



What Corporate Diversity Looks Like in 2016

By Jane S. Howze

I joined a bank after graduating from college in the 1970s and was one of just three women in a class of 60 in the bank's management training program. I worked hard and was promoted to the lending floor only to have my first customer tell me "no way am I going to ask a woman for money."

I laughed and replied, "Well, that gives me some extra time today I was not counting on." My dream at the bank was to be promoted to the bank's national accounts department, but I was asked, "What would you do if you have to travel with a man?" It seems funny now, but that is the way it was back then.

The most important thing to come from the last two decades is the consensus that diversity is a plus. Sound business judgment as well as a sense of social responsibility may be responsible for this increasing awareness. The more that C-suites and boards can reflect consumers, the more companies can respond

to consumers' demands and preferences. Did you know that according to a Catalyst Bottom Line Report, public companies that have a more diverse board perform better?

As recently as 1980, you could not find a single woman or minority CEO of a Standard and Poor's 500 company. In 2015, there were 23 women CEOs of S&P 500 companies. While that is only 5 percent, the numbers are moving in the right direction. Disappointingly, there are only five African American CEOs, eight CEO's of Asian descent and only 1.6 percent of CEOs are of Latinos.

Boards of directors of public companies are slowly becoming more diverse. In 2010 the majority of Fortune 500 companies had less than 30 percent women and minorities on their boards. These numbers are tiny compared to the larger picture, in which white males represent approximately 70 percent of total board seats.

A positive sign of change is the increasing number of women and minorities obtaining professional degrees in medicine, engineering and law, and enrolling in MBA programs. However, if you are an African-American medical student, you are one of the .07 percent of African-Americans currently enrolled in medical school; not that much different than 10 years ago. Conversely, the number of woman law students is at parity with their male counterparts, quite the difference from my law school days when less than 20 percent of my class was female - which was not that long ago.

Change has come slowly to corporate boards, in part because being on a board is a good gig. Turnover is much lower than in the C-suite, because corporations generally have board vacancies only when a member retires, or rarely, when shareholders vote to replace board members who do not represent their interests or when CEOs accede to activist investor pressure for board representation.

Other reasons for slow change in the executive suite are cultural: if young people do not have role models or are not exposed to the business world, they may not even know about career paths available to them.

Women may be under-represented in the C-suite and on boards because of choices they have made in relation to raising children. It is less common for fathers to be their children's primary caregivers while mothers work.

And lastly, there is often an unconscious CEO or nominating committee bias in favor of colleagues who are the same as they are.

Diversity is not simply having one woman on the board, or an African American executive officer of the company. It is more. Diversity not only represents sex and skin color, but age, ethnicity, gender orientation and many other tangible and intangible factors, all of which inform one's perspective.

Diversity is not just a numbers game. Diversity must be part of a company's DNA. It should start at the top and be



supported by an infrastructure of up-and-coming college graduates and interns, and programs that expose talented high school students to the business world.

Companies should evaluate themselves, not by sheer numbers but by how their employees feel about how diverse they are from top to bottom. Would diversity employees recommend the company to their friends? If you recruit graduates from African-American colleges, do those recruits believe that they have a career path? How long do they stay? Are high-potential employees (both diverse and non-diverse) being mentored? Is turnover higher for diversity employees than for non-diverse employees? Is there someone in the company - at larger companies there is often a position called director of diversity and inclusion - who will lead the way to a culture where diversity is welcomed? These questions are a good place to start.

So, where are we with regard to diversity? We have made some progress, but progress is about more than numbers. It is about valuing diversity and seeking diversity, not because it is the thing to do, but because it reflects the world in which we live. We strive to live in a world where the only barrier to our success is our own ability.

Jane S. Howze, managing director and founder of The Alexander Group, has more than 30 years of experience in executive search. She has recruited executives worldwide in not-for-profit, energy, manufacturing, legal, life sciences and professional services. She directs board searches for the firm and is actively involved in the firm's diversity practice.