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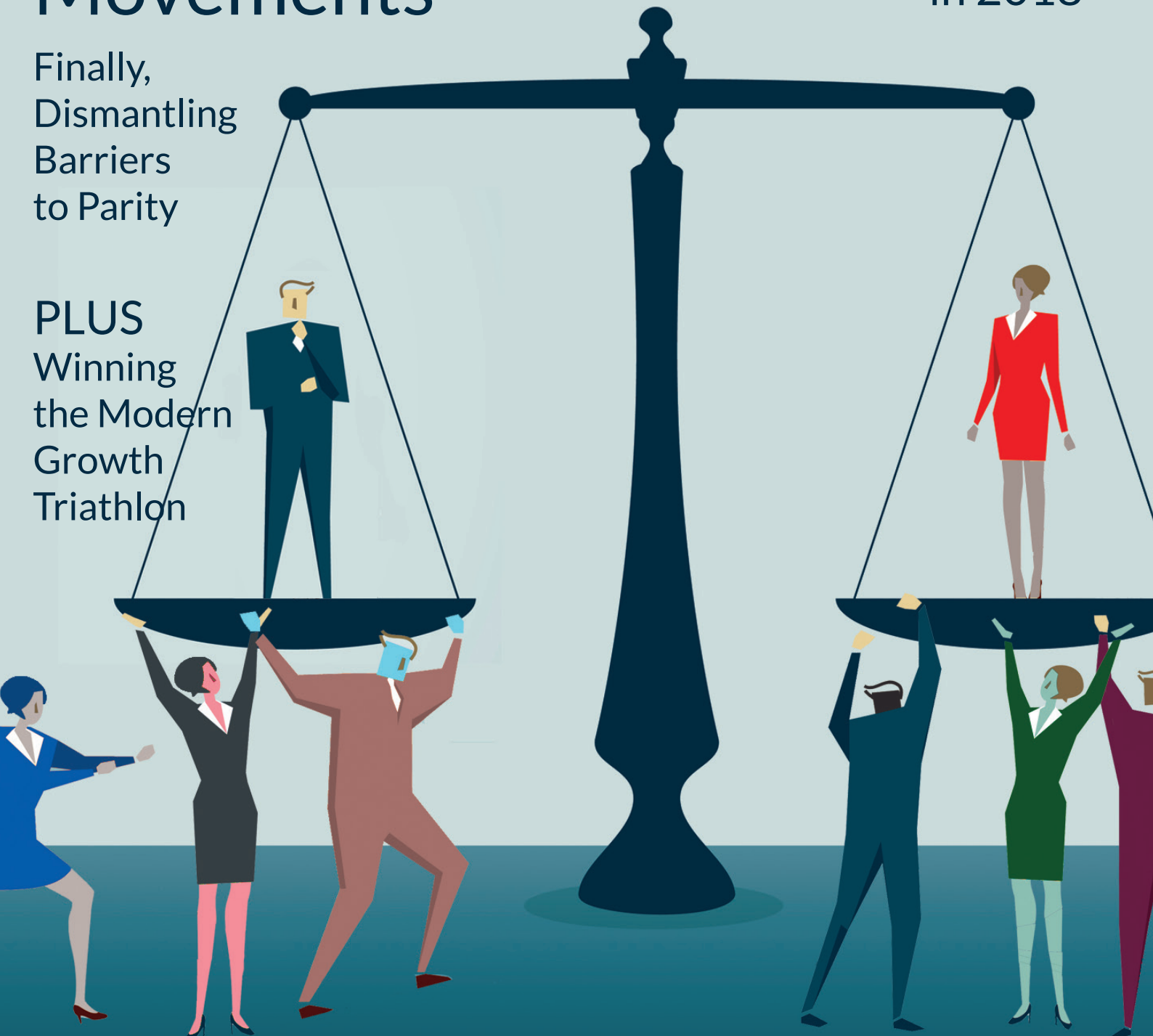
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EXECUTIVE TALENT

The Global Magazine from AESC

Volume Twelve

Dedicated to strengthening leadership worldwide

Contents

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Offered by AESC in partnership with Cornell University's School of Industrial and Labor Relations

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- John Sparrow, Director, BoardWalk Consulting

"The AESC-Cornell program enables us to better support our clients. The clients' benefit is the goal. The personal growth is a bonus."

- Alicia Hasell, AESC Board of Directors, Managing Partner at Boyden, Houston and AESC-Cornell program alum

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Welcome to Volume 12

from Karen Greenbaum, AESC President & CEO

Growth. Agility. Choice. Diversity. On the surface they may seem unrelated, but in fact, these critical issues are not only strongly connected, they are core for innovation in today's rapidly transforming and competitive business environment.

- In this issue of *Executive Talent* magazine, we explore three types of business growth profiles for today—investing, performing and creating. Liz Hilton Segel of McKisney & Company explains how these profiles can be combined to accelerate the type of growth needed for today's highest performing organizations. She also identifies the attributes that can be found in today's true growth leaders.

- We then delve into The Conference Board's "C-suite Challenge"™ study where we look at the top business issues facing C-suite leaders today. From actualizing enterprise-wide digital transformation and leveraging emerging technologies for competitive advantage to attracting and retaining top talent and fostering a collaborative culture, agility is key. Those organizations and leaders who remain cognizant of our ever-shifting world and who can make sense of the patterns, especially where there appear to be none, will enjoy the most success.

- As business leaders, choosing is something that we do every day—choosing the right candidate, selecting the right successor, deciding which new role, or strategic direction to take—but choice is something we often take for granted. Sheena Iyengar, Columbia University Professor, is a noted authority on the art of choosing and she helps us understand the cultural nuances that impact how we think about choice and how we choose, and how we even decide to choose or not.

- What impact have #MeToo and #TimesUp and the conversations they have spawned had on global business? How have they contributed to the conversation for achieving gender parity at Board and C-suite level? We ask the question, "Is this a moment or a movement?" We know a commitment to and culture of diversity better positions businesses to attract top talent. We also know that a leadership team that reflects the diversity of the customer base can better meet their customers' needs. So, how can we leverage these timely conversations in the culture from a business perspective to ensure this is a movement for growth and innovation and not just a moment.

Never have the challenges for business been greater, but they have also never been as exciting. Gone is the status quo. And here we are left to shape the new era of global business, together. Thank you to the many individuals and firms who participated in the interviews and contributed to the research for this issue of *Executive Talent*. As always, I welcome your feedback on all matters relating to global executive talent.

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Winning the Modern Growth Triathlon

Understanding the research on organic growth in the digital age, from McKinsey & Company

"Organic growth could not be more important to companies' survival. A look at the share-price performance of 550 US and European companies over 15 years revealed that, for all levels of revenue growth, companies with more organic growth generated higher shareholder returns than those whose growth relied more heavily on acquisitions."

From "Mastering Three Strategies of organic growth" McKinsey & Company, August 2017

Research conducted by McKinsey & Company and reported in "Mastering three strategies of organic growth" (August 2017) explores how companies around the world drive growth: both their strategic mindsets and the leadership it takes to effectively pursue a growth agenda.

Why organic growth? "What the firm has found over time is that if you don't deliver top-line growth, over time you're either de-listed or bought—literally, growth is equated with survival." Liz Hilton Segel leads McKinsey's Marketing and Sales Practice in the Americas. She describes the firm's research findings on successful growth strategies and discusses the attributes of the leadership teams who deploy them.

Survival in business depends on driving revenue and earnings, and according to Hilton Segel many companies still focus too heavily on cost-cutting to improve their results. "The pressure on earnings quarter to quarter can often lead to a company culture that is more cost-oriented or more margin-expansion oriented," she warns. "But when you look at what drives shareholder value, *organic* revenue growth is critical. That's why we spend so much time talking about growth."

Driving growth in the digital age presents new and different challenges and opportunities. Companies must move faster than ever in response to shifting consumer trends and the rapid onslaught of competition. Hilton Segel looks at the impact and promise of digital in two ways. "First, digital is changing how companies interact with consumers and second, it's changing internal company processes, for example the use of large data sets to make more intelligent decisions."

According to Hilton Segel and her McKinsey colleagues "these trends have changed how companies should go after incremental organic growth, and that's what led us to ask ourselves: what makes for a really great growth roadmap, and what makes for a great executive team that can drive organic growth better than the market?

The Three Growth Profiles

Through the research and working with clients, Hilton Segel and her colleagues began to recognize that companies and their executives trend toward different growth strategies that historically work for them: investing, performing and creating.

The **investor** "sees opportunity for organic growth by finding new sources of funding, and that person is creating growth as if putting gas on the accelerator of a car," Hilton Segel says. The investing model involves squeezing money across the existing business and reallocating funding to high-growth areas of the business. For example, Hilton Segel describes an executive who "would go around each month, department by department, and cajole small increments of savings for reallocation. 'You can give me a few dollars that I can invest and help us grow faster.'" That relentless investment strategy was hugely successful. "They produced unbelievable customer growth rates month over month for many, many years and ultimately ending up a market share leader."

The **performer** focuses on optimization. "This executive type doesn't need more investment, new products or new services; they can actually drive more growth through process improvement," Hilton Segel says. For performers, incremental growth is created through optimizing sales, pricing, and marketing. And data analytics help performers make faster decisions with greater precision. For example, according to Hilton Segel, "If I'm a retailer, it's perfectly reasonable for me to make a different pricing decision on every item either in the store or on the website, and a different decision can be made pretty much any minute of the day, every day."

The third growth profile is the **creator**. Hilton Segel describes an executive who says, "No, I don't need more money and I don't need to improve the process, what I need is a new set of products and services." Relying heavily on consumer data, creators are adept at identifying trends and unmet needs. They "invent the adjacency in the business they've never had before, enter a new product category, create a new business model or create a new service," she says.

Companies engaged in multiple growth strategies are among the highest growers. Hilton Segel says, "The obvious benefit of diversification is that you have more than one avenue paying off for you."

According to the research, "the companies pursuing multiple approaches are the most likely to succeed at driving organic growth: 44 percent of top-growth respondents report the use of more than one growth strategy."

Why isn't Everyone Doing It?

The barriers that stand in the way of adopting a diversified approach to growth are distinctly human. According to Hilton Segel, "The first thing that gets in people's way is a mindset limitation." Achieving competitive growth rates requires attention on growth. "I have seen such a stark difference between companies where the CEO and the CFO are single-mindedly focused on market expansion and cost-cutting, versus companies where the CEO and CFO are single-mindedly focused on organic growth." She says, "Our view is that growth can be managed just like margins are managed, but it requires a very purposeful growth agenda driven from the top of the company."

The second barrier to deploying diversified growth strategies is habit. Hilton Segel acknowledges, "People get married to the system that has worked for them in the past." When executives only feel confident in their (and their company's) ability to deliver a certain *type* of growth, they miss out on the opportunity to perform above-market. "What you realize is that if you don't start to switch up the management team and bring in people who have different successive experiences, you can end up producing more of the same in terms of how the company approaches growth," she says.

The Evolution of a Growth Strategy

One example of the evolution of a growth strategy provided by Hilton Segel is that of a company acquired by a private equity firm. "Typically, the new CEO comes in prepared to do whatever it takes to create incremental growth. They will look across the sources of funding and they'll find insurance savings, they'll get savings out of the manufacturing line or out of the support function costs. They'll be prepared to make all kinds of change necessary to free up investment capital to invest behind growth, and that works." That's the investor profile.

But what happens when those investments have been made? Hilton Segel says, "Often, you then run out of runway, so the question a CEO may ask is 'what do I do for my second act?'" She says, "The natural second act would be to go after the performer approach, and try to figure out a way to get greater organic growth without more investment." And that approach may be coupled with a creator approach, addressing the question "what would it take to expand what we offer and to whom, so that we can create growth from new categories and new businesses?"

The McKinsey research shows growth strategies are evolving for many of the companies surveyed. When asked which primary strategy their companies will pursue in the next three years to generate organic growth, just over half of respondents cite the creation of new products, services, or business models, while only 19 percent choose investing."

Often, changing or expanding strategy requires a catalyst. "It can be that someone comes in from the outside with a different competence base to draw on, or they see a competitor take an action they didn't anticipate and react to it,"

Hilton Segel observes. In her experience, "There needs to be some dislocation, whether that's a person, a competitive action, or everything that's happening today with digital analytics."

Capabilities of Growth Leaders

Researchers identify a certain set of qualities or capabilities common among high-growth companies and leadership teams. "Mind sets and organizational culture" ranks first among those surveyed, and according to Hilton Segel **focus, dexterity, data and analytics**, and **agility** are elements of that winning capability.

FOCUS

One of the first things that Hilton Segel and her colleagues look for is the sense of focus and intent. Where is growth on the agenda? "You can read a company's annual report and look at communication to shareholders to see how high growth is on the agenda. Are they talking about growth, or are they talking about capital productivity and margin expansion?"

Another important question is whether growth tops the agenda of the senior team. "Do they really have alignment across the entire executive team that they are trying to create organic growth?"

An executive who works with Hilton Segel gave her an example of role-modeling that level of focus. "He said

to me that he would look at the sales reports across the company and if he saw something that was an anomaly relative to a goal, he would make a skip-level phone call—he would call somebody who was probably two, three levels below him and say 'I noticed that in this geography, in this channel our sales numbers are not where I expect them to be' and that got everybody's attention! It meant that all the folks who report to him directly should know every number as well as he did."

For Hilton Segel there is a difference between the executive who says growth is our objective versus the executive who says growth is one of many objectives. But could an executive leadership team with such a singular focus actually limit new ideas? Hilton Segel posits the alternative. "I think you might end up with a fair amount of natural tension." For example, "you may have one person saying the key to our success is investing in building a stronger, more analytic pricing capability, and somebody else says no, we should invest in strengthening industry knowledge of our sales force, and a third person may say you guys are out to lunch—we should invest in diversifying our product portfolio in the part of the business that's much more margin accretive."

"Then if you're the CEO, you're looking at a whole series of choices, all of which are good in terms of creating growth. It can lead to productive tension, and it's certainly more productive the

more it is fact-driven and against the same objective, which is to help create incremental growth in the company."

DEXTERITY

Dexterity also relates to the concept of diversified growth strategy. What does that mean in the context of executive leadership? Hilton Segel explains that dexterity is "the idea that I can, in one moment or with one breath, go from a conversation with the CFO about where investment dollars should be allocated and have a very detailed view of what the ROI might be, whether we invest in the sales force, marketing, or capital for new product development, and in the next breath I'm talking to somebody about the optimization of the commercial engine and what can be done to extract more growth than we had last year with the exact same resources. And in the third breath saying okay, what's the new customer trend that we can capitalize on, and what are we doing to actually get into that part of the market." She says, "That dexterity of leadership is something that makes a difference."

DATA AND ANALYTICS

Across all strategic profiles, growth in the digital age relies heavily on data and analytics. For example investors use data to track growth and actively reallocate, performers optimize pricing in real-time, and creators use data to leverage customer insights.

According to the research, "some 75 percent more high-growth companies, in fact, have analytics and data capabilities, and 73 percent have analytics embedded in their processes." Additionally, "across all dimensions, the most significant gaps between top growers and their peers were in data and analytics (81 percent of growers have them). And naturally, data and analytics factor in the quality of a company's agility.

AGILITY

Companies report higher aspirations for organizational agility, with a growing recognition that such agility is a competitive advantage in the digital age.

