

Opening Address

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OPENING ADDRESS

SHEILA W. WELLINGTON*

Let me begin by thanking Professor Lisa Fairfax for inviting me to speak to you. It is a great honor to address such a distinguished group of lawyers and academics on the topic of corporate governance—a topic that is being discussed by the nation at large—from barbershops to board rooms, from TV shows to faculty lounges.

When I was president of Catalyst, we sometimes would talk about our mission of dismantling the glass ceiling. By choosing to teach at a business school, I aim to take that glass-breaking cause to another generation of women. I am spreading that word so that women, including the women in this room, can advance as far as their talents and their ambitions can take them.

The term “glass ceiling” incidentally was coined by two *Wall Street Journal* reporters to describe the fact that although women had entered the workforce in large numbers in the 1970s and 1980s—they couldn’t seem to rise to the highest levels of leadership.¹ It was as if an invisible barrier were preventing them from breaking through and reaching the executive suite.

Those barriers in business and in other organizations, dare I say virtually all organizations, exist today, but we do know something about overcoming them, organizationally and personally.

I will talk about that. But first, a few facts. As Professor Fairfax knows, I believe in facts, real information. Why? Because that’s what makes change.

But before we move to a discussion of women in corporate leadership, I cannot resist talking to you, you lawyers, just a little about women in law. So here goes. Catalyst did do a large scale study of women and men who graduated from law school between 1970 and

* Clinical Professor of Management, New York University Leonard N. Stern School of Business; President, Catalyst Inc. 1993-2003; Secretary, Yale University 1987-1993.

1. Carol Hymowitz & Timothy D. Schellhardt, *The Glass Ceiling: Why Women Can't Seem to Break the Invisible Barrier That Blocks Them from the Top Jobs*, WALL ST. J., Mar. 24, 1986, § 4, at 1.

1999.² Most—over 70% of each gender—begin their legal careers in law firms.³

This is the merest glimpse of what we found: Women are less satisfied than men with their advancement opportunities.⁴ Overall, while 51% of men are satisfied with advancement opportunities, not great certainly, but only 41% of women are satisfied with their advancement opportunities.⁵ That's 41%.

More than half of the women in our study saw exclusion from informal networks as a barrier for them.⁶ Only 21% of men felt that women in law were excluded from informal networks or that this was a barrier.⁷

We all know that work/life balance is a major issue for working women. But let me tell you from my knowledge of women in corporations, financial services, technology and an array of other areas, women lawyers exhibited more work/life-balance problems and lower-satisfaction rates than women in any other industry. And, as I said, that includes Wall Street. Thus, the women lawyers in Catalyst's study made career choices to reduce work/life conflict. In the survey, 45% of the women chose their current employer because of work/life balance, making it the *number one* factor in job choice for women lawyers!⁸

Now what is so disturbing about these findings is the fact that women have been entering the legal profession in large numbers since the mid-1980s. In fact, by 1985 women made up 40% of law students and that number continues to rise.⁹ But clearly, even after thirty years of working and competing in the legal profession—in large numbers—women still don't really feel welcome in the law firm culture and report that inhospitable culture is holding them back.¹⁰

And for those who think that the women at firms are leaving to stay home, let me add here that Catalyst found, much to many peo-

2. CATALYST INC., *WOMEN IN LAW: MAKING THE CASE 10* (2001), available at <http://www.catalystwomen.org/files/full/Women%20in%20Law%20%20Making%20the%20Case.pdf> [hereinafter *WOMEN IN LAW*].

3. *Id.* at 13.

4. *See id.* at 14.

5. *Id.*

6. *Id.* at 17.

7. *Id.*

8. *Id.* at 19.

9. *Id.* at 25.

10. *See id.* at 39 (lamenting women's exclusion from internal networks).

ple's surprise, that only 11% of all the women lawyers in the study—11%—were out of the workforce.¹¹

Now that I have satisfied my irresistible urge to talk about women in law, we can talk about women in business, in corporations, which is my true topic of the evening. And again, facts are what have an impact. I am going to talk about the numbers.

Today, 60% of all women are in the labor force.¹² Looked at another way, 47% of the U.S. labor force is female.¹³ Women hold:

- 50% of managerial/professional specialty positions;¹⁴
- 15.7% of corporate officers;¹⁵
- 12.4% of board directors;¹⁶
- 7.9% of highest titles in the Fortune 500;¹⁷
- 5.2% of top earners;¹⁸ and
- 9 Fortune 500 CEOs—our highest number ever! (Hot off the press, *Fortune* April 18, 2005 issue.)¹⁹
 - Brenda C. Barnes, Sara Lee Corp. (#114)
 - Mary F. Sammons, Rite Aid Corp. (#128)
 - Anne M. Mulcahy, Xerox Corp. (#132)
 - Patricia F. Russo, Lucent Technologies Inc. (#247)
 - Andrea Jung, Avon Products, Inc. (#278)
 - Susan M. Ivey, Reynolds American Inc. (#321)
 - S. Marce Fuller, Mirant Corp. (#424)
 - Marion O. Sandler, Golden West Financial Corp. (#435)
 - Eileen Scott, Pathmark Stores, Inc. (#467)

