

Women in Leadership

A Time for Action

Speech by Diane Grady

Serious Women's Business Conference

June 3, 2004

We are entering a new era! Women have stopped banging their heads against the glass ceiling and are choosing to walk out the door. Equal opportunity is no longer the issue – it's retention! Top corporations and professional service firms now are struggling to find ways to keep their women leaders.

Why is this happening? It's because there is a skill shortage of talented executives. Lack of top people is the biggest constraint to growth and performance in most organizations. Financial resources and market opportunities are not the limiting factor – it's people.

Yet, there is plenty of evidence that business continues to squander the talent of women. According to the EOWA's 2003 Leadership Census 65% of the Australian workforce is female, but women hold less than 10% of senior management and board positions.

And it's not just a matter of time! Ten years ago, women held 8% of senior management positions – today it's 8.8%. On Boards, there was a surge of female directors in the 90's – rising from 3.25% to 8.3% - but that number has remained static over the last five years – and still nearly 50% of top 200 companies don't have a single woman director.

It's not that women don't have the skills or interest in business. They graduate in equal numbers from universities and they get hired in almost equal numbers for equal pay. But it doesn't take long before the picture changes. Within three to five years women are earning less and leaving for greener pastures – usually smaller companies or their own business. The rot starts much earlier than most believe.

What is the cause of this paradox? Organizations are desperately short of skills, yet they can't hold onto their talented women? Why? This morning I'll talk about the main cause of the retention problem and what each of us can do about it.

Popular belief is that family pressures are what cause women to leave. But this doesn't fit with the facts. It doesn't explain why so many women choose to leave corporate life within their first five years – long before their families

are under way. It doesn't explain why most women who leave continue to have very active careers. Nor does it explain why many women who do the hard yards, reach upper middle or senior levels, leave early for NED careers. According to the search firm Egon Zehnder, 60% of women who become NED's do so in their forties – while less than 10% of men take on NED roles at such a young age.

So what is the cause of this female 'brain drain'?... I think it's corporate culture'. In the words of one headhunter, "Women simply get tired of the 'BS' and move on."

So what is it about the culture of our corporations and professional firms that is so difficult for women? And importantly, is that culture critical to the success of the enterprise? Or in fact, would organizations benefit if these cultural traits were modified?

I think it's the latter. The culture in many Australian organizations is unhealthy – for women, for men, for business, for families and for society. What are the ailments that infect our workplace? I'll discuss four – though I'm sure there are more.

1) Workaholism – We used to be the laid-back country. Not any more! Today Australians work more hours than any other OECD country including the US and Japan. At all levels Australian men and women are working crazy hours – starting before 8 and finishing well into the night.

Recently, a senior woman executive I know was offered a promotion to a top corporate job—a business that was running well, not one in crisis. However, she was told that taking the role would require her to work significantly more hours and most weekends. She declined. Why? Because she was already averaging sixty hours a week and many Saturdays – putting severe pressure on her young family.

Workaholism is an epidemic in Australia. Can this really be good for business or society? Numerous studies show that concentration and performance declines after a certain number of hours. Can executives maintain insight, creativity and team spirit at the pace now expected? Maybe long hours are why we are better at cost reduction than innovation or people development?

What is certain is that persistent long hours lead to stress and stress is costly to business. Long hours cause absenteeism – according to studies in the US and Canada, between 50-70% of visits to doctors are stress related. Overly long hours lead to poor decisions and eventually cause skilled people—particularly women-- to leave. Workaholism creates the illusion of productivity—but in fact it is costly to business.

2) I've called a second cultural ailment Rigid Modelitis. Rigid Modelitis is characterized by fixed beliefs about how jobs should be defined, how work

should be done and how organization processes should be managed. A couple of examples illustrate what I mean.

Recently I met with two women partners of a large accounting firm. They were leading a program aimed at inspiring retention and progress of women professionals in their organization. But when I asked how many partners had flexible or part time arrangements – they shook their heads and emphasized "that simply wouldn't work in our business!" And yet, down the road another accounting firm has done just that – both male and female partners successfully work part time. The women partners who said it couldn't be done were suffering from rigid modelitis.

Too many managers simply can't conceive of a job being done in any other way. For them jobs are defined in fixed units, full stop. But managers who try, can usually make flexible arrangements work. Holding people accountable for outcomes instead of inputs is key to more flexibility – and it makes good business sense.

I remember in my McKinsey days, a young associate joined the Sydney office and told everyone he'd made a commitment to his family to catch the 5.29 ferry home each night. Shock, horror! But he did, and it worked. He eventually became the managing director of McKinsey's Australian practice, and one of the Firm's most respected leaders.

Unless we find a cure for Rigid Modelitis, things will get worse for business as our workforce ages. Older workers want more flexibility and shorter hours. Organizations that learn how to meet their needs will benefit by having access to their skills. Therein lies hope for women!

3) A third cultural ailment that affects Australian companies is Macho Albinophilia, also called 'fear of diversity'. Look around you - not only are there few women leaders – there are even fewer people from other races at the top.