"We're seeing companies move very aggressively to agile, now," Hilton Segel reports. The concept of agile organizations took hold initially in IT, and now a broad array of companies are nurturing agility within their organizations. In an agile organization *"there's a much more fluid relationship between a product manager and their technology organization, and even further up the chain into their marketing, sales, communications and their servicing organizations."*

Why is the transition to agile so important? Hilton Segel explains, "It's the difference between being able to make real-time changes according to what's happening in the market place, versus implementing something that was planned on a six or a twelve-month cycle and may be obsolete." The need for agility is a product of digital transformation and data analytics. "Years ago, people would talk about a growth strategy for a business in terms of an annual plan, and I think what companies are looking for is the flexibility to learn from real-time data; to be able to really iterate, and the only way that's done is with a cross-functional group operating in an agile dynamic."

A key feature of agile companies is collaboration, which breaks down siloed behavior, improves understanding between business units, and enhances both creativity and speed in decision-making.

For example, Hilton Segel recently worked with a financial institution determined to be a more dynamic communicator. "The financial industry, like pharma and several other industries, is heavily regulated, and what they say to consumers requires multiple rounds of legal and compliance review." Their solution was to "set up several agile teams to demonstrate they would be able to meet all the regulatory requirements and at the same time be running at the pace that you would expect of a digital native company."

The best of Both Worlds

A systemic approach to growth and agility may seem to pull in opposite directions, but Hilton Segel sees the benefit. "How do you have a systematic approach to grow while at the same time be agile? I think that's achieved by choosing to have an agility-focused set of aspirations and a growth plan. In my mind, clarity of purpose and strategy around achieving a certain organic growth target combined with an agile operating model is the way you get the best of both worlds."

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Pressing Business Issues for C-Suite Leaders in 2018

"The results of our C-Suite Challenge™ 2018 survey show that to meet the digital transformation challenge, our CEO respondents are focused on building leadership teams of strategic thinkers who are adaptable, entrepreneurial, and capable of inspiring employees. They are dedicated to the creation of innovative, customer centric and inclusive workplace environments within their organizations. Meanwhile, executives slightly down the ladder in the C-Suite are embracing the highly tactical strategy side of organization-building to support this bigger vision."

from "C-Suite Challenge™ 2018"
The Conference Board

Identifying the critical challenges global business leaders and their organizations will face remains important and complex. How are organizations reinventing themselves for the digital age and how are leaders managing digital transformation? For 18 years, The Conference Board (TCB) has surveyed CEOs from around the world to better understand the challenges executives face and the strategies used to address them.

This highly-anticipated annual research report has been expanded this year, to include the full C-Suite in TCB's "C-Suite Challenge™ 2018: Reinventing the Organization for the Digital Age."

The findings in this study reflect a general atmosphere of confidence in the global economy. Businesses are focused on competing in the digital world and reinventing themselves through digital transformation, new strategies, organizational culture, and attracting and retaining talent.

Rebecca L. Ray, Ph.D. is Executive Vice President, Knowledge Organization; Human Capital Practice Lead; and Director of The Engagement Institute™ at The Conference Board, and a co-author of the report. "The good news here is that there's not a wrenching difference between what the CEOs viewed and the rest of the C-suite. There are times when the CHRO role is more focused on human capital strategies around leadership, people, and culture, but these all ranked high. People are on the same page about what to do, or what's important."

Digital Transformation

Among the report's key insights, organizations cite the need for radical change and reinvention. And for many organizations, reinvention begins with digital transformation. But just what does that mean, exactly? For Ray, "digital transformation is less about the technology itself, and more about how you need to transform your organization to leverage that technology: to have better

data insights, better delivery, to have that introspection." Speaking of the survey, she says, "One of the questions we asked was around what leadership qualities do you need for this digital transformation. 'Technology savvy' ranked only number twelve."

Ray and other researchers have observed that many studies in the digital leadership space lead to similar conclusions, including the idea that effective leadership in the digital age centers "around being an inspiring, engaging leader, being entrepreneurial, a strategic thinker, and effective at change management." For Ray, "I think part of that is because the technology moves so fast, is so complicated, and is so interconnected that you cannot know everything you need to know. Then the question becomes how can you lead people through a process that may or may not be a clear definitive path?" She adds, "There's no final destination— where you think you're headed is not necessarily where you need to go, and you may not know that for awhile, so how agile can you be, and how can you create an organization that's agile?"

The answer depends on who companies have in their organizations, and the "who" is at the top of C-Suite leaders' concerns in 2018.

Attracting and Retaining Talent

Number one among the C-Suite's "Hot Button Issues" is "the failure to attract and retain top talent." Considering the current climate for recruiting, Ray observes that compensation is not the only motivator for candidates. "There are some lines of thought and quite a bit of research that would articulate that money is table stakes," she says. So beyond compensation, "the other question is which culture do you want, what kinds of projects are more ideal?" Speaking of her work at The Conference Board, Ray says, "We did some research on what kinds of things attract talent, and it depends on where you are in your life stage. It's not going to be your boss, because when you met during the interview stage, everyone was on their best behavior. So it's about location, it's about the job, and it's about the brand

reputation of the company."

Brand management plays an increasingly important role in recruiting and retaining talent. "Technology cuts both ways," Ray says. "You can go to Glassdoor [worldwide database of company reviews] and suddenly have all this inside information on what it's like somewhere, the environment, and whether it's worth it to work there." Also, when people consider joining an organization they are looking at the top of the house. "Do I see people who are beginning to look like me, or have an appreciation for who I am or what I bring to the table?"

Sought-after employees have choices and they *will* exercise them, especially in tight markets. For example, Ray says, "It's worse in China—think of the people who accept an offer on Friday and don't show up on Monday because they got a better offer over the weekend." She explains that some Chinese workers in a corporate setting may turn down an offer for advancement if they don't like the location. "I don't think so," they'll say. "I like living in Shanghai and have no interest in moving to a lower tier city." Ray says, "They're certain of where they want to live. In the old days, you went where the company told you to go."

After landing the interesting work for a reputable company in a desirable location, Ray says, "Later on, coworkers, the manager and opportunities for growth become as important as the work you do and the connection to the mission."

In the current market for talent, skills and those who possess them are portable. Speaking of the top end of the Millennial generation, Ray says "these are really smart young people moving into increasingly more complex leadership roles. They know that all they really have is a portfolio of portable skills and if they don't feel they're moving fast enough, or they don't like the direction the company is moving in, they are going to take their skill set down the road." She adds, "We've helped that happen because they no longer have to give up their pension, so there's really not a lot that's going to keep them there."

So how can an organization retain top talent? "We know that trust and integrity among senior leadership is always key; nothing destroys trust faster than leaders

who say one thing and do another, and trust has a significant impact on retention and engagement," Ray says. "But continual development is usually second or third most desired element in every piece of research. The desire for continued development is very strong, particularly among Millennials."

The responsibility for professional development has evolved over the last generation or two. "In years past when companies were a little more paternalistic, they put you on a track, and your career was mapped out for you," Ray explains. "Now, the world doesn't support that kind of model."

Opportunities for development must be available in order for a workplace to remain attractive, but it is often up to the employee to seek out those opportunities. "So for those folks who understand that their professional development is their own responsibility, they will take advantage of the organization to help them understand the core competencies they need to move from job A to job B," Ray says.

Retaining top talent is going to require tuning in to the characteristics of a rising generation of leaders. "They think faster, they process differently," Ray observes. "They have options in a way that perhaps others did not. They are very portable, they are very vocal, and they are not afraid to go, when other generations would have just said, 'I've got to put my time in.'" She adds, "I think they will force organizations to be more competitive to keep them. In that way, they will create a lot of change."

Disruptive Technologies

"Technology is redefining the market for everyone. As industry boundaries blur, competition is approaching from all quarters: from start-ups with new ideas and disruptive business models to established companies in unrelated sectors. This rapid pace of change is demonstrated by … estimates that four in 10 companies could be displaced by digital rivals by 2020."

EY: Global Review 2017

Second on the list of "Hot Button Issues"

is responding to disruptive technologies. Disruption is inescapable, and according to the report, "the disruption caused by emerging technologies associated with the New Digital Economy are casting a shadow over the feel-good global growth party." There was a time when executives could spot a threat from a predictable direction, but now competition can emerge unexpectedly, and from anywhere.

"There's an Uber for everything." Ray expresses what is quickly becoming irrefutable truth: "Every company can be disrupted—no one is safe." Letting that sink in, she asks, "How cognizant are you of your industry, of where you're vulnerable? Some things are just black swans—you can't plan for them. But some things you can, so how is your scenario planning? How rigorous is that process at your organization, and how well do your people think that way?"

"Schibsted has never been afraid of disrupting itself."
– Rian Liebenberg, Chief Technology Officer, Schibsted from World News Publishing, May 18, 2017

Some organizations even have to disrupt themselves. Ray says, "There are a lot of examples where companies have decided they need to look radically different." For example, Norwegian publisher Schibsted spun off a digital classifieds brand to compete with it's print classifieds, with tremendous success across several new markets. And it's hard for legacy companies. "Organizations are really the sum total of the people in the legacy," Ray explains. "That takes a lot of guts, because people are naturally proud of where they work and things they built."

Fundamental to any business is the customer, and the customer experience is where disruptive technologies hit home. According to a 2013 Deloitte report "The Digital Transformation of Customer Service," footwear disruptor Zappos judges a customer service agent's performance "by assessing if the agent made a personal emotional connection with the customer and addressed unstated needs. This unorthodox approach has delivered

impressive results with gaining repeat orders and they rapidly grew to a $1B business just 10 years after being founded."

For Ray, "the customer focus is huge in all of this," and that presents organizations some challenging questions. "How attuned are you? How smart are you about your customers and what can you anticipate? Can you make sense out of the data?" She says, "A lot of these companies don't have the ability to glean insights, they don't understand trends or shifts in their customer base, or they don't understand customer preferences well." And even for some who do, "They're not able to get to market because they don't have a process that will allow them to be agile on the shop floor."

Human Capital

Building organizations that are agile and can adapt, according to the report, "requires organizations to rethink how they recruit and develop talent and to embrace new ways of working."

Development at all levels of the organization is a focus of global business leaders, and strong development opportunities are essential both for retaining ambitious employees and making sure that companies have people with the skillset they need to remain competitive. But training and development isn't the only option for employers seeking special skills.

According to Ray, "Companies know they need a certain talent, so it's now a build-or-buy situation. And if you need the skills very quickly, you've got to go out and buy them in the marketplace, whatever that looks like."

While the CEOs surveyed have a focus on performance management, training and development, leaders are also considering a new employment model. According to the report, only 41% of CHROs agreed that their workforce would be "predominantly comprised of traditional, full-time employees" and more than 79% agreed that the "percentage of directly hired contingent workers and freelancers will increase."

What does this mean for contingent and freelance workers? Certainly they are likely to be in greater demand, but

Ray is torn. "Contingent workers may thrive on the excitement of new projects and stimulating thought leaders….it can be a great opportunity. But there is a dark side to this that can be a problem for them and for society. Often, they do not have benefits and do not contribute to social safely nets. They may have the best of intentions when it comes to setting aside income to pay taxes or fund their own retirement accounts – human nature being what it is, that is not a winning recipe for most people."

According to the report, both CEOs and CHROs are also thinking about the possible impact on engagement for both traditional and non-traditional employees, as well. Ray explains, "Let's assume for a moment that half of your employees are full time employees. Traditionally, they've got skin in the game, they've been in it a long time. Then you have these contractors who come in, sitting right next to them, some similarly badged, but not always invited to the office parties, and certainly not tapped for the employee engagement survey. They're not getting any of the benefits that are still resident in the organization, but they are important to the mission and the project deadline, and they know full-well they can walk fairly easily. So what does that do to the work environment? And how do you make that contractor feel included? It doesn't help you if that person simply leaves. The cost of getting someone up to speed and getting that project back on track is huge." Ray adds, "You probably went into the open market to get that skill set because you didn't have it in house, and now it's gone."

Innovation

"Probably no signal is stronger than the desire for a culture of innovation, which is the number one innovation strategy in every region (Asia the one exception, where it is third), every industry, every size company, and with CEOs and C-Suite executives alike."

The C-Suite Challenge™ 2018
The Conference Board

The top innovation strategy in 2018 is to "create a culture that encourages

cooperation across functions and business units and promotes risk taking." As Ray describes the change, "over the years we've watched the strategies for innovation shift. It used to be that towards the top of the rankings you would have "develop innovation skills for select workers," and way down at the bottom was "innovation skills for all employees." We have watched that move all the way up to a top ranking; it really is about creating a culture of innovation."

The report suggests that organizations feel competitive pressure to improve their innovation capabilities and create a culture of innovation. What does that really mean? Ray says, "It's about helping employees with more out of the box thinking, more exposure to things, and helping them be more entrepreneurial in spirit, more tech savvy or more aware of the intersections between what they do and others. That creates the innovation."

A lot of companies are also looking at the link between inclusion and innovation. For example, Ray says, "We had recently conducted research that determined that more inclusive organizations tended to also be more innovative. So it's partly about culture and it's partly about the mix of people that we tap, and it's partly about the commitment to make these teams more inclusive."

Other strategic approaches include engaging in strategic relationships with business partners including customers and suppliers, developing a deeper understanding of customer needs, and emphasizing creativity or innovation as a long-term corporate value. So essential is the need for innovation that the CHROs surveyed would, as their second most important innovation strategy "hold leaders accountable for behaviors that foster a culture of innovation."

Operational Excellence

"Culture eats strategy for breakfast."
Attributed to Peter Drucker

Building a high performance culture to achieve operational excellence requires improving organizational agility, better aligning strategy, objectives, and

organizational capabilities, investing in new technologies and raising employee engagement. For CEOs globally, the top strategy for building a high-performance culture is improving organizational agility.

What is organizational agility? According to the report, "it comes down to a cadre of effective and engaged change leaders dealing with resilient employees who adapt to change."

Those leaders, according to Ray, "are those people who are cognizant that the world is shifting, and they can make sense out of shifting patterns. They can engage people in a vision that perhaps others don't see. They can marshal the troops together to get done whatever they think they have to, and then lead that change effectively."

Ray adds, "To get all of those pieces in a single human being is tough."

And how can an organization be agile? Ray says, "I think those who have a mastery of their own technology are able to leapfrog, because they are strategic thinkers, because they effectively manage change, and because they recognize that the future is going to look different— they're going to begin to adapt well before they have to." Ray describes the organizations who don't develop agility, who aren't looking ahead. "They're the ones who don't make the transition." Ray says, "Sometimes massive success is your worst enemy."

Ray observes, "The agility comes when you can be a learning organization; where you can let people make bold choices and fail without it being career-ending, and then you can take those lessons and do something with them." She adds, "There's a lot to be said for those organizations that have a preponderance of perpetual learners. They have the ability to listen outside of their own echo chamber, and they have the guts to go do bold things when they realize they have to."

The concept of "guts" also applies to a speak-up culture, identified by executives surveyed as an important characteristic of an agile organization.

For Ray, a speak-up culture only happens when leadership is committed to it. "It's about calling out unacceptable behaviors in the workplace. It's also 'our products are not selling and here's why.' Or, 'our customers are not resonating with the marketing campaign we just spent $8 million on.'"

Ray explains, "Many times people don't feel that they have the organizational authority to say something, and when something does come up, they will watch to see what the leaders do. If leaders say one thing and do something else, that's when trust is gone. That's when you can say goodbye to engagement."

Excellence through Engagement

C-Suite leaders identify raising employee engagement as a strategy for operational excellence.

