look beyond their traditional first choice of CEOs to fill vacant seats.³

As the method of selection continues to move away from the CEO's choice, the influence of the power positions on director selection may increase.

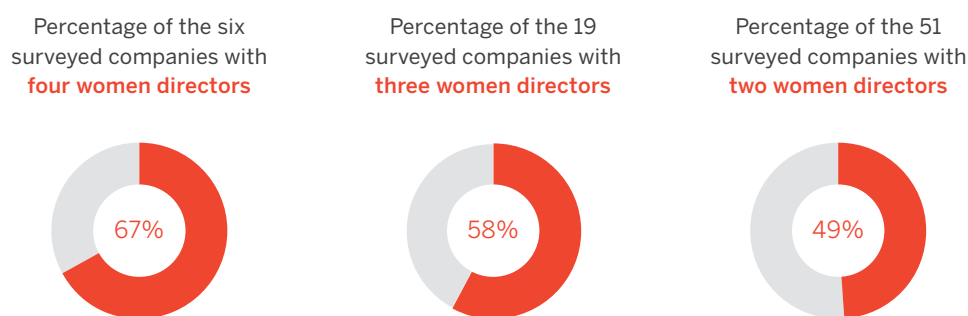
In 2007, Hillman, Shropshire, and Cannella⁴ found that organizational size, industry type, firm diversification strategy, and linkages to other boards with women directors significantly impact the likelihood of female representation on boards of directors. Since 2007, representation of women on boards has increased with the average Fortune 500 board being made up of nine men and two women. The progress is promising, but it has slowed. A recent article by Kimberly Whitley and Deborah Henretta argues that one reason that progress on board gender diversity has slowed over the years is due to the fact that women are not being placed in “power positions” on corporate boards. These “power positions” include the Board Chair, Lead Independent Director, and Chairs of the Audit, Compensation, Nominating and Governance Committees. Whitley and Henretta interviewed executives and board members of Fortune 1000 companies and found that these positions were considered to have the most influence on corporate decision-making, including determining future board members, hiring and management of the CEO, and executive compensation.

In examining the board composition of Fortune 500 firms using 2016 data, Whitley and Henretta found that only 6% of board chair positions were held by women, and of those cases, 45% were due to the fact that the woman was also the CEO. While 58% of boards had at least one woman chairing a committee, the percentages of women holding “power positions” were much lower: 21% of nominating/governance committees were held by women, 18% for the audit committee, and 13% for the compensation committee. The significant drop between the total proportion of women chairing a committee and those chairing “power positions” means that women are often assigned to lead committees with less influence, such as corporate responsibility, public policy, or patient safety committees, where women held the chair position 38% of the time. The results of this study also support the notion that women tend to do more “office housework,” the less visible and less influential tasks that result in fewer opportunities for career advancement. It is possible that this concept impacts women not only at lower levels of a company, but in the boardroom as well.

Inspired by these compelling research insights, we examined the composition of boards within our region and the positions held by women within those boards, we found that of the six companies with four women directors, four of those companies or (67%) had women directors in power positions. In the 19 companies with three women directors, 11 of those companies or (58%) had women directors in power positions. Lastly, of the 51 companies with two women directors, 25 companies or (49%) had women directors in power positions. There were nine companies that had women in two power positions. Of those nine companies, only three companies had two women in power positions where one was not the CEO.

NUMBER OF WOMEN DIRECTORS IN INFLUENTIAL POSITIONS ON BOARDS

Figure 4. First year data is published on the number of women directors in the most influential positions on boards in MD, VA, DC.



Within our Power: Measurement, Targeted Recruiting and Mentorship

What can be done to reduce the disparities in committee chairmanship on corporate boards? Whitler and Henretta recognize that tenure on a board is a factor but offer a few suggestions to increase the number and influence of board gender diversity.

First, encourage more measurement of female board members' influence. Measurement and scrutiny bring about change: It worked that way in the ongoing fight to raise the number of women on boards, and it can work that way in helping them earn more powerful roles on the board. The Leadership Foundry has begun this process for the companies in Maryland, Virginia and Washington, DC and will continue to refresh the data annually and look for trends.

Second, focus on recruiting women with the right backgrounds to serve on power committees. While many women tapped for a board seat have had illustrious careers, they have not necessarily been dedicated to work that would prepare them for a finance, audit or compensation committee.

And finally, focus new board recruits on a powerful destination and encourage women to mentor other women at the board level. Participation in professional development and mentorship opportunities can help to move the needle on gender equality on corporate boards by preparing women for success as leaders in the boardroom.

