

## *The Leader's Edge™*

### **How “Best Practices” Programs Can Be Used Most Effectively to Support the Growth of Women Leaders**

*The Leaders Edge* research study completed in February, 2004 demonstrates the need for companies to have depth and breadth in their “best practices” programs to support executive women. Further, comprehensive, integrated “best practices” programs can contribute to the corporate bottom line in several important ways; namely, the retention of professional and executive women; the recruitment of women who wish to work for a company that values the development of women; improved leadership skills; increased morale and overall heightened awareness of the benefits of diversity and a respectful culture.

In the research study, “Corporate Best Practices for Women”, fifty-seven in-depth interviews were conducted with Fortune 1000 companies between July and September 2003. Twenty nine of the companies, or about half, had been commended as “best practices” companies by organizations such as Catalyst, Chicago Area Partnerships (CAP), and Pathways & Progress. Respondents, who held titles such as Vice President of Diversity; Vice President, Talent Management; and Human Resource Director were asked to identify and describe documented strategies and tactics employed in their companies to help develop, attract and retain successful women. Findings of the study included:

- **While 92 % of all the companies surveyed reported having some elements of a best practices program in place, “best practices” companies distinguish themselves from the general population in the depth and breadth of their programs.**

Besides offering a variety of formal programs to support women as they develop the skills necessary to move into senior management roles, “best practices” companies do not

offer them independently of each other. Instead, they focus on the opportunities for synergies and incorporate all the activities into a single, comprehensive program. The mix of activities may vary by location or business unit, depending on the culture and immediate needs. In addition, the mix will change over time as original needs are addressed and new needs surface. In “best practices” companies diversity activities and inclusiveness are not independently run by women employees or part of Human Resource programs but rather are incorporated into the overall vision, fabric and culture of the company.

Key elements of the “best practices” programs offered include the following:

### **Coaching**

Coaching in “best practices” companies is largely conducted by external consultants, and the techniques are sophisticated and targeted.

- The employee has an opportunity to interview and select from several possible coaches.
- Goals and objectives are established, and status is reviewed on a regular basis.
- A benchmark 360 survey is often conducted to provide feedback to the employee.
- High potential women, who have not yet reached the most senior ranks, are included in the coaching process.

*“(External) coaching has been very effective in helping women articulate their career aspirations and understand how to navigate and create opportunities themselves”.*

*Senior Vice President, Human Resources*

*“Coaches have been most successful in confidence building. The women become more effective in making presentations to groups, in meetings, with peers, superiors and clients”.*

*Managing Director, Diversity*

*“We have a national footprint and use a variety of coaches. We look at the coach’s professional credentials. The pairing of an employee with a coach is based on the employee’s developmental needs and the coach’s area of expertise”.*

*Executive Vice President*

## **Retention**

“Best practices” companies give women the tools they need to move up in the organization.

- Women are given education, training and experience to allow them to grow within the organization.
- Qualified women are represented in the upper levels of management, demonstrating that opportunities do exist.
- Flexible work schedules and support networks are offered.
- Women are supported in negotiating the corporate landscape.
- Women are given the tools to successfully deal with customers and vendors in male-dominated industries, which often involves role playing.

*“The company helps women by supporting their networks, by providing flexible work arrangements and mentoring programs, and other diversity efforts to remove barriers that might prevent women from opportunities to grow and learn. High potential women receive even more opportunity through our Fast Track Program”.*

*Vice President, Human Resources*

*“Career development is front and center a way to keep employees. If women want to advance, we give them the tools to do so. The new flexible work initiatives being piloted now promise to fill a big need of our employees”.*

*Vice President, Workforce Effectiveness*

## **Mentoring**

The mentoring programs used by the “best practices” companies are formal and informal corporate-wide programs, usually tied into the development process.

- An independent matching program is provided to ensure that mentor and mentee are well suited.
- Mentors and mentees are trained prior to the beginning of the relationship.
- Mentoring may take place across business units and functional areas.
- Goals, timelines, action plans and a review process are established up front with many formal programs lasting as long as a year, and continuing on an informal basis.
- A variety of programs including peer mentoring, mentoring circles and reciprocal mentoring opportunities are offered.

