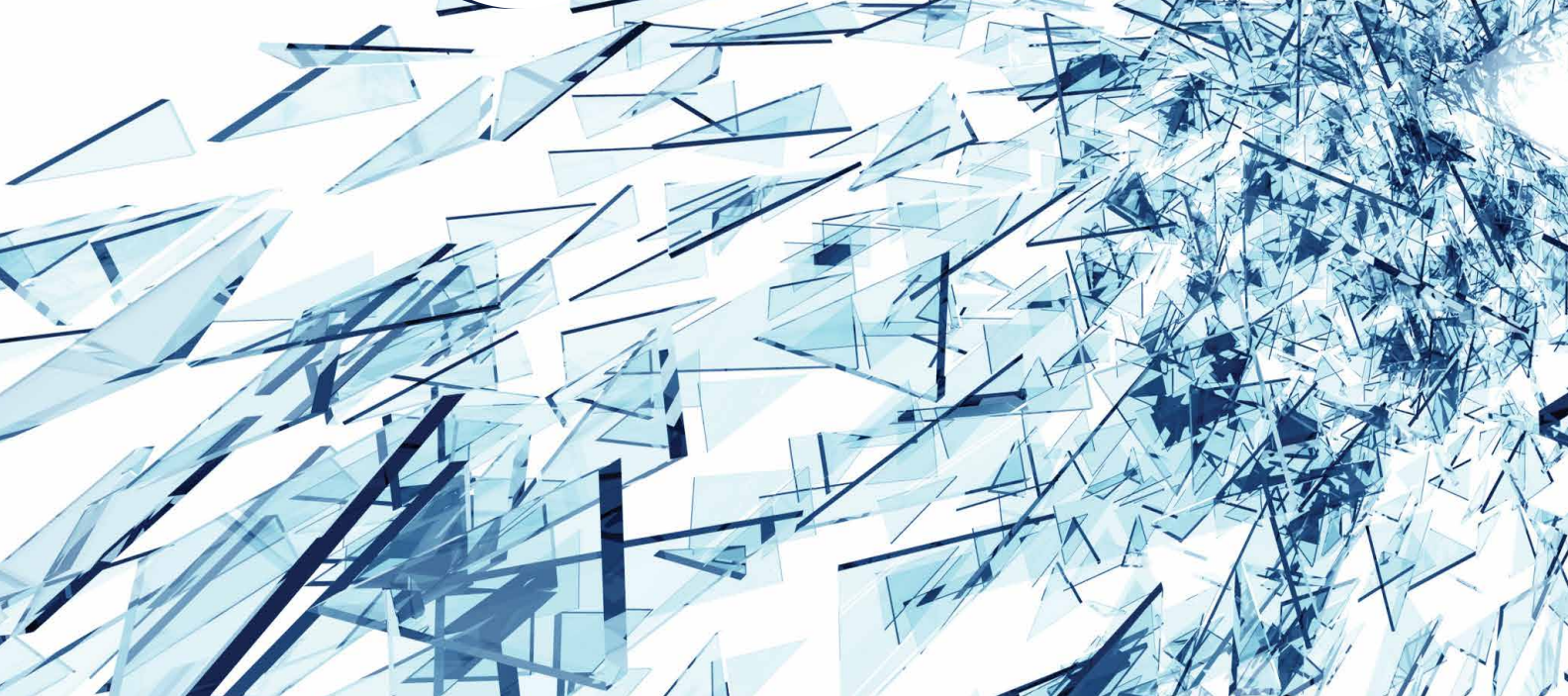


WOMEN





BY MEGHAN WALSH

# THEIR BREAKTHROUGH FORMULA

# CEOs

IN A LANDMARK STUDY,  
KORN FERRY RESEARCHERS  
INTERVIEWED AND  
ASSESSED THE TOP  
WOMEN CHIEFS. IS THERE  
A PATTERN TO HOW  
THEY GOT THERE?



## THE PROBLEM

Only 6 percent of Fortune 500 CEOs are women. Enough said.

## WHY WORRY?

Studies show, aside from the obvious inequity, women-led companies outperform their male-run competitors.

## THE SOLUTION

Companies must move past just talking, and make putting women in top jobs a key part of their strategies.



## ACQUE HINMAN

**—the chairman, president and CEO of Colorado-based global engineering and construction management firm CH2M Hill—**begins to say she has never encountered overt gender discrimination during her career. Then she catches herself.