Macho Albinophilia is characterized by people who went to the same schools, hang out at the same clubs, and enjoy the same sport – good ole Aussie mates. If you don't fit, because you look or sound different, your career will be tougher. Male leaders will hesitate to mentor you – it's natural selection. They'll resist giving you big roles – too risky! You won't feel accepted – because you aren't. So you respond by putting your head down and just doing the job – better than anyone expected. Maybe, like in Hollywood, you'll be discovered? Meanwhile, your white male workmates are busy networking – making friends, getting known.

Macho Albinophilia also leads to stereotyping and misinterpretation of styles. For example, women are commonly put into support roles rather than line jobs. According to EOWA, in 2003, senior executive women held only 4.7% of senior executive line positions – men 95.3%. Women are seen as "better" at human resources, legal, marketing or finance. Somehow they can't be trusted with the "bottom line".

On a recent Bluescope Steel visit to Asia – I realized how pervasive our stereotyping is. In Asia, I found women in leadership functions you don't see here. For example, the manager of our painting and coating facility in Malaysia is a Muslim woman. Who knows how many years it will be before a female of any religion is in a similar role here.

Women's leadership styles also are interpreted negatively. When we "lead from behind" we are weak, even when the outcomes are delivered. If our voices are a bit high pitched, we are "too tense". When we contribute good ideas to a debate – they are often ignored until re-expressed by a male colleague. All of which makes it tough for women to gain credibility as leaders and to feel accepted as "one of the team". Women subjected to these slights over time build up a sense of frustration and rejection – then one day they leave. Their male managers never see it coming.

How can organizations expect to succeed in reaching diverse customers in diverse markets with monochromatic leadership? Innovative thinking is inhibited by uniform experience. Ultimately, success in global markets will require diverse leadership.

4) A fourth common malady in corporate cultures is On-Call-Opathy. This is a pervasive attitude that executives should be "on call" – day and night. It means other commitments outside the mainstream work are not respected. For example, meetings are suddenly called late in the day or early in the morning. People with commitments simply are expected to change them. This particularly hurts parents and therefore women. One financial services company improved its female retention rate by 50% - simply by enforcing a policy of no meetings before 8:30am or after 5:30pm. Technology, of course has taken On-Call-Opathy to new levels. It has delivered the office into our cars and our homes.

"On-Call-Opathy" hurts companies because people are not as productive when they have no private space. Not long ago, I heard criticism of a manager because he surfed at 6am each morning – "no fire in the belly" the men said. Most people don't perform their best if they aren't healthy or their families are unhappy. Moreover, On-Call-Opathy alienates business from the community. How can executives take on responsibilities like coaching teams, running scout groups, participating in community forums if they are victims of this type of culture? We may sit on not-for-profit Boards, but we don't engage enough at a personal level with our communities. No wonder there is so little trust in business.

Workaholism, rigid modelitis, macho albinophilia and on-call-opathy are all pervasive ailments which create 'sick' corporate cultures. Few companies so far, have found the courage to seek treatment. Many executives—male and female—think these conditions are 'normal'. But in the future, businesses that

heal themselves will attract and retain more top people – including women, and will ultimately win out.

Women spent the last twenty years trying to 'fit in', struggling for survival in these increasingly unhealthy cultures. Now it's time to BE LEADERS. Take Action. Find a cure.

Here are some ideas of what you can do:

- 1) for yourself
- 2) for your organization
- 3) for women in Australia

What you can do for yourself

To make change happen we need a critical mass of women into key roles – 20-30%. Here are some tips to get you, and other women, up the ladder.

1) **Go for line jobs and 'career making' roles as early as possible.** Stick up your hand even when you don't feel 110% qualified. Men do. Women need to take more risks – if the organization thinks you can do it, you probably can. Search firms tell us women typically underestimate what they are capable of. Many women and their employers are astounded at the size of job and compensation packages women are offered when headhunted. Stay in touch with the market – know what you are worth, know what you are capable of and go for it.

Ask to be on big projects, work with important clients – get into the heart of the business. Don't let yourself be side tracked into support functions – even if they interest you. You can always go there once you have a strong line track record. Express your interests and ambitions. Leaders like people who take initiative, who help solve problems. They are put off by people who are only interested in themselves – who want their help, but don't help themselves much less their organization. Going the extra mile is how you attract senior mentors.

2) **Understand your organization.** Make a determined effort to learn how your organization works. What does it take to succeed? Who are the opinion leaders? What functions or skills are valued? What values, ethics, and style characterize the leaders? Be observant. Ask questions – especially of male colleagues. They often read the tea leaves better.

Once you understand your organization, assess your own fit. Does it have a culture you want to work in? Can you succeed there? Will it lead to interesting career options in the future? Be hardnosed about these questions. It's a tough road for women everywhere – at least make sure the road you are taking will get you to a place you want to be.