According to Ray, employee engagement is "an emotional connection that results in discretionary effort." Engaged employees go above and beyond, and that engagement is reflected in recruiting and retention, customer service and employee productivity. Ray adds, "You can force compliance, but engagement is something that is built over time."

According to Gallup's new "State of the Global Workplace" report, "just 15% of employees worldwide are engaged in their jobs. Conversely, 85% are functioning below their potential—in terms of both their value to employers and the sense of fulfillment they derive from their work."

That level of engagement is a missed opportunity. The Gallup Organization research shows "37% higher absenteeism, 49% more accidents, and 60% more errors and defects" among disengaged workers. Also, companies with low employee engagement scores experienced "18% lower productivity, 16% lower profitability, 37% lower job growth, and 65% lower share price over time."

Ray says, "The good news is, everyone in the C-Suite is on board with how important culture, organizational agility and engagement are."

Organizations are transforming and will continue to evolve under new generations of engaged change leaders. "I'm watching this latest generation come in, and just like every generation before it, they'll change the culture, hopefully for the better," Ray says.

"You could argue that Boomers did a great deal to bring women and people of color closer to parity, and to have a more relaxed atmosphere in the workplace. In benefits and work-life balance, Gen Xers have continued that process. And the Millennials, as they increasingly take on greater leadership positions, are going to continue the evolutionary change that generations before them began." ∎

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The Ultimate EXECUTIVE CAREER GUIDE

1
NAVIGATING EXECUTIVE SEARCH

In "Navigating Executive Search", the first issue of the Ultimate Executive Career Guide, we discuss:
• Main topic 1
• Main topic 2
• Etc.

After you dive into this issue, check out TITLE, the next issue of the Ultimate Career Guide.

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The Ultimate EXECUTIVE CAREER GUIDE

3
RESUMES/CVS, LINKEDIN PROFILES, AND MORE

In "Navigating Executive Search", the first issue of the Ultimate Executive Career Guide, we discuss:
• Main topic 1
• Main topic 2
• Etc.

BlueSteps

Sheena Iyengar and *The Art of Choosing*

We may think we know our own minds, but the forces that influence our choices are many, varied, and often surprising. Most of those forces affect us without our knowledge, and they do not necessarily operate in our best interests. How can we minimize the influence of such powerful factors, including bias and culture? Is it possible to re-train our intuition? How do we balance the competing forces of gut and reason to make better decisions?

Columbia Business School professor Sheena Iyengar, one of the world's leading scholars on the subject of choice, answers these questions and raises many more in *The Art of Choosing*. Her book explores the practice of choice across cultures, examines the role of choice in motivation and performance, and presents stunning revelations about how and why we choose, and how we can choose better.

Why write a book about choosing? Iyengar explains, "I was really trying to give people a more holistic perspective on choice and the role it plays in our lives. In many ways, the book is about the culture of choice: what does choice mean to us, how does it affect us, and what are things to think about as you go about doing this thing called choosing."

Imagination as a form of choice

For Iyengar, choosing is much more than the practice of selection. "I think there are two basic exercises that we as humans engage in. The first is the picking and finding. Being simplistic, that's the search for information, finding your options, compare and contrast—that's the whole picking and finding exercise. And a lot of research shows the ways in which we get picking and finding wrong," she says. "And then there is the imagination."

Iyengar explains, "We often think that the act of choosing is just picking—which one of these soda pops do I want, etc. But that's not really where the real power of choice comes from." She says, "The real power of choice comes from understanding what your needs are, and *creating* the meaningful option."

"Ultimately we as humans are unique in that we are able to manifest what we imagine in the kinds of choices that we create and make." She says, "There isn't a single thing that was made in your world that didn't come out of somebody's imagination. Whatever it is you eat or drink or wear, everything—unless it's something produced by nature—everything started off by somebody imagining it and figuring out how to make it into reality, and that's a very human endeavor."

In describing one example of that act of creation, Iyengar considers one of the earliest choices made by a start-up. "When you start an organization, the decision-making process you create will, in many ways, determine the culture."

This first choice about how decisions are made evolves like this: "Decisions are going to be made by everybody voting, or else by having a discussion followed by the leader making a decision. So that decision-making structure you put in place right up front creates the dominant culture. You reinforce that culture or

make it more nuanced by who you include in that [decision-making] group. Will you make it a group of individuals who share a very similar perspective, or will you make it a group of individuals who have very different perspectives?"

She says, "I've simplified the idea by talking about a start-up with five people, but just think about how the impact of those choices would expand out, to a larger organization or to a country. It gets more and more complicated but at its base, that's what's going on."

Choice in a global organization

One anecdote from *The Art of Choosing* tells the story of a large business that tested the idea of changing how a production plant operates, moving from an assembly-line structure to a more self-directed, team-based structure. In the first plant, the mostly Anglo employees loved being able to make choices; they were highly motivated and productive under the new structure. When the company tried to implement the team-based system at a second plant which had a lot of Cambodian and Laotian immigrant employees, the results were dismal.

In this scenario, the company did not understand the cultural differences related to choice. Where the Anglo-American employees found being encouraged to make their own choices empowering, "the Asian employees at the second plant wondered why their manager wasn't doing the job of managing."

How do organizational leaders address different cultures when it comes to choice? Iyengar says, "When you have a global organization, you will have people with very different perspectives, and essentially your job as a leader is to surface that. Ideally, if you are a good leader you learn everybody's assumptions and you figure out how to bring people together in a way that does not conflict with those assumptions."

One of Iyengar's favorite examples of strong cultural leadership is Mahatma Ghandi and the salt march, defying the British Salt Acts to ultimately fight for India's independence. "He had a situation where there was no such thing
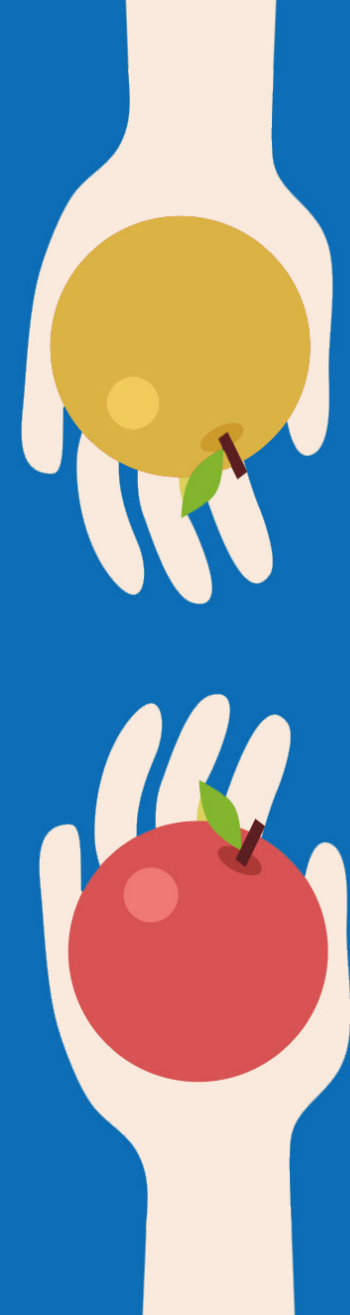
as India, this was just an illusion; there was no such thing as Indian people; this was also an illusion. People were divided by ethnicity, by language, by caste, by religion, and they were all broken up into all kinds of little kingdoms. So suddenly asking these people to come together into one united group was a huge undertaking. And he was brilliant in that he identified salt, because no matter who you are, rich or poor, low caste, high caste, Muslim or Hindu, you're all eating salt."

She says, "That was his genius—he found something everybody cared about. For the first time in Indian history you had people marching together that were from all these different groups.

That's an example of being a culturally intelligent leader."

Gut Versus Reason

As we make choices, two systems come into play: the automatic system, commonly thought of as our gut reaction, and the reflective system, or reason. Iyengar explains the difference. "If I were to ask you, 'do you think that cake is tasty?' you can't reason your way to that one. Your gut is the only one that can answer the question: do you want it or not? The problem with your gut is that you know what you want *right now*, not what you want in five minutes, or ten minutes, or tomorrow morning when

HIGHLIGHTS FROM THE ART OF CHOOSING INCLUDE:

• Whether the mathematical probability of a medical intervention's result is positioned from the positive (likelihood of survival) or the negative (likelihood of death) can significantly influence patient's healthcare choices.

• Something as simple as numerical order can influence our most important choices, as evidenced by the analysis of polling data that shows candidates listed first have a statistically meaningful advantage.

• There is such a thing as too many choices, as demonstrated by Iyengar's famous jam study which shows how fewer options increase the probability that a person will actually choose.

• Studies show how perceived attractiveness correlates to an increased likelihood of being hired, receiving higher compensation, and even winning elections, demonstrating how unconscious bias is at play even in carefully considered decisions.

• Our perception of choice has cultural underpinnings, for example many people from formerly communist countries in Eastern Europe see several varieties of soda not as a wide selection, but one choice: soda.

you're wondering why you did that." On the other hand, she says, "Reasoned analysis only tells you what you *should* want, not what you will want. That's the conflict. Gut tells you what you want right now, and reasoned analysis tells you what you should want."

She says, "The trick is resolving that conflict to figure out what it is that you *will* want."

Several experiments in *The Art of Choosing* look at the consequences for different individuals who follow either their gut or their reason in making choices, and Iyengar invites readers to consider the benefits of each. However, with regard to resolving the conflict between following gut or reason Iyengar says, "I don't think a Nobel prize winner could truly resolve that debate."

What's the right answer?

The stakes of choosing can be high. Iyengar says, "All the career crises we have are a matter of mis-predicting what we would have wanted. Our preferences are much more malleable than we think they will be; that's why you fall out of love, and that's why you start hating your job."

While there is no simple solution to making better decisions, Iyengar recommends honest self-reflection. "You have to be an observer of yourself," she says. "You should be keeping track of how good you felt having made this choice or that choice." Referring to the human penchant for rationalizing past decisions, she says, "You are more stable than you realize; it's your memory that's unreliable."

Iyengar's second recommendation is to learn from others. "You can look at other people who made the same choice and ask yourself whether you think they're happy. Chances are, you're not that dissimilar. So whatever trials and tribulations they're having, those are what you might have."

The consequences of choosing can be significant and far-reaching, and the pressure to make the right choice is often overwhelming. Iyengar offers this consolation: "If both your gut and reason are telling you that you should do it, you should just do it. Even if you're wrong, you won't regret it." ■

Excerpt from
The Art of Choosing
by Sheena Iyengar

In 1998, I persuaded John Reed, inventor of the ATM and CEO of Citicorp at that time, to allow me to examine how people from different cultural backgrounds perceived their work environment, and how this in turn related to their performance and satisfaction with their jobs. Citicorp was already a prominent global bank at the time, with operations spread out over 93 countries on every continent except Antarctica. With Reed's support, a fleet of research assistants and I conducted a survey with more than 2,000 Citicorp bank tellers and sales representatives in Argentina, Australia, Brazil, Mexico, the Philippines, Singapore, Taiwan, and the United States. Since we also wanted our survey to reflect the high level of diversity within the United States, we went to banks in New York, Chicago, and Los Angeles, where we enlisted a range of participants from different demographics and ethnic backgrounds, including Anglo Americans, Hispanic Americans, African Americans, and Asian Americans.

We first asked employees to rate on a scale of 1 ("not at all") to 9 ("very much") how much choice they had in their jobs, both in specific areas like "the way in which I resolve problems at work" or "when to take vacations" and, in general, "the overall amount of freedom I have to make decisions entirely on my own during a typical day at the bank." Their perceptions of choice were also measured by the extent to which they agreed with the statement "At work, my supervisor makes the majority of the decisions about what I do." One would expect the employees' answers to be quite similar; they were, after all, doing the same job. Take the bank tellers, for example:

while their duties aren't as structured as an assembly-line worker's, they are usually confined to specific tasks such as cashing checks, accepting deposits and loan payments, and processing withdrawals. Because Citicorp strove to keep its operating practices standardized both domestically and internationally, bank employees in all the various branches followed routines and incentives that were essentially the same.

When the results came in, however, they clearly revealed that the ethnicity of the employees (closely linked here to their cultural background) significantly affected the degree of choice they felt was available. Employees in Asia, along with the Asian Americans, were less likely than Anglo American, Hispanic American, or African American employees to think of their day-to-day activities at work in terms of choice, and Latin Americans' perceptions of choice fell in between these two groups. The less personal choice they thought they had, the higher the level of supervisor control over their actions they perceived. Even those working at the same bank and for the same manager—who reported giving the same levels of choice to all the employees—perceived different degrees of choice available to them, depending on their culture.

Next, we questioned employees about their personal levels of motivation, how fair they thought their work environments were, how satisfied they were with their jobs, and how happy they were overall. We also asked their managers to rate the employees' current and overall performance at the company. It turned out that for all the American employees except Asian Americans, the more choice they thought they had, the higher they
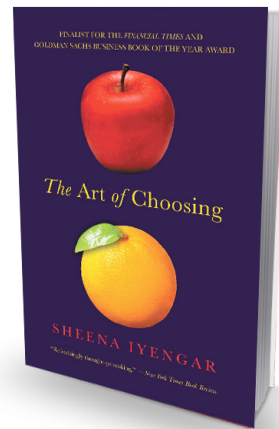
scored on all measures of motivation, satisfaction, and performance. Conversely, the more they felt their jobs were dictated by their managers, the worse they did on all of these measures. In contrast, Asian participants, whether from Asia or the United States, scored higher when they thought their day-to-day tasks were determined primarily by their managers, while greater personal choice had no effect in some areas and even a moderately negative one in others. Latin American employees once again fell somewhere in the middle, slightly benefiting from both greater personal choice and greater control by their managers.

What's interesting about these results is not only that people have different ideas, based on cultural background, about what constitutes "choice," but also that they see more of whatever choice condition they prefer. On average, the employees who benefited from greater personal choice saw themselves as having more of it, while those who preferred choice to be in the hands of others also saw this to be the case. Policy changes that make the presence or absence of choice more explicit could have remarkably different consequences for employees from different cultures, as seen in the case of Sealed Air and even in the students who played Space Quest. When left to their own devices, though, people are likely to perceive choice at the level that is optimal for them.

But this isn't the end of the story. The effects of culture go beyond individuals' own perceptions of choice and their desire to choose. They shape the way people actually choose (when they do choose), which in turn impacts society as a whole. Let's just consider the office environment for the moment, whether at Citibank or at any other multinational corporation. The American narrative of the workplace doesn't just say that more choice is better; it says more choice is better because more choice creates more opportunity to demonstrate competence. The path to success lies in distinguishing oneself from others, and being micromanaged by one's boss can be stifling both personally and professionally. The Asian narrative, on the other hand, focuses on the benefits to the organization as a whole, which may include leaving choices to the people most qualified to make them: those who are wiser, more experienced, or higher in rank. Though both approaches have benefits, they also have drawbacks: the first can encourage selfishness, while the second can lead to stagnation. This is why companies like Citicorp spend considerable effort on creating a unified corporate culture that tries to capture the best of both worlds from the outset, and they're still never completely successful. Now, consider the world outside the workplace. How do these differing perceptions of choice and, by extension, control affect how we envision that world at its most ideal? ∎

Turning Moments into Movements
Finally, Dismantling Barriers to Parity

After decades of effort and irrefutable evidence of the advantages of gender diversity in corporate management, women are still under-represented in leadership positions globally. Why? Will heightened global awareness and a wave of accountability for violence and discrimination against women in the workplace finally lead to real change?