There was the time construction workers placed “No Women” signs at a building site. And then there was the Wite-Out incident.

Early in her engineering career, shortly out of college, Hinman sat down with a senior manager for an end-of-year performance review. When he told her to write down her career goals, Hinman answered honestly: She wanted to be a partner. The manager, who she believes was well intentioned, said there was no doubt she had the prowess. But this office was never going to have a female partner in her lifetime. So he passed a bottle of correction fluid across the desk and told the eager employee to write something that didn’t make her look naïve.

While Hinman eventually did realize her youthful ambitions, that old boss wasn’t wrong. Unless a company intentionally fosters the development of its women employees, it’s nearly impossible that they will ascend to the corporate ladder’s highest rungs. As it stands, women represent roughly 6 percent of Fortune 500 CEOs—and that’s an all-time high. The daughter of Italian immigrants, who grew up next door to her grandparents and among romantic notions of the American Dream, Hinman started looking for a new job the next day following her review, and when she saw that man many years later, she said thank you. “I knew that he was right; I couldn’t make partner there, not at that company,” Hinman says.

As the demand for diversity grows louder by the day and brand equity becomes more relevant than ever, companies consent to the status quo at their own peril. And it isn't only the media's spotlight that they risk anymore. Diversity has become a big topic in business today, and in a series of bold moves, state pension funds and some of Wall Street's biggest asset management names, including State Street Global Advisors and BlackRock, have started voting against company board director slates that are not diverse enough or not moving in that direction. Such actions come against a backdrop of a growing body of research that suggests women-led companies outperform their male-run competitors across the board.

But calling for change in the corner office is a long way from creating actual change. In the space between the two, a variety of public and private initiatives have launched to try to instill results. Among the biggest is from the Rockefeller Foundation, whose "100x25" initiative aspires for female CEOs to lead 100 of the Fortune 500 firms by the year 2025. As part of that effort, Korn Ferry came onboard to draft a blueprint for how to build sustainable pipelines of high-potential female candidates. The firm interviewed 57 women who were either currently or previously at the helm of the country's largest and most successful public and private companies, and put each through a science-based psychological assessment. "We didn't want to just focus on why more women are not CEOs, we wanted to focus on their common success factors," says Jane Stevenson, global leader for CEO Succession at Korn Ferry, who led the study. Or as J. Evelyn Orr, Korn Ferry Institute's vice president and chief operating officer, puts it, "We wanted to learn from the women who made it, so we can increase the momentum of change."

Real change, of course, may take years. But most experts say research-driven understanding and deliverable metrics are essential for corporations to achieve gender equality. "Women will not rise naturally to the top," says Irene Natividad, president of the Global Summit of Women, an annual gathering of women leaders from around the world. "It has to be part of the business strategy."

**M**ore than a half-century after women began entering the workplace en masse, and despite the fact they now make up half of the talent pool, the pace of female advancement in corporate leadership is often described as glacial. Or paltry. Or inconsequential.

"At the rate we're progressing, we're not going to see meaningful movement," says Korn Ferry associate client partner Peggy Hazard, who works with organizations to achieve greater diversity. Along with the power imbalance come gaps in pay, implicit bias and, as we've been forced to reckon with recently, abuses of power like sexual harassment and assault. It's disheartening to think it has taken us more than 75 years to go from Rosie the Riveter to 6 percent. The flood of women into historically male-dominated jobs during World War II was followed by a brief retreat to the status quo when men returned home from overseas, but rapid postwar



FIRST PERSON

**JACQUE  
HINMAN**

CEO, CH2M HILL

"I knew he was right; I couldn't make partner there, not at that company."



FIRST PERSON

# DEANNA MULLIGAN

CEO, GUARDIAN LIFE INSURANCE

“If you want to grow and attain better results, you have to be willing to do things differently.”



economic growth created new employment opportunities. The women's labor force increased rapidly in the second half of the century, almost doubling between 1950 and 2000. Amid the growth, President Kennedy passed the Equal Pay Act of 1963, and, in 1972, at a time when women were still largely relegated to service-based, “feminine” jobs, Katharine Graham became the first female Fortune 500 CEO when she took over the Washington Post parent company. The first woman to lead a company in the Dow Jones didn't show up until Carly Fiorina was appointed at Hewlett-Packard in 1999. Only eight years ago, Ursula Burns at Xerox became the first black woman appointed CEO.

