

# Women board members add ideas, profits

The general image of a board of directors of a major corporation is still that of a dozen or so middle-aged men sitting around a table. Women compose 15 percent of the board members of U.S. corporations. While that is up from 10 percent in 1999, it's far short of an equal share, and several decades after feminism became a potent social force, the percentage doesn't seem to be increasing very rapidly.

In several European countries, these traditional patterns have led to legislation designed to end the imbalance. In 2003, Norway's parliament passed a law mandating that 40 percent of publicly traded companies' board members be female by 2008. (The number had been 7 percent in 2002.) Spain and the Netherlands have passed similar laws, which will be effective in 2015. Belgium, France, Germany, Sweden, and the United Kingdom are considering legislation of this type, as well.

In the United States, we are less tolerant than European nations of legislation that might be considered government intervention in the affairs of private companies. It's unlikely Congress will follow in these nations' footsteps and it's not good practice to mandate the affairs of private companies based on board members' gender. But the arguments for more gender diversity are strong.

In October 2009, women held 49.9 percent of all nonfarm labor jobs and 51.5 percent of high-paying management and professional positions, according to the Bureau of Labor Statistics. Studies have also shown that for every two guys who graduate from college or get a higher degree, three women do. This is almost the exact opposite of the graduation ratio that existed when the baby boomers entered college.



## FRONTLINES

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Studies also indicate that the women coming out of school are taking responsibilities

that were traditionally left to men, at work and at home. This means more women are making more high-impact decisions at work. At home, they make the majority of the major purchase decisions.

Christine Stasiw Lazarchuk, director of global marketing research for Ford said women are directly responsible for 45 percent to 50 percent of all new vehicles purchased in the United States and they have a direct influence in the purchase of up to 80 percent of vehicles that they don't purchase themselves.

Advertising Age reported in 2007 that women operate as the "chief purchasing officers" in almost all households, acting as the leading force behind 80 percent of all household buying decisions.

Car buying isn't the only traditionally male category where this applies; women also take the lead in investments, consumer electronics and home improvement.

Women on the board, representing this vast but silent majority of decision-makers, can provide fresh perspectives that are more in touch with consumer needs. This can be expected to give a company a competitive advantage.

The recession has only added to women's economic clout, as men were laid off at a higher rate. In 27 percent of American households, women are the sole earners. In these homes, there are no men who di-

rectly participate in buying choices.

Women also represent at least half of the rank-and-file who make their corporations succeed. Today, 49 percent of professionals and managers are women. Women comprise 58 percent of wholesale and retail buyers, 46 percent of purchasing managers, and more than half the vice presidents for administration and human resources. A company with a broad cross-section of women will understand the challenges of the company's middle managers.

Companies with many women board members will have more women flowing into senior management, providing more role models for newly working women.

Outside consultants' studies show that women board members are more likely than men to include social responsibility as well as profits in top-level decisions.

Finally, many observers note that boards tend to be "old boys' clubs" that generally ratify management decisions. Injecting a new force can end "groupthink" and lead to better and more innovative solutions. A richer mix of people at the board level sends a message to the market and to staff that the company is focused on performance and talent, not to the old ways of doing things.

A recent study by Catalyst, an independent New York think tank, found that Fortune 500 companies that ranked highest in the percentage of women on their boards outperformed the lowest-ranking ones, with a 53 percent higher return on equity.

Putting women on the board isn't just the right thing to do. It's the profitable thing.

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