We've finally reached a robust 1.8% of Fortune 500 CEOs. And now, there are ten women CEOs in the Fortune 501—1000:²⁰

- Janet L. Robinson, New York Times Co. (#524);
- Margaret C. Whitman, eBay, Inc. (#529);
- Kathleen A. Ligoeki, Tower Automotive (#570);
- Dona Davis Young, Phoenix Cos. (#602);
- Dorrit J. Bern, Charming Shoppes, Inc. (#679);

11. *Id.* at 13.

12. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, WOMEN IN THE LABOR FORCE: A DATABOOK 1 (2004), available at <http://www.bls.gov/cps/wlf-databook.pdf>.

13. *See id.* at 9-10 tbl.2.

14. *Id.* at 27 tbl.11.

15. CATALYST INC., 2002 CATALYST CENSUS OF WOMEN CORPORATE OFFICERS AND TOP EARNERS OF THE FORTUNE 500, at 1 (2002) [hereinafter 2002 CATALYST CENSUS].

16. *Id.* at 16.

17. *Id.* at 1.

18. *Id.*

19. *See* Janice Revell, *Up, Up, and Away: In a Year to Remember Fondly, America's Largest Companies Settled In for a Stretch of Broad and Healthy Growth*, *FORTUNE*, Apr. 18, 2005, at 232.

20. *Id.*

- Mary Forté, Zale Corp. (#684);
- Mary Agnes Wilderotter, Citizens Communications (#715);
- Paula Rosput, AGL Resources, Inc. (#803);
- Stephanie A. Streeter, Banta Corp. (#911);
- Patricia Gallup, PC Connection, Inc. (#984).

A new total of nineteen women CEOs in the Fortune 1000, not high—but by far the highest in our history. In government, interestingly, the numbers are quite similar: women make up 14% of Senate seats and 14% of House seats, two women are on the Supreme Court and six are in the cabinet.²¹ Again, the highest in history.²²

Now let's take a look at what research tells us about those numbers. Again, can I prove that what applies to women in business also applies to other endeavors? No. Do I believe it? Yes.

In 1996, Catalyst produced the pioneering study *Women in Corporate Leadership*.²³ This was the first ever study to examine the experiences and perceptions of the Fortune 1000's top women (all women at vice president (VP) level or above in the Fortune 1000) and the CEOs with whom they work. Catalyst followed up with *Women in U.S. Corporate Leadership: 2003*, asking women and CEOs the same questions and checking whether change had occurred.²⁴

The women interviewed in both these studies are accomplished.²⁵ Most of them are within two reporting levels of the CEO.²⁶ These are women who have broken some glass. Here's what was found a year and a half ago: These corporate women are very satisfied with their jobs.²⁷ Eighty percent are satisfied with their current position, 79% are satisfied with their current employers, and 77% are satisfied with the respect with which they are treated by company leadership.²⁸ But, there remain areas where they are less satisfied. Only 57% are satisfied with opportunities to network, 57% are satisfied with career advancement opportunities, and—hear this—only 23% are satisfied with the availability of mentors.²⁹

21. See generally Ctr. for Am. Women & Politics, Facts on Women Candidates and Elected Officials, <http://www.cawp.rutgers.edu/Facts.html> (last visited Mar. 24, 2006).

22. See *id.*

23. CATALYST INC., *WOMEN IN CORPORATE LEADERSHIP: PROGRESS AND PROSPECTS* (1996).

24. CATALYST INC., *WOMEN IN U.S. CORPORATE LEADERSHIP: 2003* (2003) [hereinafter *WOMEN IN LEADERSHIP*].

25. *Id.* at 1.

26. *Id.* at 4.

27. *Id.* at 6.

28. *Id.*

29. *Id.*

We'll come back to this, but now, let's look at aspirations. One of the old myths that we hear is that the reason there are so few women at the top is because women don't really want to be there. True? The women in this study said that's simply not the case. Of those women not already at the very top of their organizations, over one-half—55%—want to be there.³⁰ Only 26% say no—they don't want a job at the very top of their organizations.³¹ The rest, less than 20%, aren't sure.³² So, women do want to advance to the very top!