*“Mentoring is a formal grassroots program. Employees and mentors sign up for the 12-month program and both are interviewed about their goals and what they want to get out of the process. There are check points along the way”.*

*Senior Director*

*“We take the most promising middle managers and pair them up with a corporate officer in a structured, 1-year mentoring program. This year half of those selected were women”.*

*Vice President  
Staff Development and Diversity*

*“It varies by business unit but most of the units have... mentoring activities. Some are very formal programs where individuals are matched with mentors and the relationships are monitored. There are questionnaires and movement is tracked.”*

*Vice President, Director of Diversity*

## Networking

Networking works best in the companies that offer a consistent, organized program throughout the organization.

- There is a system for executive women to meet regularly which acts as a conduit for information down through the organization, and across functional areas.
- A wide range of networking activities is offered including conferences, brown bag lunches, seminar, small group dinners, workshops and panel discussions.
- Multiple networks are established based on employees' needs and interests.

*“Our Women’s Network is very active—16,000 to 20,000 women participate. It includes everything from golf outings and wine tastings to lunch and learns with senior leaders about keys to success. It’s unlike other firms’ women’s networks because it is an integral part of the diversity effort to recruit, retain and promote highly qualified women to senior positions”.*

*Manager, Employer of Choice Initiatives*

*“We have a grass roots women’s organization funded by the company. It has educational programs with well-known speakers and offers networking opportunities, mentoring, and suggestions on ways to advance your career.”*

*Executive Director, Diversity*

**87% of all the companies surveyed reported that they measured the results of their best practices/diversity programs, with 80% reporting that they have attempted to tie diversity to a business case.** While these attempts have been less than successful to date in terms of objective, operational performance measurement, there is a strong sentiment that many benefits have been realized through diversity programs. These include talent management, company name recognition and market share.

*“The business case is obvious: our key resource is people...If we lose good people...that turnover costs money. The lost brain trust is our business case.”*

*Assistant Director for Diversity*

*“We have prepared white papers, done research and benchmarking. No single element builds an overwhelming case. But taken together, they certainly add up.”*

*Human Resource Manager  
Organization Development*

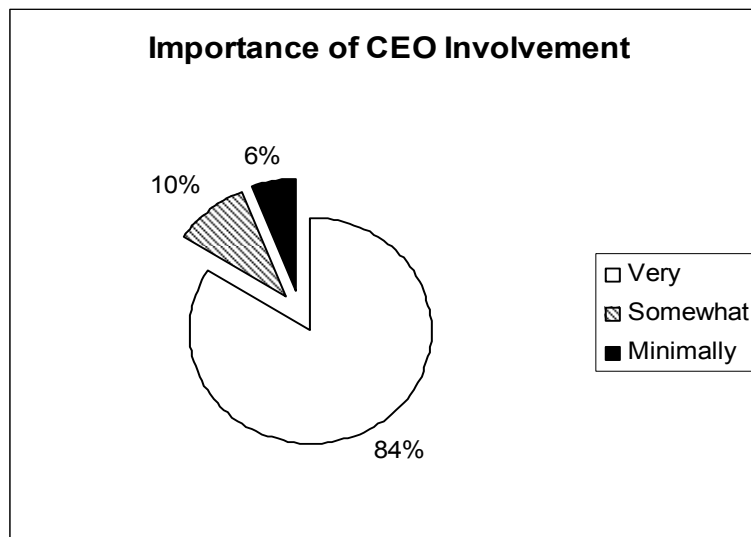
*“We looked at a number of diversity issues...The thing that really made sense to us is that the population is changing so much in the future that we need to change in order to be prepared.”*

*Director of Human Resources*

*“...you need to have diverse employees in order to get a diverse group of people to buy your products.”*

*Vice President Human Resources*

**84% of all respondents report that the CEO is critical to the success of diversity efforts and that “best practices” programs will succeed or fail based on whether or not the CEO is involved.** Having the CEO deeply committed tends to incorporate diversity into everyday practice and the culture of the organization and helps build the belief that it is here to stay.