It's hard to pinpoint exactly how gender influences hiring and promotion. Some argue that women choose human resources rather than finance and family over career. Others point to implicit bias, overt discrimination and disadvantaged structures that drive women away. There is no denying, though, that men and women are hired into entry-level positions in similar proportions, yet diversity begins to filter out by middle management. The siphon narrows until it's almost exclusively white men who emerge at the top. “It's a slow drip. Over time, women don't get the types of key assignments, visibility, relationships or critical feedback—and that's how you succeed,” Hazard says.

**D**eanna Mulligan's path to CEO can be traced back to the lunchroom of her first professional job. Like Hinman, Mulligan—now the president and CEO of Guardian Life Insurance—made an astute observation followed by a difficult decision. She noticed that the employee cafeteria wasn't only segregated by gender—huddled with the men were management promotions, sales mentors and future CFOs; among the women often waited a future in administration. Mulligan, who had recently graduated from the University of Nebraska, says the men didn't welcome her but she sat with them anyway. “I remember thinking this is a very important decision,” she says.

Many of the CEOs in the Korn Ferry study had similar stories: a time, usually early in their careers, when they came up against gender barriers of some sort. Instead of being detoured, though, they found a way through. On average, they were almost 51 years old when they first reached the corner office, taking a variety of career paths—some zigzagging between roles, departments and companies, and others passing through strategic checkpoints. Along with a majority having MBAs, about 40 percent started out with degrees in STEM, double those who had a background in arts and humanities or even business and finance. But what was most common among the women is they sought out challenge and found motivation in purpose. They took risks and learned to manage ambiguity.

“I've always operated out of an inner drive rather than the drive to beat somebody or get somewhere,” says Denise Ramos, president and CEO of ITT Inc., who has been at the helm at the company since 2011, after more than

20 years at ARCO and several other companies. “Who am I? What’s important to me? What can I offer?”

In the case of Patti Poppe, who was appointed president and CEO of Michigan’s CMS Energy about two years ago, the winding road to the top included some 15 years at General Motors, where she says a mentor suggested she take essentially a demotion to a line job at a plant over an important staff role. “That changed everything,” says the Stanford MBA grad. “It gave me the operational experience essential for advancement.” She would wind up at CMS in 2010, where she says it helped that the company already had women in top roles, giving her the courage to think big for herself. “If you walk around questioning that maybe you don’t belong, you will show up differently than someone who believes, ‘There is nothing I can’t do,’” says Poppe, who has been known to scale 40-foot-tall utility structures in full gear.

Poppe, Ramos and Mulligan say they were ready for the corner office when the nod came. Still, in one of the study’s more surprising results, only 12 percent of these women had early aspirations of leading a company. Two-thirds never even considered it a possibility until someone else brought it up. “We all internalize what a leader looks like; women need to see women in leadership positions to imagine themselves in those roles,” Orr says. It isn’t surprising then that women-led companies also have more women in management overall. As any teacher will say, it’s the small moments of encouragement that go the farthest in igniting long-term ambition, which is why it’s vital to design mentorship programs that encourage as much as prepare.

As experts are quick to remind, for every one of the strong-willed women who has shattered a glass ceiling, there are countless other equally qualified prospects who cannot break free. Or who, while looking for opportunities to prove themselves, marched right off the “glass cliff.” A 21st-century term, the glass cliff illustrates how women often have to take risky assignments. And when they fail, it only reinforces stereotypes rather than lay bare the double bind women face.

As one woman told researchers, “When I went down to Atlanta to run that market for the company, the president of the division said, ‘You are going to be fired within a year, because no one has been able to make Atlanta successful.’ I went anyhow.”

**T**hese women who defied the odds, who’ve demonstrated their strength of character and wit, collectively scored in the 99th percentile when compared to Korn Ferry’s benchmark CEO assessment, which gauges typical traits and drivers. In their assessments, which measured such traits as “risk-taking” and “persistence,” they matched or exceeded Korn Ferry’s benchmark for CEOs in a remarkable 17 of those 20 traits. That means they are the best of the best, better than the men. They are unicorns.