AESC investigates whether many longstanding efforts to improve the gender balance in organizational leadership are workarounds that leave barriers standing, and explores how identifying and removing the barriers to parity might be achieved. We ask what business leaders can do to make sure the opportunity presented by #MeToo and similar events worldwide become movements for true parity, and not just moments.

"The result of all these changes is what social scientists call a norms cascade: a series of long-term trends that produce a sudden shift in social mores. There's no going back. The work environment now is much different from what it was a year ago. To put things plainly, if you sexually harass or assault a colleague, employee, boss, or business contact today, your job will be at risk."

From HBR: "Now What?" January 2018

Climate Change

"One thing is for certain: The #MeToo movement has exposed an epidemic of sexual assault and harassment across every corner of the world and unbottled a collective fury which can no longer be contained. Any notion that it is a short-lived Western fad can safely be dismissed."

—from "The #MeToo shockwave: how the movement has reverberated around the world" The Telegraph, March 2018

While the majority of media attention has been focused on Hollywood and the West, in South Korea a politician resigned after his secretary, inspired to come forward by the #MeToo and #TimesUp movements, publicly accused him of rape. In China, the movement known as #Woyeshi is helping women speak out against sexual and domestic violence and workplace discrimination. Protesters marched in Nairobi, and opinion leaders are speaking out in Pakistan. In India, women have been driving a series of feminist campaigns since 2003.

By some reports, millions of women around the world are speaking up about assault and violence in the workplace. High profile allegations, firings and resignations, policy discussions at the highest levels and an unwavering chorus of both women and men
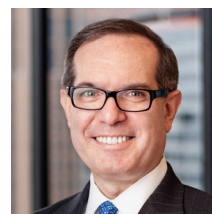
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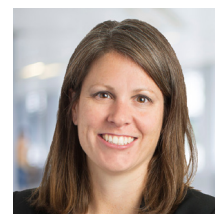Managing Director,
Diversified Search/
AltoPartners,
Atlanta

Cristina Bomchil
Executive Director,
Valuar,
Buenos Aires

Jim Clifton
Chairman & CEO,
Gallup,
Washington, DC

Rick Greene
Executive Vice
President and CHRO,
Heidrick & Struggles,
New York

Jane Griffith
Partner,
Ogders Berndtson,
Toronto

speaking out have changed power dynamics in the workplace, worldwide.

Will this extraordinary time be a catalyst for meaningful change beyond harassment?

"Absolutely, because there's awareness and it's pointing out unacceptable behavior whether it's sexual harassment, pay disparity, poor promotion rates, or the absence of women in the workforce," says Kathryn Ullrich, a partner at Ogders Berndtson who specializes in working with clients on increasing diversity in technology.

"I don't know if it's an old adage, but when it comes to behavioral change, there are four stages: first is you're unconsciously unaware that you're even doing it, next you become consciously aware that you're doing something that's bad. Once you become conscious that it's not good behavior, you actually subtly start changing and you move to consciously doing the right thing." The goal, Ullrich says, "is to get to nirvana, which is unconsciously doing the right thing: a new behavior."

Cathy Logue, Managing Director of Stanton Chase

in Toronto, Canada, agrees. "You can't change what you can't see." For Logue, raising awareness has empowered people, but she is also wary of an over-correction. "I have talked to male colleagues, and they are a lot more aware of what they do, and that's a good thing," she says. In the business world, a lot of decisions and business relationships take shape over dinner and drinks, and those should be professional occasions. "There has to be a respect of the line between what is appropriate in those situations," Logue says. "I hope it doesn't tip it to where women are ignored in the workplace and excluded."

This problem is pronounced in Latin America, according to Cristina Bomchil, Executive Director of Valuar in Buenos Aires, Argentina. "Latin America is a very 'machista' culture, where women still are considered the weak gender," she says. "When women are harassed it is unlikely that the offender will get punished. Although it is currently changing, men have the most powerful positions, and they can take advantage of it and abuse their authority."

According to Bomchil, women with the courage to speak up have recently had an impact in Argentina. "Several famous and until now prestigious television directors were accused by females of sexual harassment and fired from their jobs or publicly denigrated," she says. "The US movement definitely encouraged these women to stand forward and report what had happened to them."

And what happens next? "Business leaders must embrace this movement and help women develop and grow in their organizations, giving them chances, trusting and listening to their opinions, encouraging them to take increasing responsibilities, showing respect and recognizing their achievements," Bomchil says.

For Logue, "We have to make sure we are translating the outrage into action. There's been a groundswell. We just have to make sure it's harnessed properly. The pendulum could go the other way and be counter-productive."

Brushing up on the business case

"The house burned in front of them but they wanted the data to prove it. That is the audacity and ridiculousness of making the business case:

Linda Zhang
Partner-in-Charge,
Heidrick & Struggles,
Shanghai
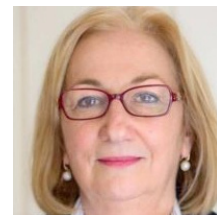
Africa Zanella
CEO,
Centre for
Sustainability and
Gender Economics,
Malaga, Spain

Malini Vaidya
Regional Manager,
Spencer Stuart,
Singapore

Kathryn Ullrich
Partner,
Odgers Berndtson,
San Francisco

Jane Stevenson
Global Leader for
CEO Succession,
Korn Ferry,
Atlanta

Danny T.S. Koh
Technology, Media &
Telecommunications
Practice,
Spencer Stuart,
Singapore

Cathy Logue
Managing Director,
Stanton Chase,
Toronto

Anna Luiza Osser
Partner
Osser and Osser,
Executive Search,
São Paulo

Seth Peterson
Partner,
Heidrick & Struggles,
Hong Kong

Victoria Reese
Managing Partner,
Heidrick & Struggles,
New York

convincing one of the obvious. If the smoke doesn't alarm you, the fire certainly should."

Bernard Coleman III,
Head of DI. at Uber
Forbes Community Voice,
January 2018

So much of the business case for a diverse workplace is old news, but it bears repeating. Diversity drives improvement in financial performance, recruitment and retention, innovation and leadership effectiveness. As we explore the business case for women in the workforce and in leadership positions, we reaffirm our conviction that diversity in terms of race, ethnicity, sexual orientation, disability, background and broader diversity of thought are vital elements of a vibrant and powerful organization.

For workplaces and leadership teams worldwide, there are several measures of the positive impact of women.

ECONOMIC GROWTH

Africa Zanella is the CEO of the Centre for Sustainability and Gender Economics and a senior consultant to the United Nations Institute for Training and Research. She says, "If women worked full-time in Australia the annual GDP would increase by $180 Billion, representing a 13% growth rate." And as reported in the *Straits Times*, if women's participation in the workplace matched that of men, "ASEAN countries could add US $1.2 trillion of GDP to their economies, 30 percent more than would be the case without action on gender inequality."

By other estimates, by advancing women's equality in the workplace, Canada could add an incremental $150 Billion to the GDP by 2026.

These are impressive figures. What would workplace equality mean globally? According to the research report "The power of parity" by McKinsey & Company "in a scenario in which women play an identical role in labor markets to that of men, as much as $28 trillion, or 26 percent, could be added to global annual GDP by 2025."

CORPORATE MEASURES

National and global economic growth is a powerful motivator, but business leaders are immediately responsible for their company's performance. There are numbers for that metric, too.

In the report "The Bottom Line: Connecting Corporate Performance And Gender Diversity" from Catalyst, "companies with the highest representation of women on their top management teams experienced better financial performance than companies with the lowest women's representation. This finding holds for both financial measures analyzed: Return on Equity, which is 35 percent higher, and Total Return to Shareholders, which is 34 percent higher."

Credit Suisse Research Institute reported that companies with at least one woman on their board outperformed the peer group by 26% over the preceding six years. And for investors focusing on those companies where gender diversity is a factor, "the report also finds that the market is willing to pay a 19 percent premium price-to-

book multiple for the top 50 percent of companies with female CEOs. These companies show returns on equity that are 19 percent higher on average and provide a nine percent higher dividend payout."

Looking at the numbers, Victoria Reese, Managing Partner of diversity and inclusion at Heidrick & Struggles, says "here are companies that changed their policies, here are companies that added diversity to the top, and this is how it moves their bottom line. We really need to understand how best to communicate these facts, motivate people toward this common goal."

Jane Stevenson leads Korn Ferry's Global CEO Succession practice. She believes, "We're at a unique moment in time right now, where there is clear recognition that it is in the best interest of all to utilize a full complement of talent." She adds, "I'm not sure if we've ever been in a moment in history like this before."

INVESTORS

Recognizing both the performance advantage of diverse leadership and the desire to invest in companies that reflect investor values, another advantage in gender-diverse leadership is garnering the support of diversity-focused investors.

According to investment company State Street Global's March 7, 2018 press release, in the first year since the placement of the "Fearless Girl" statue on Wall Street and their gender-focused outreach, "152 companies added a female board member, and another 34 companies committed to adding at least one woman to their board in the near term." In addition, the company "voted against more than 500 companies for failing to demonstrate progress on board diversity." The firm also announced it would be expanding its board guidance to companies in Japan, Canada and Europe.

There are significant implications for companies that resist investor priorities. BlackRock Inc. is the world's largest asset manager, whose global head of stewardship Michelle Edkins told the *Wall Street Journal,* "If we see a company with a board structure or level of disclosure...we think is not aligned with our expectations, we will engage, state our views and will listen to what the company tells us. Based on that conversation, we will reset our expectations; if we still think there needs to be something different, ultimately we may vote against management."

Zanella explains how the EU is pressing

the cause of gender diversity, for example the world's largest multilateral financier, the European Investment Bank, is committed to promoting gender equality in all of its activities. "If you want any money from the EU you are going to have a gender plan. Everybody has to comply," she says.

INNOVATION

Gender diversity has a measurable impact on innovation, according to the 2017 "The Mix That Matters" report on research conducted by the Technical University of Munich and the Boston Consulting Group. The study found that "companies with the greatest gender diversity (8 out of every 20 managers were female) generated about 34% of their revenues from innovative products and services in the most recent three-year period." The evidence also suggests that having a high percentage of female managers "is positively correlated with disruptive innovation, in which a new product, service, or business model fully replaces the version that existed before."

According to the research, however, having a token female at the table is insufficient. "Only when women occupy a significant share of management positions does the innovation premium become evident: innovation revenues start to kick in when more than 20% of managers at a company are female, our survey shows."

RESOURCE MANAGEMENT

Any company leaving a significant percentage of its resources untapped is, by definition, underperforming. Stevenson sees women as "a value base that's been very undercapitalized." She says, "That's how I think boards have an opportunity and an obligation to think about women. What asset in our organization that represented 50% of our potential would we *not* care about?"

The need for talent presents opportunities for organizations and for women. Stevenson says, "There are mutual needs that have to be met, and we are seeing women as an underutilized area of talent that can fill many, many of these needs, and not to the exclusion of men, I might add." Stevenson is emphatic: "I reject the zero sum game conversation. It's really about *and*, not *or*."

Part of managing human resources may be a form of loss prevention. Zanella says, "JB Weir did a study which showed if you put in place certain programs for women to come back to work after they've left the workplace to care for their children, there is a huge benefit for the organization."

RETENTION: USE IT OR LOSE IT

In global research from The Conference Board, executives worldwide name attracting and retaining top talent among their chief priorities. Zanella observes "time and time again they say 'we can't find suitable women,' but that's not true," she says. "More women are being educated than men, more women are seeking leadership roles and achieving more at younger ages, and more women are returning to work." Yet globally, women are not promoted at the same rate as men.
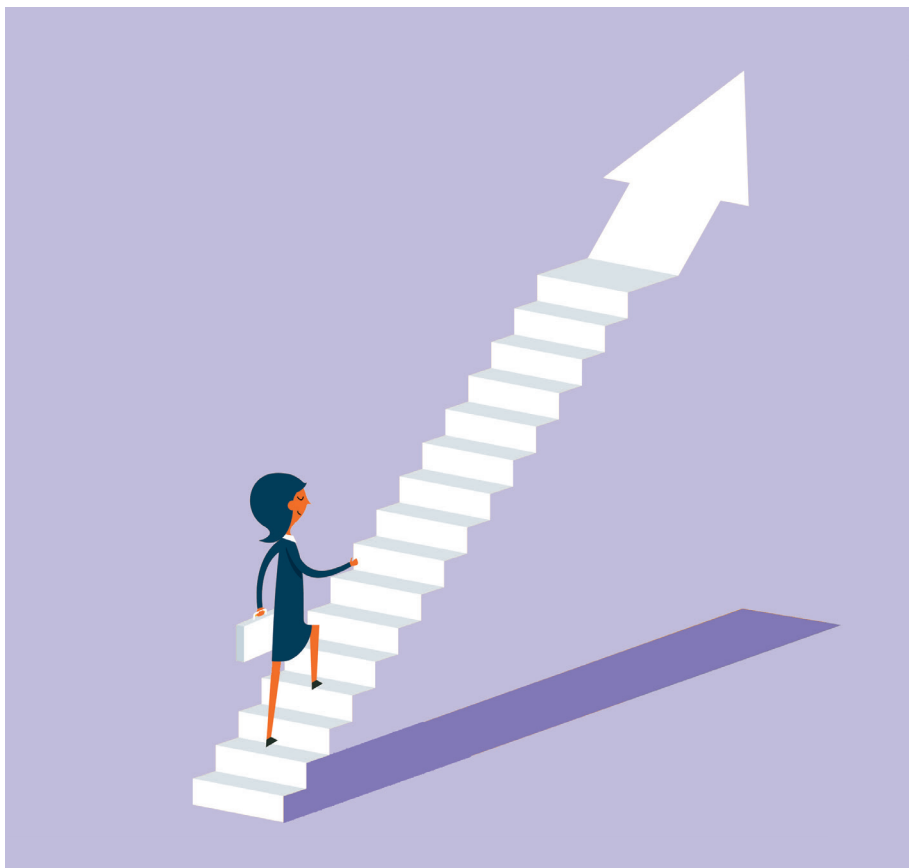
What is the potential price for not promoting women? According to Deloitte's "The gender dividend: Making the business case for investing in women," organizations, even countries cannot assume women will stay where they are not promoted. "More educated women than men move from their country of origin in search of greater opportunities. This has produced a female brain drain of global proportions." And it gets worse. "Countries and companies

are striking differences. Men are more likely to think the workplace is equitable; women see a workplace that is less fair and offers less support. Men think their companies are doing a pretty good job supporting diversity; women see more room for improvement. Given the persistent lag in women's advancement, women have the more accurate view."

—*from*
"Women in the Workplace 2017"
Lean In and McKinsey Global Initiative

that lose educated women suffer a double loss—they lose a worker and a potential mentor."

The price of failing to retain women is more than the opportunity cost, Zanella says. "A company that has invested in a young female employee for years, doesn't want to lose that investment when she chooses to become a mother."

Stevenson agrees. "We have to do a few things differently, we're going to have to think about our comfort zones differently, we have to think about how we retain that population, so we're not losing 90% of them between the middle management and the top of the house. That wouldn't be an acceptable outcome in any other measure."

Recruiting is as much a challenge as retention, as desirable candidates explore their options in a more transparent world. Looking to that new generation of talent, Reese says, "Corporations need to be prepared for young people entering the workforce who already understand that it's their right to question, it's their right to demand a safe and supportive working environment."

SPREADING THE WORD

How can companies and teams get the message? Reese explains, "This is not a new

issue, and this is not one that's going to be solved overnight. People need to make sure that they're not just talking to each other in an echo chamber, but really understanding how to educate their fellow colleagues."