Given that the majority of women do aspire to go to the top, why aren't there more women up there? Why aren't there more women at the top? Because women are not always getting the experience they need to advance. Women say that the number one barrier to their advancement is a lack of significant general management or line experience (47%).³³ Overwhelmingly, CEOs agree.³⁴ Now, let me say again—the number one barrier to women's advancement, according to women in the Fortune 1000 and their CEOs, is a lack of significant general management or line experience (47%).³⁵

This is how that plays out—you will recall I told you that women make up about 16% of corporate officers.³⁶ But women make up only 9.9% of line officers—of officers involved with profit and loss.³⁷ Looked at another way, of all women corporate officers, only 30% hold line jobs.³⁸

Now one of the expectations about the impact of Sarbanes-Oxley is that it will lead to a large increase of women corporate board members as well as women top corporate leaders. In general, however, these groups are recruited from those who have profit and loss experience and, as we have seen from the line/staff data I just spoke about, we do not have a robust talent pool of women line officers in the pipeline that can rise to the top of our nation's major corporations. Yes, chief financial officers (CFOs) will be sought for board seats and there probably will be more women CFOs. But, there are only thirty-five now.³⁹ Thus, despite many other commentators, I am not optimistic that Sarbanes-Oxley will have a profound effect on the lives of

30. *Id.* at 12.

31. *Id.*

32. *Id.*

33. *Id.* at 16.

34. *Id.* at 24-25.

35. *Id.*

36. 2002 CATALYST CENSUS, *supra* note 15, at 1.

37. WOMEN IN LEADERSHIP, *supra* note 24, at 2.

38. *Id.* at 1.

39. See 2002 CATALYST CENSUS, *supra* note 15, at 13 fig.10.

women in corporate leadership and the numbers of women on corporate boards. There will be some increase.

Now aside from the scarcity of women in line jobs, which is the number one barrier, women do continue to see other barriers to advancement as well. In the latest Catalyst study, 41% cite exclusion from informal networks as a barrier.⁴⁰ Remember, this was a majority of women in the law study.⁴¹ And 33%—one in three women—report stereotyping of women's roles and abilities as a top barrier.⁴² In other words, sizable numbers of women still have the feeling of being outsiders!

Now let's turn to success factors. You've got to know the barriers—yes—but you've got to know what works too. How did these women get ahead?

- Exceeding performance expectations say 69%.⁴³ You've got to work hard and do well.
- Successfully managing others (49%).⁴⁴
- And developing a style with which male managers are comfortable (47%).⁴⁵

They delivered, they learned the game. Often, in business, it's literally golf. They adapted. They reported that they didn't get much sleep. And, they consistently noted that they had mentors.⁴⁶

Since some of you may not have mentors, and some of you may not be mentors, let me give you a little advice. And, if you noticed any parallels to the studies I reported on, it's no accident.

1. First be an advocate for diversity.

- Educate yourself on the issues.
- Be aware if someone is excluded.
- Become involved in diversity.
- Be a mentor.

2. Next, work on your own advancement. Remember, the best isn't good enough. Successful women say over and over: "Perform beyond expectations." Deliver results on time or ahead of time. Deliver more than people expect. Impress them over and over with your abilities. Time is of the essence. Successful working women learn how to

40. WOMEN IN LEADERSHIP, *supra* note 24, at 16.

41. WOMEN IN LAW, *supra* note 2, at 37.

42. WOMEN IN LEADERSHIP, *supra* note 24, at 16.

43. *Id.* at 13.

44. *Id.*

45. *Id.*

46. *Id.*

organize their time. If you don't blow your horn, nobody else will. Don't sit around and wait to be noticed. Make sure your boss and colleagues know about the great work you do.

3. Expertise impresses. Develop an expertise in a unique, relevant specialty. People will turn to you for that expertise and your career will take off.

4. Nothing comes to she who waits. Taking the initiative is crucial to getting ahead.

5. It's not just organizations that need to diversify. Diversify your experience and skills to succeed. Remember: don't get pigeonholed.

6. Fortune favors the brave. Demonstrate your readiness for the new, the bold, the daring.

7. Money does matter. Know what you're worth and how to negotiate the salary you deserve.

So those are the get-ahead basics . . . but there's more. Fundamental are two factors women in the audience and the people they mentor must know:

- Network—inside the organization and out—and
- Be strategic about your career.

I could go on and on. But the important thing is not what advice inspires and moves me, it's finding out what will motivate you to work for women's advancement—to mentor, to share your experiences with others by mentoring them. Whether you find your inspiration in a formal mentoring program or elsewhere, I urge you to find it. Because the America of tomorrow can't afford to let you get away. If we want to increase the number of women at the top of the corporate pyramid, then we've got to make sure that there are women in the pipeline to the top. That means recognizing what the barriers are, what the success factors are, and seeing that we don't change the women, we change the corporations and firms in which they work.

As one CEO I know put it: "A bunch of old white men, sitting around trying to figure out how to build a company for the future, will inevitably run it into the ground."

Thank you.