Thoughts from Women in Power Positions

The Leadership Foundry reached out to two women directors that hold or have held power positions on a board. We wanted to hear their views on the potential influence these roles may have with respect to getting qualified women short-listed as a candidate and better yet, offered the position.

PAULA CHOLMONDELEY

Director and former Chair of Audit – Dentsply Sirona, Albany International, Ultralife Inc., Nationwide Mutual Funds

Director – Minerals Technologies, former Chair of Nominating and Governance

“Each board has its own culture. It is important to determine culturally, how the board picks leaders. For some your day job background is considered important. For others it is the relationships you develop with your peers on the board. But if you are interested in a leadership position you have to figure out how to let your colleagues know you are interested. Getting to leadership positions on boards is comparable to getting power positions in a corporation. Same glass ceiling—same strategy for shattering it.”

CYNTHIA A. GLASSMAN

Audit Committee Chair for Discover Financial Services and Nominating and Governance Committee Chair for Navigant Consulting

“An important factor in getting a board seat is networking. Women should let people in their professional circles know that they are interested in a board position. After two qualified women whom I know mentioned to me their interest, I had an opportunity to put each forward for consideration. While these women were selected for their expertise, they were in the running because of our conversation. Even though I knew them, I may not otherwise have thought of them to serve.”



Conclusions

Throughout the course of our research, we investigated the influences, barriers and opportunities facing women in attaining board seats. In 2010 and 2012 we established the baseline gender diversity index for those publicly traded companies headquartered in Maryland, Virginia and Washington, DC. In 2013 and 2014 we looked at the benefits companies gain from having women on their boards and the critical point at which women truly began to have influence on board decisions and outcomes. One obstacle we identified was the slow rate of turn over or refreshment of the boards. That is, members had to retire for positions to open and candidates that reflected the rest of the board usually filled these vacancies. In 2017, we revisited board turn-over rates and the trend toward filling vacancies with women. In 2015, we turned our focus away from studying the data from market sector (industry) point of view toward a market capitalization (market cap) point of view and found that young companies are poised to accelerate opportunities for women to serve on boards since they do not need to turn over directors to create a gender-diverse board. In 2016, we identified legislation and quotas; public pressure and advocacy; and the diversity of industries and company size as factors that may influence gender parity on the board and found our region on par with other regions in the United States that had passed or are considering passing legislative quotas. This year's WIT report shows that growth has continued to be extremely slow in terms of increasing board gender diversity, with a 1.1% increase over 2017. Despite this small increase, women remain underrepresented on corporate boards and in power positions within corporate boards.

A lot has changed in the last eight years. Women have begun to find their way onto corporate boards, but as Whitler and Henretta cite, the pace at which women are gaining board seats has slowed. It is important to add to our focus and advocacy that simply being included on a board is not enough, but that we also need to gain positions that influence board decision-making. As more women gain corporate board experience and are chosen to be chair of the more powerful committees, (Audit, Governance and Compensation Committees), the opportunity for these women to have increasing influence on providing qualified women candidates to serve on the board also increases.

To date our study of women's representation on publicly traded corporate boards in Maryland, Virginia and Washington, DC has been aimed at tracking the progress toward gender diversity of companies within this region and suggesting actions that may influence and/or speed the inclusion of women on corporate boards. Our future research will be expanded to include tracking the number of women in attaining power positions and correlating whether this has influence on the number of women on the board.



Historical Perspective of Significant Research References on Boardroom Diversity

We decided to summarize the significant research conducted over the course of the last near decade that contributed to our past reports, *The Leadership Foundry Advancing Women to the Corporate Boardroom*. Our thematic focuses over the years reflected research and conversation occurring globally and specifically in the US.

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Women in Technology 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 women for positions as corporate board directors, WIT launched The Leadership Foundry, a program managed by the Planning Committee for The Leadership Foundry, for 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 also helps fuel awareness of the lack of female representation on corporate boards and encourages local organizations to support board gender diversity. Increasing the number of women on public boards in the region will take time.

FOR FURTHER INFORMATION on The Leadership Foundry, please see theleadershipfoundry.org or contact theleadershipfoundry@womenintechology.org.

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Jill Klein—School of Professional & Extended Studies, American University; Co-Project Director, Planning Committee for The Leadership Foundry

Marguerete Luter—President, The Process Pro; The Leadership Foundry Vice Chair

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