Stevenson speaks for many when she says, "There is not a long stretch of logic between diverse leadership and financial outcomes. So connecting the dots, this is important from a financial returns perspective, from a representation of economics perspective, from a 'what are we going to do with our children, so many of whom will be women,' perspective.

For Reese, there is no question that diversity equates to success. "There's a lot out there," she says. "Bloomberg started a women's index showing whether companies have pay equity and women in their leadership suites." She adds, "We've seen it from many different sources and that's important, because that data is going to speak to certain constituencies that may say 'oh, yeah, it's nice to have but not imperative.' To have the data that it backs up the business case is critical."

What's in the Way

"When it comes to how women and men see the state of women and gender diversity efforts, there

What stands between well-intentioned organizations and their gender diversity goals? AESC member consultants who work in the area of gender diversity have identified some of the barriers that stand in the way of institutions and individuals achieving gender diversity and inclusion.

THE ILLUSION OF SCARCITY

Malini Vaidya leads Spencer Stuart's Asia Pacific business, with a focus on board and CEO succession. "One of the most commonly cited barriers to women on boards is that the number of qualified women in corporate life is not enough," she says. "I don't subscribe to that." Vaidya explains, "In most countries now, in the more mature economies and even in emerging economies, the number of women in leadership positions has almost doubled, so that barrier in my opinion is something that is made up in people's minds."

If there are enough women with the education and experience to advance, then what is happening?

UNCONSCIOUS BIAS

Vaidya insists there are well-qualified women to take on leadership roles. However, she says, "I would submit that there is a greater anxiousness to call on a younger woman to step up. That's where we have the whole 'she's not ready yet,' problem." She says boards "think they would have to make concessions, and I genuinely don't believe that's a good enough excuse." For example, she says, "Almost every single board we work with wants someone in the digital area, and by nature those people can't be more than 45 years old! We decide that they are too young to know anything so we end up never hiring anyone – it's really a cultural barrier."

Ullrich is concerned that unconscious bias can have a foothold among professionals at the heart of the selection process. The bias isn't always spoken, but it may be there, she says. "Even if they don't say it, these biases have an impact." Biases such as, "She's not going to want to travel, she's not strategic enough, she should be home with her family, she doesn't have the right network. All of these are unconscious biases that could affect anyone in the process."

Jane Griffith is a partner and national diversity leader in Ogders Berndtson's Toronto, Canada office. Based on 15 years' experience as an executive recruiter, she sees a lot of examples of bias in the workplace including how hardworking women are often perceived as difficult to work with whereas hardworking men are regaled and held up. Or that when men have children, they are viewed as being more responsible; when women have children they are seen as a flight risk and less committed to work. These are systemic issues, and this is just about gender! This isn't even about race, so imagine then coupling gender and race together, or race and sexual orientation together. These are hugely systemic issues that we have in our society."

The insidious part of bias is that most people aren't aware that they have it. Ullrich says, "If we get a voice in the room that is pointing these things out, we can break through those barriers to say 'are we evaluating our candidates fairly? Is this a competency we're looking for, is this just how the woman presented herself? Is this an unconscious bias?' Then we can focus on the critical skill."

CULTURE

Gender roles in families and communities have a profound impact on whether women have opportunities to work and advance. Particularly in emerging economies, women's perceived roles as caregivers conflict with paid employment.

Gallup and the International Labour Organization worked together on a survey to capture the attitudes of men and women about women and work. "Early marriage and pregnancy, mostly in developing countries, and unpaid care responsibilities globally are persistent barriers to women's education and their entry into the labour force."

"In Latin America, wives are expected to do all domestic functions and take care of family issues, like childcare and looking after aging parents," Bomchil says.

The Gallup/ILO research suggests cultural pressures are keeping women from work, especially in Northern Africa. While more than a third of women in the region want paid jobs, "just 24 percent of men would prefer that women in their families only have paid jobs and 51 percent—the highest percentage worldwide—would like to see them stay at home."

COMMUNICATION AND GENDER

Men and women often present themselves quite differently, so that two individuals with comparable qualifications may be received unequally. "This became glaring to me when I became the CHRO of the firm at the start of 2015 and I had my first couple of negotiations with men and women." Rick Greene is Executive Vice President and Chief Human Resources Officer at Heidrick & Struggles. He describes the typical experience in how

> *Corporations need to be prepared for young people entering the workforce who already understand that it's their right to question, it's their right to demand a safe and supportive working environment."*

men and women negotiate with him. "The men would walk in, they would lean across my desk and basically say in a nice but quasi-threatening way, 'this is what I expect and need the firm to do.' The women would come in, women who were equally deserving and may even have been asking for less than the men were, and they were apologizing. 'I'm sorry to take your time for this, I sort of feel like I've been underpaid.'"

Greene adds, "I had one case where a woman came by and said 'I was promoted with a group years ago, and my base salary was lower then, and no one's ever made it up.' He says, "She was apologetic, and *that's* what has to change. I really believe it's starting to turn in the US, the UK and some of the other markets in Europe, but boy, we've got a long way to go."

Griffith references a recent study that tried to "qualify through hard data the differences between female and male promotion." In this study, "a series of executives in the company wore sensors and they measured the time that they spent working and the time they spent interacting, what level of the company they interacted with. They found no difference. Women are doing the same things that men are doing, it's how women's actions are perceived." Griffith draw attention to this "inherent piece of our culture, about what we expect from males versus females, and what we tolerate."

For Griffith, "We have normalized that men succeed, and there are a whole lot of systemic issues behind that, from unconscious bias to the likability gap. Look at venture capital funding and what female leaders get versus what males get, there's an inherent bias in all of this." Griffith adds, "If we don't smash it in some way, we're never really going to make progress."

TECHNOLOGY GAPS

Worldwide, women lag behind men in their access to mobile phones and the Internet. Based on 2016 research by Gallup, "nearly nine in ten men have mobile phones for their personal needs, compared with nearly eight in ten women. Some of the largest gaps in technology access are in regions where women are also struggling the most to participate in the workforce and to find quality jobs: Northern and sub-Saharan Africa, Southern Asia, and the Arab States."

THE POWER OF TRADITION

Vaidya says, "A real barrier is around the fact that boards are slow in changing. It is a groupthink, maybe a club mentality, and not feeling the need for independence, which is usually the reason that you renew the board."

Vaidya is careful not to attach motives to the lack of women on boards. "I don't think it is because of prejudice or any kind of bad intent, it's just tradition."

From Ullrich's perspective, "Boards hire

people based on who they know, and if 'no one knows her,' the outcome is likely to be 'oh, we don't know if she'll work out.' You can present a slate, and the board will come back to who *knows* those people. A woman is not going to have the same network as a man, so if that's how you select, the woman often will never get ahead."

Thinking about U.S. Supreme Court Justice Ruth Bader Ginsburg and her attitudes about women's place on the court, Griffith says, "For such a long time, it's been normal and expected and accepted to have males dominate in leadership, yet we struggle to even accept female parity."

"When I'm sometimes asked when will there be enough [women on the Supreme Court] and I say, 'When there are nine,' people are shocked. But there'd been nine men, and nobody's ever raised a question about that."

U.S. Supreme Court Justice Ruth Bader Ginsburg

Mapping the Pace of Progress

Women are speaking up worldwide, and organizations—multinational corporations in particular—are both feeling and exerting pressure to align their workforces and leadership teams with the composition of their markets and the values of their customers and investors.

"Women's share among senior positions both in the public sector and in business is not trending towards equal representation, standing at less than halfway towards parity. Currently, only 22% of individuals holding senior managerial positions are women."

WEF Global Gender Gap Report 2017

SEATS ON THE BOARD

The *Straits Times* in Singapore reported in February 2018 that, "Women accounted for 10.8 percent of directorships last year, up a tad from 9.9 percent in 2016 and 9.5 percent in 2015. The proportion of all-male boards also fell slightly—from 55 percent three years ago to 50 percent last year, according to the Diversity Action Committee (DAC) yesterday."

Vaidya is a member of the Diversity Action Committee, and is highly engaged in diversifying corporate boards in Singapore.

"In Singapore, board tenure is a barrier to placing women on boards." To address the impact board tenure has on the independence of directors, she says "the Corporate Governance Council has proposed a rule to reassess when an independent director has served nine years or more."

Board reassessment and refreshment may not be a simple solution, however. According to the *Straits Times* "about 40 percent of directors appointed over the past three years were first-time directors, debunking the notion that companies prefer experienced directors. But most of these new appointees were men—this was the case for about 70 percent of the top 100 primary-listed firms and more than 80 percent for all listed companies."

MULTINATIONAL CORPORATIONS

In much of the world, the drive for increasing the representation of women in organizational leadership comes from multinational corporations.

For example in Argentina, Bomchil explains, "multinationals are taking the lead. Decisions are made at their European or US headquarters, they bring these norms to their companies in Latin America. For example, we do searches and they ask us to bring a slate of candidates half men and half women, because they need to make the numbers better inside the company. In the national companies and the local companies, we have a macho culture. They follow the trend but there is a long way still to convince them that this is not an imposition, this is really an advantage to the company."

In an analysis of the Fortune Global 500 Industrial Companies' China organizations, Seth Peterson, a partner in Heidrick & Struggles' Hong Kong office and a member of the firm's Industrial Practice says, "We surveyed 124 industrial companies with Chinese subsidiaries operating in greater China on the number of leadership roles held by women," and published the findings in the research report "Beyond Quotas—Engendering Diversity at Industrial Companies Operating in China."

Peterson and his colleagues found striking differences in the participation of women depending on the origin of the companies surveyed. "In Western companies, 21% of leadership roles are held by women, 3.6% in Chinese companies, and 1.8% in Korean and Japanese firms." To put these numbers into some perspective, Peterson adds, "Western companies have been aiming at this 30% target for some time, so they're further along, and they set that target for organizations globally."

For all the pressure from US-led multinational corporations, Lean In/McKinsey's "Women in the Workplace 2017" study reports that in the U.S. "women remain significantly underrepresented in the corporate pipeline. From the outset, fewer women than men are hired at the entry level. At every subsequent step, the representation of women further declines, and women of color face an even more dramatic drop-off at senior levels."

NATIONAL ATTITUDES

"You have to distinguish among the different nationalities of companies," Peterson advises. "The whole diversity and inclusion piece is a western company initiative, and in certain other company cultures and country cultures, there is more resistance."

In his research, Peterson found that "many of the interviewees said that focusing on gender alone can be a mistake for a variety of reasons, and they were cautious not to over-promote. In the words of one CHRO 'because if they [the women] fail, you might have to make a change.' Peterson adds, "In his view, young professional females don't want preferential treatment. Also 'a pure gender-based approach might be hard for an already diverse Asia to relate to.'"

"Chairman Mao used to say 'women hold up half of the sky.'" Linda Zhang is Partner-in-Charge at Heidrick & Struggles Shanghai office. She explains, [The response to gender parity] "hasn't been as striking in China, because women were always involved in working, there has always been the opportunity for women to work." In many families it is a necessity, she says. "If you only had one man working, you might not be able to support a family."

Most of Latin America, Bomchil says, "Is a very machista culture. There is an important trend towards gender parity but still we have a very, very long way to go." She says, "It's something very present in companies and society in general, especially because we have a lot of multinational corporations, and multinationals bring parity, diversity and equality to companies. Women in leadership roles is spoken about every day."

The region faces challenges. According to Gallup, "Our data also shows that fewer than one in four women in Latin America overall say women in their countries are treated with respect and dignity. In 2017, this percentage was lowest in Colombia (15%) and highest in Nicaragua (46%). Numbers have been declining in Venezuela, Mexico, Panama and Ecuador in the past five years."

A country-wide view can hamper the recruitment of qualified women for organizations that fail to look beyond their borders. For example, Vaidya says, "Companies need to stop thinking they have to get people in their back yard. We need to think of diversity as outside of our cultural norms." For example, she says, "There is a shortage [of qualified board candidates] in Japan today, but I don't believe there is a shortage of people who understand Japan, who are culturally quite relevant, and who are worthy of being considered."

INSIDE THE COMPANY

North American and Western European multinationals set targets and articulate initiatives, but Peterson says "the country, nationality dimension is particularly important to look at." He adds, "But certain western companies are making concerted efforts."

Anna Luiza Osser, a partner with Osser and Osser Executive Search in São Paulo,

Brazil recommends that companies should take iniatives in breaking workplace stereotypes for women. "Companies should encourage women to consider a non-traditional profession. For example, encourage a woman to start as an intern in a manufacturing plant."

Professional roles within countries are not equally accessible to women. Peterson identifies "particular challenges in Industrial companies, because of the nature of the industry, and some of the functions that traditionally haven't attracted females." He adds, "The challenges within Industrial are universal."

Zhang explains, "In some roles it may not be most suitable for women to thrive, for example sales or business development." In China, a personal connection is vital to the client relationship, and that relationship is built on social interaction. Zhang says, "Some roles limit the relationship-building options for females, compared to the male colleagues they are working with."

And yet employers are challenging some of these norms. "My industrial clients want more female talent in leadership roles, particularly in technical functions," Peterson says. "They don't want to see a short list if it doesn't have a female on it."

THE STATE OF EDUCATION

Education is part, but not all of the solution. "We had our global partners meeting in South Korea, and a high profile woman business leader came to speak," Logue says. "She said in Korea, women are all very well educated, but they're just now starting to be seen in leadership roles. Many women who wanted a career were choosing not to get married so there wasn't the pressure to have a family. This is only now changing and it is starting to become more acceptable for women to have a career and a family."

Ullrich describes meeting a woman with a major tech company that was putting in Wifi in African countries. "She said in Africa they don't have the same bias we have against women in leadership and politics, because all that mattered was if you were educated. In the countries where she was working, there were a lot of women leaders, because if you got the education, you were then qualified and they didn't have 200, 500 years worth of a patriarchal society that said *this* is the role you should be playing."

> *I think it's absolutely a moment and a movement. There are so many pieces that are aligning, at this time. The spotlight's on, and if you've got things that you're not proud of in the past, it's a good time to be nervous.*

In Latin America, educating women has not been enough. Bomchil cites discouraging evidence: "About 60% of university graduates in Argentina are women, but in business only 2% of the top roles are held by women."

Osser believes that in emerging markets, education will narrow the opportunity gap between girls and boys. "In emerging markets and developing countries, if families have to choose between a girl or a boy to go to school, they will probably choose the boy."

The consequences could be high. Osser says, "The boy and the girl need to get the same education. It is important to create an environment where both gain consciousness of the equality between genders, but if you don't have this environment early in school, the future will be no different."

A FAMILY MATTER

Balancing work and family is the number one problem for working women, according to Gallup and the International Labour Organization's 2016 global study of men's and women's attitudes toward women and work.

To Osser, the greatest challenge that women face in the corporate realm is without a doubt child care, but women are starting to face a new challenge—the care of older parents. The family responsibilities, most of the time, still fall to women."

In China, Zhang says, "More men are in the CEO or GM role, and we are starting to see more outstanding female GMs and CEOs." However, she says, "I see a lot of female managers climb in their career while they still have family and social responsibilities, and that is where I see a lot of women

struggle. Chinese society is still not used to the concept of a male spouse supporting the wife's career [by staying] at home."

According to Gallup's regional director for the World Poll in Asia, Nicole Naurath, "In developed countries, such as South Korea and Japan, women face pressure from their families and society to leave the workforce—particularly after they have children. The availability of affordable child care is a major issue." She says, "In South Asia, women and men are not treated equally. Women get less education and are more likely to be illiterate. They also don't have the freedom of expression that men do."