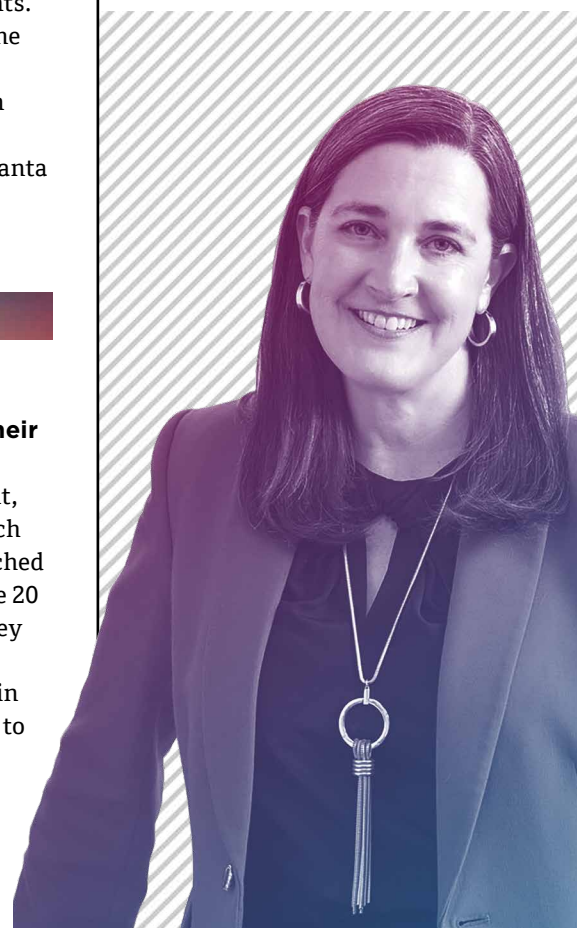
And if that is the standard women must meet, then change will remain glacial. Korn Ferry’s data shows that in the US it takes 30 percent longer to

FIRST PERSON

**PATTI  
POPPE**

CEO, CMS ENERGY

“If you walk around questioning that maybe you don’t belong, you will show up differently than someone who believes, ‘There is nothing I can’t do.’”

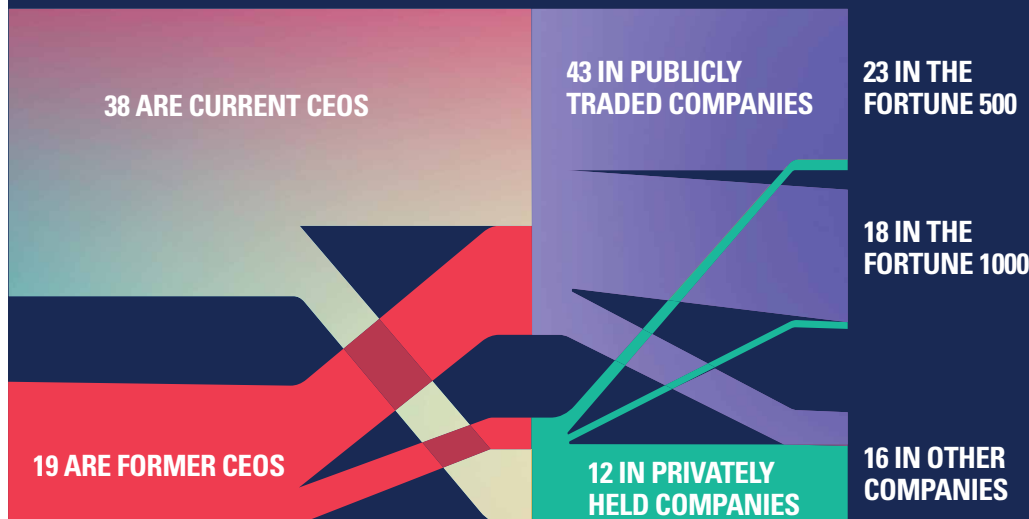


FIRST PERSON  
**DENISE RAMOS**  
CEO, ITT INC.

“I’ve always operated out of an inner drive rather than the drive to beat somebody or get somewhere... Who am I? What’s important to me? What can I offer?”



## 57 FEMALE CEOS PARTICIPATED IN THE STUDY



place a woman at the helm of a company than a man. Meanwhile, women are already doing extra laps around the corporate track before even being considered, which makes them on average four years older than men when they receive their first top appointment. In the end, women have to work harder and longer to get to the same place.

One might point out that women make up 24 percent of the C-suite, so perhaps we’re farther along than the 6 percent suggests. However, studies show 90 percent of new CEOs come directly from executive posts associated with line responsibility, a role that the majority of women in the C-suite don’t hold. As Orr says, “Not all C-suite positions are created equal.”