3) **Ask for what you want.** Many women suffer in silence – then leave. This is especially true of women trying to meet work and family demands. Discipline yourself to figure out what you need from your employer to make your career and your life work – then ask for it! Is it a job with more responsibility? A different boss? Flexible hours – time off? Be clear about what you want, then articulate your case. Companies want to retain you. Help them. The worst that can happen is nothing!

I know a woman who was on maternity leave, when she was offered the CEO role of a US based subsidiary here. She said "yes" but it wouldn't be for another seven months. The company waited for her. And now she runs one of the most profitable companies in its industry.

What can you do for your organization and women in it?

If you realize that it's in your organization's interest to do a better job retaining and developing women leaders then you will have more courage to take actions to achieve that result. There are many initiatives that can help. I've grouped them under three headings:

1) **Be a Role Model.** Take steps in your own area to foster women and create a culture in which they thrive. Insist on women candidates for every role. Hire women and find ways to offer flexibility in job definitions and working hours. Hold meetings in family friendly time slots. Make a point of discussing career options with women in your team. Tell your male colleagues about other high potential women. Set explicit targets for yourself on hiring, developing and retaining women, and assess progress regularly

2) **Get the Facts.** Most companies are poor at tracking or analyzing what happens to their professional women. I know several corporations where getting the facts led to action. The best analysis looks at year group cohorts. For graduate hires, find out what percentage of men and women are still there in each year group as time goes on. Are there pay differentials? What jobs are they in – line or staff, big or small? And so on. Tracking male/female progress by year group cohorts highlights turning points and can be an excellent stimulus to management action. In my experience data collected as a whole then averaged across all year groups together is not as revealing.

For example, one company found that a noticeable pay difference occurred between years three to five for male and female engineers within the company. Digging deeper they learned this was because women engineers were either working in staff roles or on small projects, while men who joined at the same time were on much more visible big ticket projects. This analysis led to changes in the way engineers were assigned.

Similarly, in a law firm year by year analysis showed that women and men remained at 50/50 right up until the year people became partner – when suddenly female numbers dropped to 18%. Exit interviews and further analysis can then identify reasons for the difference.

3) **Lift Awareness.** You can play a big role in lifting awareness of how your company's policies and culture hurt female retention and what other organizations have done to address the issue.

If you are in a senior position, share your stories with male colleagues who respect you. At McKinsey, male partners made a big effort to become more supportive of women after I decided to speak up about the culture barriers

Women need to become more outspoken about policies or practices that disadvantage women or people with family responsibilities. We need to be informed about what works and what doesn't and share that information. For example, experience shows that flexibility and commitment to do whatever it takes to keep talented women works better than rigid policies – even family friendly ones. And research confirms what we all know-- without a determined push from the CEO, progress will stall!

The book "CEO's Unplugged" published last year by the EOWA, gives excellent case studies and practical examples of how CEO's in leading organizations such as have tackled retention issues. Buy copies for yourself and the top team. Circulate relevant articles. Lack of awareness and fixed beliefs are more likely to be the cause of bad practice than ill-intent. Information can change that. So share it.

What You Can Do for Women in Australia

Finally I'd like to suggest that as women leaders we need to be more active in influencing the political agenda and social environment of Australia. We don't always communicate our message well or use our numbers to affect change. It's time we did.

Let politicians know what you think. You'd be surprised the impact a letter has. If we want to retain women leaders our country needs to get serious about maternity leave and childcare. One time payments are not going to do it – as an intelligent young friend of mine said "do they really think I will have a baby for \$3000?"

Australia's record on these issues is appalling. According to research by Diana Ryall (former CEO of Apple), out of 29 OECD countries only three-- Australia, South Korea and USA-- have no paid maternity leave. All the other OECD countries offer at least 12 weeks paid leave. Childcare is another example. The waiting time in many places is ridiculous - over three years! Isn't it ironic that we get a tax deduction for a personal assistant to help us organize our lives, but we don't get any tax breaks for childcare. Yet Treasury's own economists warn us that workforce participation is a big issue given our aging population. Maybe collectively we can give our politicians the courage to do what's right for Australia and for women!

We should make our wallets talk as well. For example, if we don't like the way women are portrayed in the media—let's stop reading the magazines or

watching the shows or buying the products advertised. The wrinkle free faces on abnormally thin bodies with unnaturally big chests are bad enough. But have you noticed the way motherhood is being glorified by the media? They really do want us barefoot and pregnant! Maybe we should keep track of the money we save by avoiding these magazines and products, and donate it to organizations that help women.

Same goes for sport. My husband came back from the State of Origin footie last week and said "Why do they have those cheerleaders with pneumatically enhanced breasts, long unnatural hair, and skimpy clothes if they want to make it a 'family game'?" Even he found it over the top. So why do we watch?

In summary—retention of women leaders is not just 'serious women's business'—it is 'serious **business** business'. Unhealthy corporate cultures prevent companies from fixing the problem, and they are not good for anyone – even business. As women leaders we need to take action—for ourselves, for our organizations and for Australia. Many ideas will arise from this conference. I hope we all will commit to at least one action in each of these domains before we leave ...and then make it happen!

Thank you