Bomchil is an advocate for a sweeping cultural shift to address the problem. "Women feel guilty about leaving home, so we need radical cultural change, reviewing *all* the roles and relationships, not only at work but at home and in society in general. I have partners in Columbia, Chile, Peru and Brazil, and we are having the same challenge," she says.

For many women, it's personal. "I do see a lot of female managers or directors choose to stay where they are and not take on bigger responsibilities," Zhang says. She sees the issue as something different from work-life balance. "It's work-life *choice.* If you take that choice, there are sacrifices you have to make."

A GLOBAL PERSPECTIVE

Danny T.S. Koh leads the Technology Officer practice across Asia Pacific for Spencer Stuart. He says, "There is the general realization that diversity is actually good, and we understand that as the company becomes more globalized, as we get more and more plugged into the global system, it just makes business sense to have better representation."

While this article is focused on gender diversity, we recognize racial and ethnic diversity, the contributions of people with disabilities, and diversity of thought are critical elements of a diverse team.

"It's an ecosystem we need to build on," Zhang explains. "It's not going to be easy and it's not going to happen overnight."

Approaches with promise

There are no quick-fixes, but the heightened interest in the treatment of women and gender disparity presents an
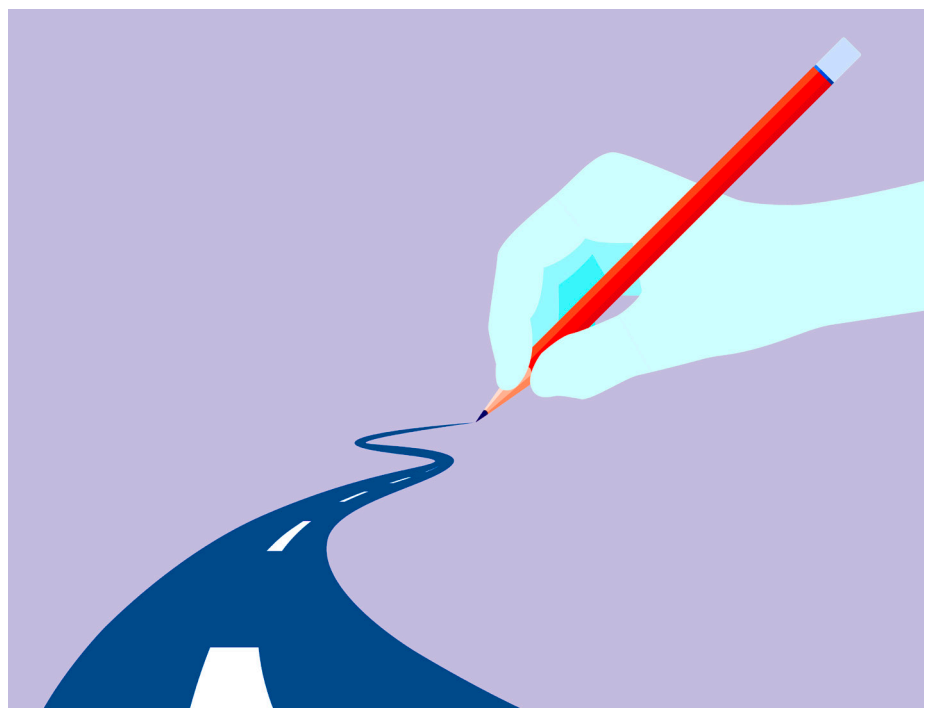
important opportunity. How to best capture that opportunity will depend on factors including region, industry, and culture, and some approaches may be better suited to a particular organization than others.

INCLUSION

"People having a voice—that is the core of inclusion." Greene says, "We are way past the days when companies can say 'look, we have a woman!' and feel proud about that. The challenge today is to really say we've created opportunities, and we've done it for commercial reasons, we've done it for culture reasons."

Accompany policy statements with action plans, Zhang advises. "In China, it's great to have inclusion policies coming out, but we hear a lot of people talking from US headquarters but not fundamentally changing how they work or how they look at performance. If it's only the policy statement, if it's not actionable, it doesn't really help."

What does inclusion look like? Logue explains, "It will vary by industry." For example, she says, "Look at women in tech and the barriers to women in STEM. How do you attract women to the technology sector? It's not by making pink robots— it's by creating environments that are welcoming to them and supportive of them and allow them to progress."

Workplace inclusion promotes engagement and influences collaboration and employee retention, but it's hard to

measure whether a workplace is inclusive. Greene asks, "Do people feel that they can be themselves at work? Do they feel like they can be honest at work?" Speaking of his own workplace, Greene says, "I've had very open conversations, particularly with some of our African American employees and some of our female employees who are struggling to do that, but they feel that if they bring what they see as their whole selves to work, they are not going to be accepted. To me, that's really where our focus is."

A culture of inclusion is where the gains come from—the full, robust range of thinking, aptitudes, perspectives and experiences that vault winning companies past the competition.

"We are seeing culture as a driver in the workplace," Griffith says. "This is where I think business leaders can have a real impact. We need leadership that's going to reflect what it's hearing, and then model, enforce and promote a culture that empowers people to work in agile ways, have flexible work patterns, and see strengths in differences. So the conversation isn't about 'they don't fit in our culture,' the conversation becomes 'this is what they add to our culture.'"

SPONSORSHIP

Catalyst developed a mentoring tool to optimize mentoring programs for women of color. "In many mentoring programs, the mentor's traditional role is to support development of a mentee's

career and offer assistance in navigating the workplace. However, developers of mentoring programs whose goals focus on advancing the careers of women of color should be aware that a mentor's traditional role can be extended to include sponsorship behaviors. "

While mentoring has value and is widely promoted in diversity and inclusion efforts, sponsorship is something different. Veronica Biggins is managing director of Diversified Search in Atlanta, Georgia. "Women have mentors, men have sponsors—and a *sponsor* is what you want."

Biggins says, "A sponsor is somebody who is going to take you to that meeting. A mentor is going to say 'you should think about... you should consider...' but a sponsor is going to say 'I'm inviting you to make a presentation to the board of directors, so get on it.'"

"There's a big difference," she says.

ENGAGEMENT

Gallup's "State of the Global Workplace 2017" report identified regional differences in employee engagement that "can't be attributed to macroeconomic factors," suggesting that "management practices are a key differentiator."

Companies deploy a variety programs that try to improve the promotion and retention of diverse employees. "There are a lot of clients who have spent a lot of money on unconscious bias training and haven't really seen the value in it, because too often it stops with the training class." Noting the difference between compliance and real change, Greene says, "If everybody in the company has to show up for this mandatory training when it's the last thing in the world they want to do, but they check the box so we can say '100% of our management has completed unconscious bias training,' have you really changed anyone's behavior?" He says, "I think the answer is no. We want to encourage clients to look at engagement."

Bomchil understands that engagement is achieved through a more comprehensive approach. For example, she says, "Promoting work in multidisciplinary teams helps people recognize the value of diversity, since they realize in a practical way that they achieve better and more innovative results." She adds, "The work climate improves remarkably, and people are more motivated because they learn every day from the different perspectives diversity brings."

COMMITMENT FROM THE TOP

"Because men at the higher levels of workplaces can take for granted their gender and leadership positions and their acceptance by masculine establishments, research shows they are more able than women to act as public champions—they are

Peterson says, "One of the key drivers is having ownership from the top and objectives around diversity." He says, "Sometimes that means educating senior leadership to get their buy-in and having them involved in recruiting as well. It's setting that tone from the CEO and CHRO down, with high visibility as part of the corporate initiative."

"The CEO really needs to believe in the cause," Osser says. "The best scenario is that the men are involved in this initiative. The CEO has the power and the voice to influence this cause." She believes that strong leadership from the top of the organization can overcome resistance to change. "Most men don't like to participate in these initiatives, but when they realize that gender equality is associated with better results inside the organization, they start to engage more with the cause."

Sometimes, seeing is believing. Osser says, "When the board has a woman on it, they see the benefits."

Koh says, "I think another potential issue in terms of board management is succession."

Board refreshment is a chance to diversify, but Koh explains, "Boards don't focus as much on the succession of board members as they do on succession at the executive level, certainly not with the rigor and structure and dedication that they do for company management," which is a missed opportunity. "Boards need to ensure that there is more balance and representation, at the executive level *and* on the board," Koh says.

Koh sees an evolution coming. "There is a move to be more cultural, more dynamic, and that dynamic has led to the diversity discussion in the boardroom. I think the next ten years will show an equal focus on board renewal and executive succession."

How powerful would it be if the desire for change ran deep, even into the family? Zhang says, "Corporations are rolling out big culture programs to give more flexibility to female colleagues and get them to step

up and take on more," she says.

"Eventually it will take husbands really supporting their wives, and male colleagues really trying to support female colleagues. It will take the whole society to understand this is critical, and it is something we do for ourselves."

KEEPING SCORE

"Based on the results of a survey of more than 70,000 employees from eighty-two of this year's participating companies, three trends that disadvantage women are clear: Women experience a workplace skewed in favor of men. Women of color, particularly Black women, face even greater challenges. Women and men see the state of women—and the success of gender diversity efforts—differently; men have a more positive assessment that often clashes with reality."

Women in the workplace 2017
Lean In and McKinsey & Company

Measurement "is the only way you are going to correct existing inequalities." Zanella insists, "If you are a company, you have to conduct a review of where the women are in your organization." Specifically, she says, "Start looking at the *segregated* data: how many women and how many men, their roles, their ages, their career progression rates, their education levels." She adds, "If you can't measure, you can't change."

Certainly measurement makes accountability possible. "People do what they get paid to do," Biggins says. "Executives can say 'I don't want everybody to look like me, and next year your bonus is going to be based on a more diverse employee base.'"

"Getting to Equal 2018" global research by Accenture shows "workplaces in which leadership teams are held accountable for improving gender diversity are 63 percent more likely to have seen the share of women in senior leadership roles increase over the past five years."

Another element of score keeping is doing the work to identify critical skills, and hiring based on those skills. Biggins says, "We still base hiring and promotion on likeability versus talent. If you were judging based on talent, that means the corporation would need to have done

the work to figure out the competencies needed to do the job."

Alarmingly, 48 percent of HR professionals surveyed in EY's 2018 Global Leadership Forecast "do not use information from assessments and simulations to make leadership hiring and promotion decisions." And when hiring and promotion are not based on objective criteria, Biggins explains "people will say 'I'm not sure she's quite ready,' but they don't say that about guys. They'll say 'let's give him a chance, let's see what happens.' People have given chances to people who have ruined companies."

As the number of women in organizational leadership rises, the dynamic among them changes, too. "I think women are seeing the power of having more than one woman in the room," Reese says. "Not being a token but being part of a team can be a strategic

> *We have to acknowledge the important role that search firms play and the accountability that we have as search professionals to drive the change and promote gender parity. Our clients look to us as trusted advisors to find and attract top leadership talent. 'We can't find any women' is in the past.*

advantage. Women are great colleagues, and not seeing each other as competition but as everyone on the same mission has become very energizing."

SHARPER TOOLS

Accenture: Technology that helps employees work remotely also enables greater career progression for women. Sixty-five percent of fast-track women, versus 49 percent of all women and 55 percent of men, use technology to attend everyday meetings virtually rather than being there in person. Fast-track women

take greater advantage of flexible working overall, with 83 percent working a flexible schedule, compared with 73 percent of all women.

STARTING EARLY

A number of consultants talked about the need for a culture shift before young people enter the workforce. The opportunity to help encourage girls is worldwide, from changing attitudes about the roles of men and women at work and at home, to efforts to get girls involved in STEM.

In Latin America, Bomchil says, "If girls are taught when they are very young how important technology, digital transformation, and artificial intelligence are—if they knew what it really means for the future, they would study more. It's a big opportunity for both women and men."

"This conversation is not just in corporations," Reese says. "It's in middle schools, it's in high schools, it's in colleges, and corporations and everyone is talking and trying to learn about this evolving subject."

THE ROLE OF SEARCH

Search consultants are uniquely positioned to help their clients achieve their diversity and inclusion goals, and according to Logue share a responsibility for promoting gender parity.

"We have to acknowledge the important role that executive search firms play and the accountability that we have as search professionals to drive the change and promote gender parity," she says. "Our clients look to us as trusted advisors to find and attract top leadership talent. 'We can't find any women' is in the past. I have clients now who really want the best candidate. Even if it takes a bit longer, they want us to find someone to diversify their leadership team."

As a search consultant Griffith helps her clients more effectively understand how many women candidates communicate. "Research shows that when you talk to females about a role, they lead with their weaknesses, and men lead with their strengths," she says. "If recruiters don't know how to engage those different groups, let alone all the other employment equity pieces, they are automatically going to disqualify, potentially, 50% of the candidate pool." Griffith recommends training recruiters to understand how to

listen skillfully, so they don't miss out on the best candidates.

Requiring a search firm go through the diverse search process "is having some level of success," Koh says, by helping clients of search think more broadly. He explains, "As we surface candidates, we keep an eye out for diverse and female candidates. A diverse or female candidate may not hit the bulls eye, but should be considered." He adds, "We are not saying we should compromise criteria, but when clients expand their horizons they may see how diversity can contribute. We need to place more emphasis on more out of the box thinking."

Logue agrees. "At the end of the day I do believe in a meritocracy. Skills are skills regardless of gender, race, age, or sexual orientation. Everyone has to earn their spot at the table but leadership has to create an environment where it's possible for them to earn their spot at the table. That has not happened in the past, but it's happening now."

Search consultants also do well to take their own advice, Logue says. "Sometimes Board members are going to their networks to identify new members, and their networks all look like them." She warns, "You have to be careful of not doing that in search, as well, and make sure you're casting a wide net from a diversity perspective. That's helping to drive change."

Reese sees an opportunity for search firms to lead by example. "When we are asked to help our clients it is important to me that we are using the firm as a lab to be successful ourselves." By showing clients "that we have changed to become more diverse and more inclusive, therefore, we can help them become more diverse and inclusive, and also assess develop and retain that diverse talent." Reese adds, "Starting at home is really, really important."

To Greene, it's also about clients of search *and* search firms being an employer of choice. "There is no reason to put up with an environment where people aren't treated fairly, because there are going to be enough places that do. That's the opportunity we want to bring to our clients and that's the environment we want to create." ∎

Final Thoughts

Our contributors represent a robust set of geographies, industries, and practices. Each shared unique perspectives, unguarded, and in so doing modeled what trust, openness and inclusion can create. We thank them.

SETH PETERSON
The change requires visibility, accountability, diligence, and continuity. Leadership support from the top is fundamental.

RICK GREENE
Companies that don't create opportunities or policies favorable to women, that don't listen to women, or don't deal with individuals who create a hostile workplace for women are at a disadvantage. Everyone knows. There's just no hiding.

VICTORIA REESE
When women come together to unite and engage each other, the support for change can be pretty powerful.

ANNA LUIZA OSSER
You need persistence, persistence, persistence to keep this on the corporate agenda, and with persistence I think the change will come.

JANE GRIFFITH
There is a significant difference between role modeling, when someone is looked to as an example, and normalizing, when people are seen as typical. This is about seeing people for their abilities and skills, not because of their gender or whatever diversity category they belong to.

DANNY T.S. KOH
Our diversity gives us different ways to think, different ways to face the competition, and different ways to run the business.

AFRICA ZANELLA
The word 'awareness' means throwing light, in this case on a subject that has been kept in the dark. It will have an impact, but how effective? We have to wait and see how the storm will settle.