The unfortunate reality, despite signs of unrest, is that the vast majority of companies are not disrupting the everyday, homogenous flow in a way that will bring about significant change. It doesn’t matter how robust your pipeline is if it gets cut off before it can reach the top. And, at least in the case of Silicon Valley, media scrutiny and public admonishment haven’t been enough to overpower inertia.

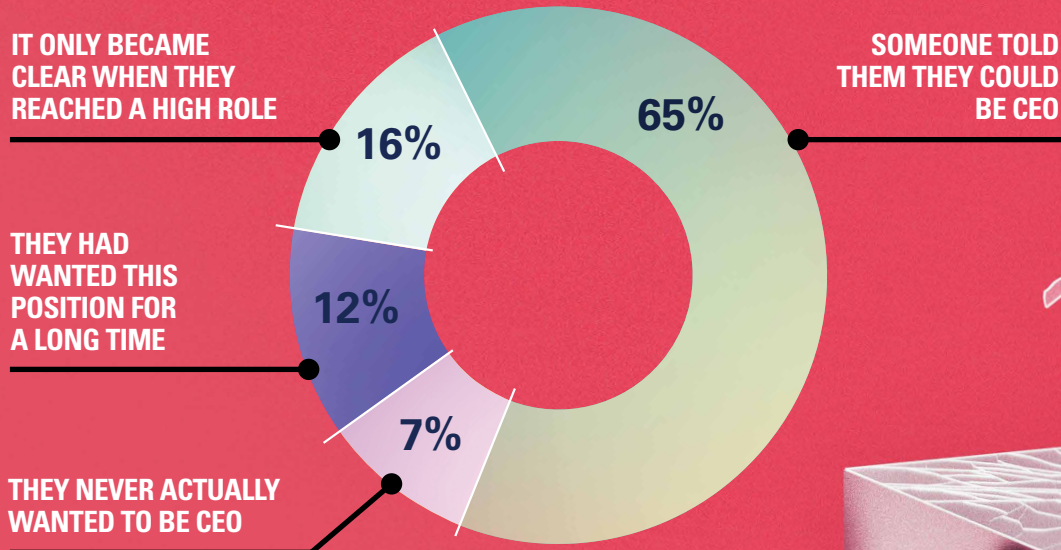
That’s where the argument that gender parity is good business may offer hope. “Companies have to understand that having diversity is to their benefit,” says Ramos. At ITT, Ramos says they go to great lengths to ensure diverse candidate pools, going beyond the usual recruiting sources. They’ve also built development pipelines for women and minorities and created a culture that values ethics as much as performance. When it comes down to it, she says, “companies need to value diverse perspectives, experiences and backgrounds and get out of their comfort zones when selecting future leaders.”

For her part, Mulligan says she wakes up every morning at 4 a.m., two hours before she has to leave the house. In those unscheduled hours when her unbound mind has room to roam is often when she is able to find solutions to some of her biggest challenges. Indeed, under Mulligan, Guardian has claimed the highest earnings of its 157-year history, while winning a perfect score on the Human Rights Campaign’s Corporate Equality Index.

“If you want to grow and attain better results, you have to be willing to do things differently,” Mulligan says. ●