*“He (the CEO) sets the tone for our diversity efforts. He’s a diversity champion and speaks of that routinely. He shows support both externally and internally. He expresses his belief that it’s a business imperative not just something nice to do.”*

*Corporate Diversity Manager*

*“The CEO is the sparkplug. He spreads the diversity message via his direct reports and that cascades down through the business units.”*

*Vice President, Diversity*

**77% of companies stated that if they could do things differently today, they would see that diversity and inclusiveness were incorporated into the vision and culture of the organization—not as an independent or Human Resources program—but as an integral part of corporate life.** Strategies for accomplishing this varied but mentioned most often was involving the CEO early in the process, instituting accountability at the line level, engaging all employees and tying the program into the overall corporate strategy.

*“The CEO has diversity/advancement of women as part of the way he measures his direct reports. Every quarter he meets with each member of the Executive Committee about the scorecard and diversity is on that scorecard. It’s very effective and has a trickle down effective throughout the whole organization”.*

*Vice President, Workforce Effectiveness*

**Many companies stated they believe strong diversity programs were good for business and that having them opened the door to better business problem solving.**

*“It was compliance focused at the start. But we realized the importance of a diverse workforce in view of changing demographics. Diversity can inform diversity, i.e., diverse employees can give insight/input into marketing/ad campaigns to say the right things and make sure messages are appropriate and well received”*

*Executive Director, Diversity*

*“When we look at changing demographics, we have to have the best talent to do the best job for our customers—that leads us to demand a diverse workforce with diverse opinions—better decisions, better results all around.”*

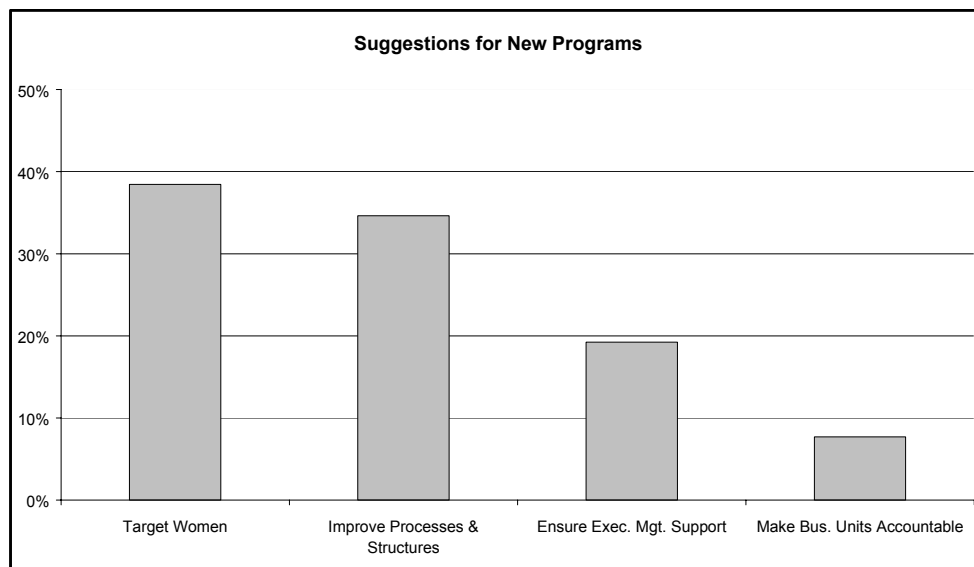
*Director, Workforce Diversity*

**When asked why they started the “best practices” program at their company, a variety of reasons surfaced.** 30% reported that the program was started because it was good for business, or driven by the CEO, clients or employees.

*“It began as an affirmative action program but moved away from a compliance focus to a desire for diversity as an attractor to employees...we feel it is better for business.”*

*Chief Diversity Officer*

Asked for suggestions they would offer other companies starting a Best Practices program, 45 of the companies answered, sometimes with multiple responses.