JANE STEVENSON
We're in a situation where we need more and better leaders in the world, and not just in business. And half of the world is an available resource that we're not using? It doesn't make sense. We can't afford to waste this resource.

LINDA ZHANG
If you have a successful female colleague in your organization, it helps the whole company; if you have a happy wife at home it helps the happiness of the family, and of the whole society.

VERONICA BIGGINS
There is a big difference between building the bridge or getting rid of the barrier. Look at the #MeToo movement. That is barrier breaking—that is crashing through.

KATHRYN ULLRICH
Just pointing out that it's unacceptable, and how widespread and pervasive the bad behavior is, is a good step in the right direction.

CRISTINA BOMCHIL
I believe this moment is here to stay; it is a point of no return.

MALINI VAIDYA
There is a movement. Starting with governance and gaining traction, we see the trend coming.

CATHY LOGUE
Change is coming, but slowly. Globalization helps; and people are choosing to pursue education, people who can encourage cultural change within their home environments. These things will drive progress.

JIM CLIFTON
Our research also concludes that women have every bit as much game-changing talent as entrepreneurs and "builders" as do men. The problem is, millions of potential star women leaders are on the sidelines, and this isn't good for organizations, societies or countries. Failing to maximize women's talent to lead, manage and build stunts global economic growth and fails humankind.

PARADIGM FOR PARITY

"Between the years 2000 and 2015, there had been no improvement whatsoever on the part of women climbing the ladder – zero."

Jewelle Bickford,
Paradigm for Parity co-chair

Genesis

In December of 2016 a coalition of business leaders announced Paradigm for Parity, a collaborative, researched-based effort to eliminate the gender gap in corporate leadership. Their mission, to achieve "a new norm in the corporate world: one in which women and men have equal power, status, and opportunity."

Paradigm for Parity co-chair Jewelle Bickford, partner, Evercore Wealth Management and former global partner, Rothschild Group, NA, convened the original working group in June 2015 to address the gender gap problem. She describes, "A hugely collaborative effort where 47 female CEOs and senior business leaders who know what it takes to have an inclusive corporate environment got together and figured out what was missing."

"And what we felt was missing was an action plan that you could hand to a well-meaning CEO, male or female, and say 'if you implement all five of these action items concurrently, you will see dramatic change in your company, starting immediately.'"

Sandra Beach Lin, Paradigm for Parity co-chair, serves on the Boards of American Electric Power, Interface Biologics, PolyOne Corporation, and WESCO International; and is the retired President & CEO of Calisolar Inc. Beach Lin says Paradigm for Parity "is really about creating true gender parity inside corporations, and being able to take advantage of the benefits that diversity brings—and those benefits are right on the bottom line."

Beatrice Opoku-Asare, Global Director of Inclusion and Diversity at Newmont Mining Corporation, is leveraging the Paradigm for Parity roadmap and toolkits for her company. Newmont is primarily a gold producer with significant operations in North America, South America, Australia and Africa. "We started in 2016 with research and analysis. We looked at all the recommendations from the road map and the toolkit then we looked at the company globally—all our regions and our corporate office, looking at where we were in terms of the roadmap."

Corporations who sign on to Paradigm for Parity agree to implement each of the following elements, concurrently.

The Five-Point Roadmap

1. Minimize or eliminate unconscious bias.

"A lot of people have done unconscious bias training and it's 'check that box—one and done.'" Bickford says, but that's not enough. She learned "there's a whole science behind it."

Beach Lin says, "We're finding that unconscious bias training and inclusion training is such an a-ha moment at the management level. I have a board where they just completed this training, and it was a gigantic eye-opener."

2. Significantly increase the number of women in senior operating roles.

At Newmont Mining Corporation, a major gold producer with significant operations in North America, South America, Australia and Africa, Global Director of Inclusion and Diversity Beatrice Opoku-Asare says, "We found a direct correlation between improving top leadership from a gender parity perspective and overall gender diversity representation. It was direct, which means as we improve top leadership, we were actually improving overall representation."

3. Measure targets at every level and communicate progress and results regularly.

From the Board perspective "firms discuss women and people of color in leadership in corporate accountability reports, making it more transparent. As firms do this work, they will decide how and when they want to put the data out there," Beach Lin says. "We are not a name and shame—what we talk about in the five steps is measuring targets at every level and reporting those results internally, so the company knows what's going on, and the employees know what's going on."

4. Base career progress on business results and performance, not on presence.

This step reflects what Bickford calls "the millennial mind set." She says, "It's when you allow women (and men) to have some flexibility in how they come and go to work, and where they work, as long as they are performing at a high level. All of a sudden, the magic occurs."

Bickford recalls her years as the only US-based, female global partner at Rothschild's, where her success maintaining a gender diverse team included allowing employees to "go home, feed their children at six or seven o'clock at night and get back on the computer. I didn't care where they're working so long as the requirements for the client were met."

She adds, "It wasn't part of an investment banking culture that anyone would go home to feed their kids dinner, but you'd be surprised how quickly the men took it up, too."

5. Identify women of potential and give them sponsors as well as mentors.

"It's absolutely key to this program," Bickford says. She recalls helping a CEO understand the potential of building a sponsorship program, asking "how many people do you have reporting to you, and how hard would it be for each of those people, male and female, to dig down in their groups and find four females they think can go all the way?" She added, "If you do that every year, think of how your pipeline will grow."

Putting it all together

Companies have tried or are trying many of these measures. So how is this approach different? Bickford explains, "There's nothing new about the five action items. What's new is the synergy that exists when you do it all together. That was one of the key findings in June 2015."

The program also provides a robust toolkit; a set of concrete actions organized around three objectives: understanding the baseline, improving intake, and managing with diversity in mind. In addition, Beach Lin explains, "Part of the value proposition is that we have a network of CHROs and D&I leaders, and we're building on best practices and learning from each other about what works in different geographies or industries."

Opoku-Asare led the internal, global analysis of Newmont's three-year metrics around gender parity. "We were able to find correlations between different metrics that we never really looked at in the past. We also began to see trends."

But the numbers didn't tell the whole story. "This was data, but we wanted to understand the story behind the numbers, so again we went to our global workforce and we did focus groups." She

explains that close to 800 employees participated. "The purpose of the focus group was to do a root cause analysis to see why the numbers look the way they do."

The results? "We are a mining company where we have a lot of engineers, and the data helped us to have conversations that we haven't had. We are majority men in our industry, so talking about gender is a very dicey topic, but because there were numbers and people were looking at data and trends and correlations and all of that, it was such an interesting conversation to have."

The roadmap is an apt metaphor for Opoku-Asare. "We see this as a journey, improving on our everyday progress. The roadmap and toolkit provide clarity and simple steps that help to accelerate the work. One of our strengths is we are very tactical, we're good at studying what works for us and we are leveraging these tools."

Momentum

Paradigm for Parity is focused on driving cultural and organizational change through corporate leadership. Only one year after the 2016 launch, 60 companies had already committed to achieving parity in leadership levels by 2030 by implementing the 5-point action plan. By 2018 year-end, an additional 20 companies are expected to commit.

At Newmont, Opoku-Asare understands the focus on cultural change. "Numbers are very important, but equally you have to think about the conditions you are establishing in your organization, conditions that will shout to women that we love that you are here, conditions that will say that we respect you and we want you to stay. If you focus on hiring more women and you do not focus on internal culture, your attrition for women will also be high, and your engagement will be low."

The Paradigm for Parity approach is proving effective across all the continents in which Newmont Mining Corporation operates. Bickford points out the commitment to Paradigm for Parity by global companies: "Accenture is global, McKinsey is global, Bloomberg considers itself global. These are major, major companies and we expect to keep going. This is just the beginning."

What motivates members? Bickford says, "In the first place, groupthink is deadly for any organization that wants to exist in the 21st century. We are moving so quickly that if you can't embrace change, you're going to have a real problem."

"That's why one of our action items is to achieve no less than 30% female in any one significant group. The business case is solid and we think it will be more solid when we get our statistics together. It will be irrefutable."

To many, the business case for diversity is already irrefutable. But, says Bickford, "It's like climate change, you have to keep proving it." She adds, "We're always looking for a way to prove it, so a company will just get going. Then they will see for themselves."

Call to Action

Beach Lin says, "In a boardroom where there is more diversity, including people of color and people from different ethnic backgrounds, the paradigm shifts—it really does." Bickford adds, "If you have at least three women in a meeting of ten, it's no longer what *Sue* said or what *Ellen* said, it becomes what *everyone* says, and what *we* conclude."

Beach Lin is a witness to the transformation. "You see it first-hand in the different types of discussions, the different opinions that are brought into the room. I see the value of that every day and I want that same value for all the corporations that I serve. *That's* what we're striving for. The value is there."

For Bickford, "Time's Up is a wonderful movement that has really helped elevate the issue of gender inequality." But it can't stop there, she says. "Lasting gains only come when there's a cultural shift within the organization, and that is achieved by organizational change."

Opoku-Asare sees it already. "It's such a huge culture change for an industry such as ours—men actually championing gender diversity in mining is something I didn't think I'd see. It's beautiful to watch."

A growing number of corporate leaders are publicly committed to driving that change. Paradigm for Parity's ultimate goal is to achieve full gender parity by 2030, with a near-term goal of women holding at least 30% of senior roles. With a growing platform and widening reach, they are well on their way. ∎

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THE
30
PERCENT CLUB

30% Club
GROWTH THROUGH DIVERSITY

Genesis

In 2010, 30% Club founder Helena Morrissey recognized a responsibility to help other women "because the FTSE 100 companies seem stuck at 10-15 percent of women at the highest levels" and decided to reach out directly to the board chairmen of the UK's top businesses.

Brenda Trenowden is head of FIG Europe, ANZ Bank, and global chair, 30% Club. "Helena Morrissey understood that while women's networks are very important, they were not actually moving women up. The only people who could do that were the people in power, and Helena's idea was to start with the board: it's at the top of the organization, it's visible, and it gets measured."

The goal in 2010 was to get a minimum of 30% women on the FTSE 100 by 2015. According to Trenowden, "a reasonable number and a reasonable timeframe." She says, "Fifty-fifty is the ultimate goal, but we were starting from a baseline of 12.5% and we had twenty-one all-male FTSE 100 boards. We wanted to set an achievable target."

Why 30%? Trenowden explains. "It's been proven that in any under-represented group it's very hard to be heard until you get to 30% and the group becomes normalized."

For example, she says, "If I am the only woman in a group, whatever I say is identified as 'the woman's view' or is somehow clouded in the fact that I'm a woman; that's how what I say is interpreted. If there are two of us, they point to 'the women,' but don't know our names. Once we get to 30%

it starts being normalized and women can start to be heard for themselves."

Karin Barnick is senior client partner with Korn Ferry in London, and a member of the 30% Club Steering Committee. Simply put, the theory of board diversity is this: "As you have more diverse representation on boards they are better performing, and as the executive management team sees this representation you see a cascade effect into the executive ranks. Through inclusive leadership, it will yield results, but it's not a simple problem that anyone can fix overnight."

The Program

The 30% Club is a campaign of influence. Trenowden explains, "Our main activity is influencing the companies, with company chairs and CEOs signing up to lead the change. The second area of influence is public policy—we get involved in many government conversations around this issue, and we give input on the corporate governance code. The third area is influencing owners of companies. We have big investor groups comprised of asset owners and asset managers who are engaging with companies on this issue.

Club members lead by example. They actively support the business case for women holding 30% of board seats, and by joining, they signal their commitment to working collectively toward the 30% goal. Members support initiatives to improve the pipeline of women in leadership, recruit

members and influence change, among other Board chairs and in their own firms.

The 30% Club does not charge its members, has no staff, its steering committee members volunteer their time, and the club does not charge participants for events.

By 2015 the 30% Club reached 26% female representation on FTSE 100 Boards and reduced from 21 to zero the number of all-male FTSE 100 boards. "We were delighted by that, and by the fact that businesses were doing it for business purposes without forcing anything, without legislating anything," Trenowden says.

Sometimes mistaken for a women-led movement, the 30% Club is comprised of men and women solving a business problem together. Kiersten Barnet is deputy chief of staff to the chairman of Bloomberg LP, and she also serves as the Steering Committee chair of the US 30% Club. "I was in Hong Kong with Peter Grauer, chairman of Bloomberg and the U.S. 30% Club. Our agenda for the day included a reception for the launch of the 30% Club Hong Kong. I remember someone briefing us that this was a women's initiative, then getting to the room, looking up, and thinking wait a minute—it's all men in the room!"

Momentum

From the original effort to lead UK Boards to voluntarily diversify their ranks, the 30% Club has expanded its efforts and its reach with new campaigns, new strategies, and chapters around the world.

As chapters evolve they may engage in the growing range of 30% Club efforts, aligned with their progress and appropriate to their markets.

THE PIPELINE: "When we got to 2015 there was a real sense that the progress wasn't sustainable without also building the pipeline," Trenowden says. "What you need for boards is women who have had an executive-level career, and if we're not getting more women in executive roles, placing more women on boards is not going to be possible." The 30% Club then deployed the same strategy toward executive ranks that was effectively driving up the number of women on boards.

Barnick recalls, "We wrote to all the CEOs in the FTSE 350, urging them to commit to

setting an aspirational target of 30% female representation in their senior leadership teams by 2020." She emphasizes, "It's a target, not a quota, and we were asking them for that target to be considered in the same way as any other business goal." Dozens have signed on already and the movement is gaining traction.

ADDING TO THE MIX: The perceived scarcity of board-ready women is a top reason for the failure to elect women to boards, and some companies are taking that excuse head-on. "As our members started making progress in their own boardrooms, they thought about how they could be helping other boardrooms make progress," Barnet says. "So now, members are nominating women from their own organizations who should be sitting on boards of public companies already but aren't, and putting them in the mix of qualified candidates, with the endorsement of her chair or CEO."

STARTING EARLY: The 30% Club now takes a "schoolroom to boardroom" approach to reach pre-work and early-career women.

Barnick explains, "The 30% Club advocates action from 'schoolroom to boardroom' and goes to schools to encourage all students to believe that leadership potential in business is achievable, and amongst other things encourages girls to take STEM subjects." Referencing a key finding from Korn Ferry's "Women CEOs speak" study, Barnick says, "60% of the women CEOs surveyed had expertise in STEM, finance or business." She adds, "There doesn't have to be traditional girls' subjects or traditional boys' subjects. We've got to encourage girls to be bolder."

In addition, several chapters partner with business schools to provide scholarships for executive education to high potential young and mid-career women. Scholarships include professional development classes, certificate programs, full and partial funding for advanced degrees in business, and more.

OWNING THE SOLUTION: A number of the 30% Club international chapters work with investor groups committed to gender parity, and willing to leverage their influence. Barnick explains, "Asset owners are being galvanized, and there is much

The 30% Club founder Helena Morrissey

greater active engagement by both asset owners and asset managers when it comes to gender diversity."

Trenowden describes what that engagement looks (and feels) like. "Six or seven members will sit across the table from the CEO and the chair, and ask them about their lack of diversity, ask what they are doing about it, ask about their succession planning, and ask them about their governance. And if shareholders are asking about that, you have to respond." She adds, "We would never want to be labeled as "activist." It is really a constructive discussion and most companies welcome the dialogue."