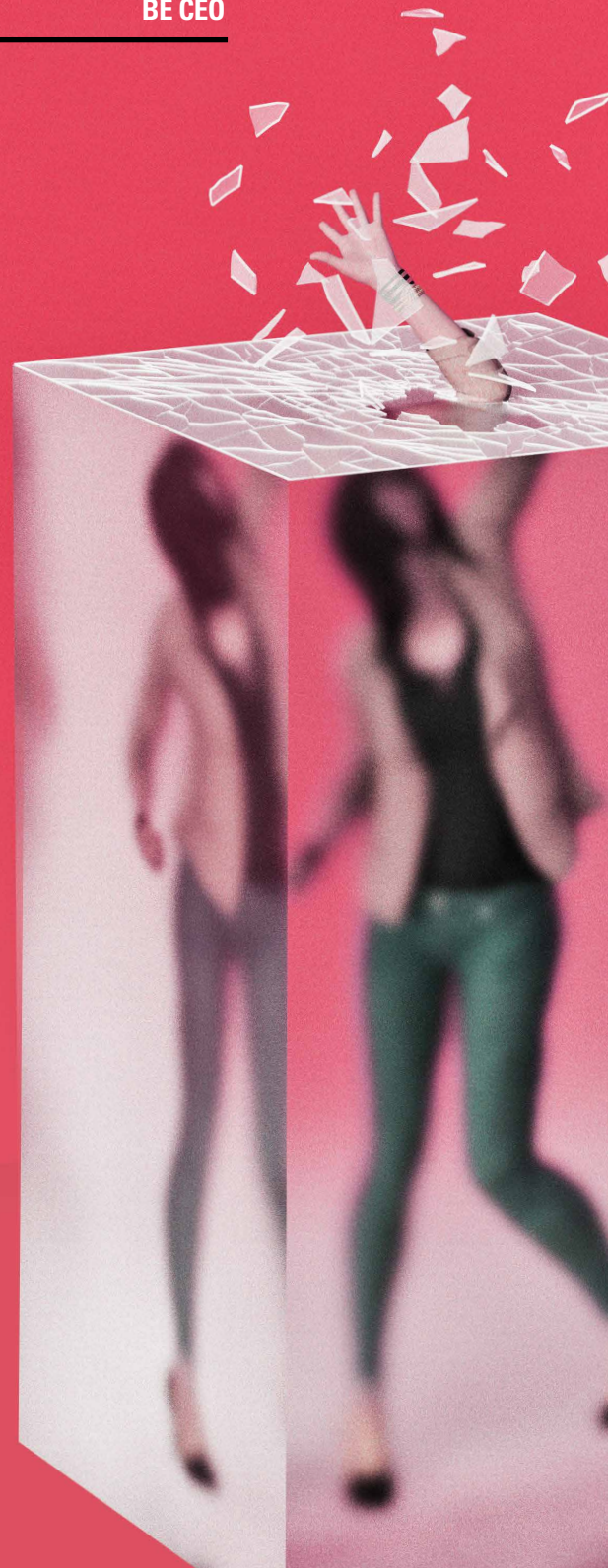


## WHEN WOMEN REALIZED THEY COULD BE CEO



## DIFFERENTIATING SKILLS FOR FUTURE CEOS

Female CEOs were more than twice as likely to have high scores on these six competencies than middle managers. These are the skills women need to develop on their way to senior executive roles, especially if they aspire to be CEO.





# THE FINDINGS

To provide a rare glimpse into how female CEOs operate, Korn Ferry spent four months interviewing and taking detailed assessments of 57 women CEOs—from 41 Fortune 1000 companies and 16 large, privately held companies. Six key findings emerged:

## 1

### THESE WOMEN CEOs WORKED HARDER AND LONGER TO GET TO THE TOP.

The women CEOs were an average of four years older than their male counterparts, and worked in a slightly greater number of roles, functions, companies and industries.

## 2

### THEY WERE DRIVEN BY BOTH A SENSE OF PURPOSE AND A DESIRE TO ACHIEVE BUSINESS RESULTS.

More than two-thirds of the women said they were motivated by a sense of purpose and their belief that their company could have a positive impact on the community, employees and the world around them. Nearly a quarter pointed to creating a positive culture as one of their proudest accomplishments.

## 3

### SPECIFIC TRAITS SUSTAINED THE WOMEN'S SUCCESS ON THE ROAD TO CEO.

Defining traits and competencies that emerged time and again in the research included courage, risk-taking, resilience, agility and managing ambiguity.



For the full report, and videos and podcasts on it, see: [engage.kornferry.com/womenceospeak](https://engage.kornferry.com/womenceospeak)

4

**THEY WERE MORE LIKELY TO ENGAGE THE POWER OF TEAMS.**

Scoring significantly higher than the benchmark group on humility—indicative of a consistent lack of self-promotion, an expressed appreciation for others, and a tendency to share the credit—the women CEOs were more likely to leverage others to achieve desired results.

5

**DESPITE EVIDENT POTENTIAL, THE WOMEN GENERALLY DIDN'T SET THEIR SIGHTS ON BECOMING CEO.**

Two-thirds of the women said they never realized they could become CEO until a boss or mentor encouraged them, and instead focused on hitting business targets and seeking new challenges rather than on their personal career advancement.

6

**THE WOMEN SHARED STEM AND FINANCIAL BACKGROUNDS THAT SERVED AS A SPRINGBOARD.**

Early in their careers, nearly 60 percent of the women had demonstrable expertise in either STEM (40 percent) or business/finance/economics (19 percent)—all fields where they could prove themselves with precise, definable outcomes, and that were also crucial to the success of their businesses.