Thirty-eight percent of the responses included the need for greater attention to seeking out and preparing (though coaching, networking and other means) executive level women

throughout the organization. Thirty-five percent of the responses concerned institution of more rigorous process management - many felt “informal” programs must give way to programs with clear priorities and measurable goals. The need for executive management to support the program was also a concern – 19% of the answers involved having executive management not only buy-in to the program but also champion the program on an ongoing basis. Finally, 8% of the answers were suggestions to push responsibility and accountability for Best Practices out to core business units.

For 12% of the companies, ensuring compliance with federal regulations was the impetus for initiating programs, while 9% said they feared potential litigation. Other companies responded that based on surveys, they felt it “was the right thing to do.” Some companies mentioned that it was initiated by the CEO, or encouraged by clients or employees. In several cases, the programs had been in place for a number of years, and survey respondents were uncertain about their origination.

By way of background, *The Leader's Edge* initiated the most recent study in response to several significant trends that impact the future of corporate America. First, there is a talent shortage in the executive ranks that could severely affect corporate growth and profitability. Since women represent over 50% of all the management positions in corporate America, this shortage is exacerbated by the fact that executive women are leaving these positions at a rate twice that of their male counterparts. Secondly, indicators point to stronger performances among firms with a high percentage of female executives.

*Recent data supporting these findings include:*

*The Leader's Edge* 2002 research study, “Why Women Are Leaving Corporate Positions and What Companies Can Do To Retain Them” found that the number one reason executive women leave their positions is corporate culture. Those executive women surveyed expressed “a disappointment in management that did not value diversity of thought and believed their roles were not respected.” The costs of losing an executive woman are high; and include a loss of knowledge, expertise, experience and productivity

which impacts all aspects of the business as well as present and future profits. The women surveyed went on to other positions where they felt more respected and valued.

An article in the February 9, 2004 issue of Fortune Magazine cited a new Catalyst study linking gender diversity and financial performance. The study states that companies with the highest representation of senior women had a 35% higher return on equity and a 34% higher return to shareholders than companies with the fewest women near the top.

A December 30, 2003 article in USA Today entitled, “2003: Year of the Woman Among the Fortune 500” states that as a group the eight women CEOs “outperformed the broader market by a substantial margin.”

A November 16, 2001 article in the Harvard Business Review entitled, -“Women in the Executive Suite Correlate to High Profits” stated that “Fortune 500 firms with a high number of women executives outperformed their industry median firms on three distinct, objective measures.”

Women and Diversity: 2002 Wow! Facts, The Business Women’s Network, states that “25 Fortune 500 firms with the best track record of promoting women to high positions are between 18% and 69% more profitable than the median Fortune 500 firms in their industries.”

Even as research recognizing and attesting to the leadership and management talent of executive women is growing, executive women are leaving corporate America in droves. As Kira Porter states in her article in the Linkage, Inc Newsletter entitled, “Women Leaders: Strategic Yet Invisible Assets”, “one woman every 60 seconds leaves her corporate position to start her own company.”

Accordingly, it is incumbent upon firms interested in retaining executive women to provide “best practices” programs. While offering executive women a rich, comprehensive program with a wide array of options would go a long way towards

providing women the support they seek, by itself it is not enough. Women want to be valued and respected for the diversity of thought they bring to the corporate table. The best case scenario for an executive woman is a comprehensive program embedded within an open, respectful culture with free flowing information. A CEO setting this culture by example seems fundamental.

Providing this environment is in the best interest of the company as well. The firm saves replacement costs, which for an executive are generally calculated at one and one half times current salary. This includes recruitment costs, replacement salary and possible severance and litigation costs. This does not include the soft costs such as loss of knowledge, client relationships and morale to the company once a woman leaves. Further, since women make over 80% of the buying decisions in the \$3 trillion consumer products market, the optimal business marketing decision is to have women actively involved in creating and implementing strategies, products and services that appeal to the woman's market.

*The Leader's Edge* is an organization dedicated to the leadership development and advancement of high level executive women. *The Leader's Edge Research* division has fully analyzed the data for this study and has compiled a summary report. For further information on the current study as well as past research studies, please contact *The Leader's Edge* at 610 660 6684 or visit us at [www.the-leaders-edge.com](http://www.the-leaders-edge.com).