MENTORING: Mentoring is credited with helping generations of men advance professionally, but it has been less available to women and people of color. In the 30% Club cross-company mentoring scheme, participating companies put forward male and female senior leaders to serve as mentors and high-potential women as mentees. Those individuals are carefully matched with someone from a different company, often a different industry. Mentees find it especially rewarding to have a mentor with whom she can speak openly, and mentors find they are gaining insights about what women may be experiencing in their own companies.

Reach

The 30% Club is a growing, global movement. The 30% Club has chapters in Australia, Canada, the GCC (Cooperation Council for the Arab States of the Gulf),

Hong Kong, Ireland, Italy, Malaysia, Southern Africa, Turkey, the UK, and the USA.

Chapters take differing approaches, depending on when they started and their respective environments, but each chapter must meet certain criteria. "Chapters have to have a target and measure it regularly," Trenowden says. "Their target should be 30%, but if they can't quite get there because of their market, we understand that. Also, steering committee members have to be free of conflicts of interest. Those are the things we are prescriptive about."

Not every group interested in starting a chapter is able to do so. "Unless you've really got enough core momentum initially, a core set of companies willing to get behind it and a reasonable government environment, it won't work," Trenowden says. It's also important to have a free press. "The media is really important to the campaign."

Trenowden adds, "The chapters have to decide how their market works and what's right for them. The core mission is to try and influence change because it's good for business."

Call to Action

The 30% Club is not tied to hard and fast rules, preferring voluntary activity by member firms. In particular, participating companies are encouraged to do the hard work. Trenowden says, "They have got to be brave. They've got to look at the metrics and understand what they are challenged by. Is it recruitment? Is it the perception of their company in the market? Is it something in their training where they've got inherent bias?"

"One company I talked to found that women spent, on average, six years longer before promotion than men, and they were shocked! They didn't see it until they did the work and looked at the data."

Effective change starts with honest self-reflection. "The call to action for our members is to look at your board and your pipeline of women internally, and then identify those barriers that need to come down," Barnet says. "They're not the same for everyone, and we respect that. But how do you get creative around removing barriers so you can build the best-equipped board to meet the challenges in today's market?"

There is no quick solution to a longstanding problem, but there is growing urgency around the issue of gender parity. "Many companies have been working on this for some time," Barnick says. "I think there is a bandwagon that is rolling, and perhaps recent media coverage just helps renew the focus. How it all pans out, we have yet to see. It's very easy saying this is what one wants to do. Making it happen is very different."

"When we interview senior women and ask 'how did you get to the top?' A number of them say 'I chose my company carefully.'"

—Brenda Trenowden,
Global Chair, The 30% Club
∎

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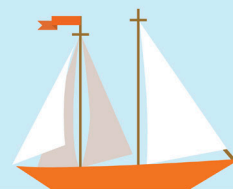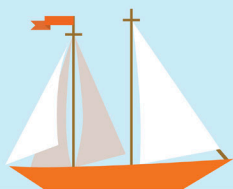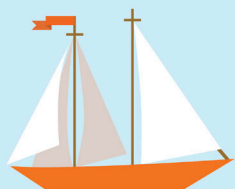
NAVIGATING RISK
in a #MeToo World

By Peter Lagomarsino, Partner, Mintz Group

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Since the start of the #MeToo movement last fall, a number of clients have asked the Mintz Group, the global investigations firm where I am a partner, whether a pre-employment background check would reveal if a candidate has committed sexual harassment in the past.

It's more than an academic question for us. The #MeToo movement has not only ratcheted up risks for many of our clients, it has caused an earthquake in the due-diligence industry. For human resource professionals, search consultants and due diligence firms who focus on vetting senior executive and board placements, the stakes couldn't be higher. We need only look at recent headlines to see the damage that can be caused when an executive's history of sexual harassment is discovered too late.

For those of us involved in assessing candidates, it is important to understand that there are ways to identify past sexual harassment, but they aren't fail-safe or guaranteed. Unfortunately, it is possible to conduct a comprehensive background check and still miss a past harassment allegation. Let's look a little closer at why that is the case.

First, a typical pre-employment background check is restricted to an examination of public information—firms like ours are very rarely asked to conduct interviews on a job candidate out of the gate. And there is no database of people accused of harassment, no comprehensive list of bad actors—it takes careful research across dozens, and sometimes hundreds of sources, often in multiple countries and languages given the increasingly global talent pool.

Within this patchwork of sources, we might find that the candidate has been a named party in a lawsuit or arbitration dealing with sexual harassment, or has been the subject of a civil restraining order along those lines. Or, we might find an action taken by the Equal Employment Opportunity Commission or a state equivalent against one of the candidate's employers (it is always important to search for actions taken against the candidate's employers, because claims in the workplace might not name the individual accused of the wrongdoing). Or, perhaps there was a news report that the candidate suddenly left a job, which is something we recommend looking at more closely.

It is also important to conduct a comprehensive search of social media to see what the candidate has posted over the years. Has the candidate "Liked" an offensive Tweet, or referred to the opposite sex in a dismissive or pejorative way? Beyond the candidate's own posts, there is a world of blogs and forums that can reveal inappropriate behavior, whether accounts of a specific incident, or perhaps that the candidate created a general "frat-house" atmosphere at the office. The job-review site Glassdoor.com can be revealing, and we have recently seen some grassroots

watchdog groups emerge online, comprised of people from a certain industry or even a specific company who are dedicated to exposing executives whom they consider to be bad actors.

The above flags that I describe can all be found in the public domain, and you should expect a background check to find them. When we do come across one or more of these flags, we often recommend conducting interviews of the candidate's past colleagues, subordinates and others who were there at the time to get a more complete picture. Interviews can be a powerful tool for filling in the gaps that are left when the public record doesn't tell the whole story.

But when would a background check miss evidence of sexual harassment? There are a few scenarios to keep in mind and to discuss with your due-diligence providers.

Some US states bar us from reporting certain kinds of adverse information to prospective employers. For example,

California law bars background-checking firms from reporting most adverse information naming a candidate that predates the report by more than seven years, whether found in a lawsuit, a news article or elsewhere. The California law recently prevented a company, which had commissioned a background check of a prospective senior executive, from learning that he had been sued for sexual harassment multiple times more than seven years before.

Background-checking firms are also unlikely to find conduct by the candidate, whether in his private life or in the workplace, that has been hushed up and kept from the public record (and from public view generally) by both the candidate and people around him. A recent real-life example: a media company hired a senior executive from another media organization, which did not disclose that it had fired him after a detailed sexual-harassment complaint was filed against

him. The hiring company had picked up rumors about the firing, but did not inquire much further.

Last, let's go back to the fact that almost all pre-employment background checks are limited to information in the public domain and don't automatically include reference checks or other interviews. There can be evidence of workplace misconduct that only comes to light through talking to people. Consider this scenario: an administrative assistant filed a lawsuit alleging her employer had created a hostile work environment for women. The plaintiff named the company as the sole defendant, but in the complaint described offensive behavior by two unidentified male supervisors. The candidate in question might have been one of these supervisors, but it is impossible to know from public information alone—interviews are often the best way to find out.

Interviewing also proved crucial to resolving a scandal that brought worldwide negative headlines about a high-tech company after an employee stated a superior had sexually harassed her. The firm launched an intense, several-months-long internal probe, examining documents and emails, and interviewing numerous employees, concluding that the allegations were false.

In this era of #MeToo, as corporate and due-diligence professionals are called on to help companies ensure their workplaces are free of sexual harassment, an investigation can also end up lifting clouds of suspicion from embattled individuals. These are not two opposing tasks but one: unearthing the most factual information available to help people navigate risk in a changing world. ∎

Peter Lagomarsino,
Partner,
Mintz Group

Preparing for the GDPR:

What's the Common Consensus?

By Andy Warren, CFO and Chief Information Security Officer, Invenias

With the May deadline for GDPR compliance fast approaching, the executive search profession is busy planning and revising their policies and processes. The application of the legislation presents a number of challenges for all organizations that handle the data of European citizens, not least the fact that the GDPR wasn't tailored to meet the nuances of a profession so reliant on high quality personal data. Sadly, there are no clear-cut rules that organizations should abide by to guarantee compliance and there are still a number of business decisions to be made in areas where there are not yet definitive answers.

However, preliminary findings from the Invenias GDPR Survey suggest that a common consensus is emerging regarding the approach taken by leading search firms as they seek to comply with the legislation. The largest global survey of executive search professionals and their approach to GDPR compliance, Invenias' findings will provide the industry with best practice guidance, a common consensus and an additional level of clarity as the May 2018 deadline approaches.

Over 350 responses have given initial clarity in two key areas: the lawful basis for processing candidate data and data retention policies.

Legitimate Interest v Consent: Preliminary Survey Findings

Question asked: Which lawful basis do you plan to use as default for candidate data (excluding special category data)?

- ■ **43%** Legitimate Interest only
- ■ **47%** A mixture of bases
- ■ **10%** Consent only
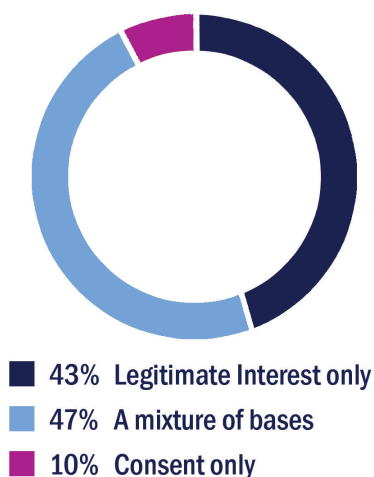
Preliminary findings from the Invenias GDPR survey suggest that just 1 in 10 search firms will opt to rely solely on the lawful basis of Consent when processing candidate data (excluding special category data). 43% of respondents plan to rely solely on Legitimate Interest, with the remaining 47% planning to rely on a mixture of bases throughout the hiring process.

How do you rely on Legitimate Interest?

It is likely to be most appropriate where you use people's data in ways they would reasonably expect, and which have a minimal privacy impact. If you choose to rely on Legitimate Interest, you are taking on extra responsibility for considering and protecting people's rights and interests. There are three elements to the basis of Legitimate Interest and it may be helpful to think of this as a three-part test. You need to:

- identify a legitimate interest;
- show that the processing is necessary to achieve it; and
- balance it against the individual's interests, rights and freedoms.

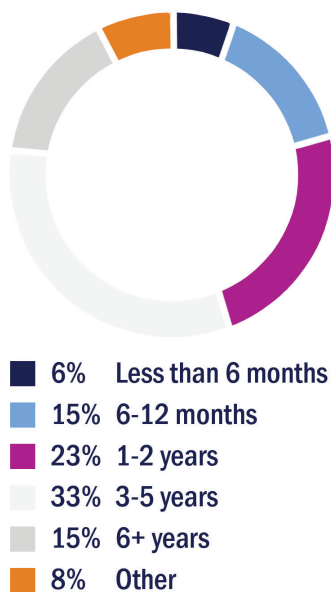## How do you use Legitimate Interest in practice?

When seeking to rely on Legitimate Interest as a lawful basis, you must balance your interests against the individual's. If they would not reasonably expect the processing of their data, or if it would cause unjustified harm, their interests are likely to override your legitimate interests. It is good practice to keep a record of your Legitimate Interest Assessment (LIA) to help you demonstrate compliance if required and details of your legitimate interests must be included in your privacy notice.

How do you rely on Consent?

Consent can be a challenging lawful basis. Under the GDPR the threshold for valid Consent is high and potentially harder to achieve. It's not mandatory, and other lawful bases (e.g. Legitimate Interest) may be more appropriate to use. If you pursue Consent then you must request it from the data subject, which may be fine when you are at an engaged stage of discussion or assignment. However, if you send Consent requests to your whole database or a large volume of candidates, then you have a substantial risk of no response. If you do not get a response, then you have no lawful basis to hold the data. Once you have gone down the route of Consent, you can't fall back on Legitimate Interest which means you'd have to delete that data. And if you're applying Consent for one assignment it will still apply to all the personal data held for those candidates which means you could lose them for future assignments.

Data Retention Policies: Preliminary Survey Findings

Question asked: How long are you planning to keep data in your database before reviewing or refreshing it?

- **6%** Less than 6 months
- **15%** 6-12 months
- **23%** 1-2 years
- **33%** 3-5 years
- **15%** 6+ years
- **8%** Other

Preliminary findings from the Invenias GDPR survey suggest that most search firms will take a longer-term approach

when setting data retention policies, with over half of respondents opting for a retention policy of more than three years.

The GDPR states that personal data shall be kept for no longer than is necessary and the period should be limited to a strict minimum. In addition, time limits should be established by the data controller for deletion of the records or for a periodic review. Search firms should establish a policy, ideally with a formulaic basis and at present there's no "right" answer. It may also be that different retention periods are established for different types of data.

How do you set your Data Retention Policy?

When establishing your policy, a good place to start would be consideration of the average time a candidate is in a role, or the average interaction period with a candidate from assignment to assignment, according to the types of engagement on which you focus. In a 2017 study of the top 1,000 US companies, Korn Ferry Institute found that the average tenure for a C-suite position is 5.3 years. When setting data retention policies, search firms should bear in mind the need for data to be accurate and up to date. It's a legal requirement under the GDPR and ultimately better for your business.

What is clear under the GDPR?

Whilst we wait to see the true impact of the GDPR on the executive search profession, a clearly defined tenet of the GDPR is the requirement to **demonstrate** how you comply with the legislation. To meet this requirement, it is important that search firms have the right software and systems in place to record and report on their policies and procedures. Tools that offer a flexible framework to implement and manage decisions and actions across your business as well as providing support for responding to data breaches, Data Subject Access Requests and managing the Right to Be Forgotten will make GDPR compliance a less daunting proposition.

The GDPR: Confusion... Consensus... Clarity

The fact that the legislation isn't industry specific presents a number of challenges as search firms look to define and implement their GDPR policies and procedures. Whilst there are key areas where there are not yet definitive answers, we are beginning to see clarity in the approach taken by leading search firms and their approach to GDPR compliance. The largest survey of executive search professionals, 'The GDPR and Executive Search: What's the Common Consensus?' provides insight into industry trends and offers organizations best practice guidance as the May 2018 deadline approaches. To request a copy of the full survey write-up, please email gdpr@invenias.com.

About Invenias

At Invenias, we believe that technology plays a pivotal role in assisting search firms on their journey to compliance. We are committed to supporting our customers with the tools to give them a flexible framework to implement, manage and clearly document their decisions and actions. To learn why over 1,000 organizations across the globe have chosen to partner with Invenias to guide them through the GDPR, please request a **free personalized demo** with a member of our experienced team by visiting www.invenias.com/gdpr or emailing gdpr@invenias.com.

Andy Warren,
CFO and Chief Information
Security Officer, Invenias

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Transform your search operations with Invenias

Invenias enables executive search firms to find and engage with the right talent at the right time.
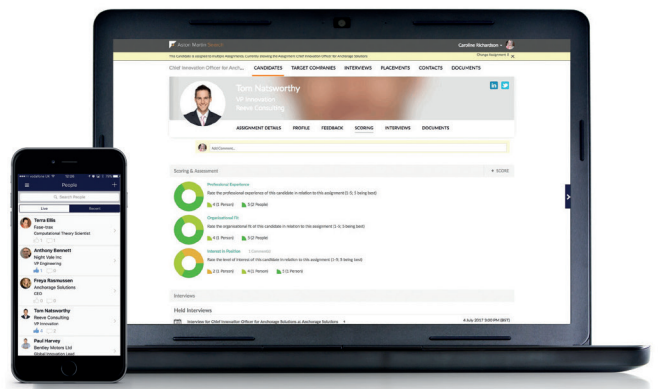
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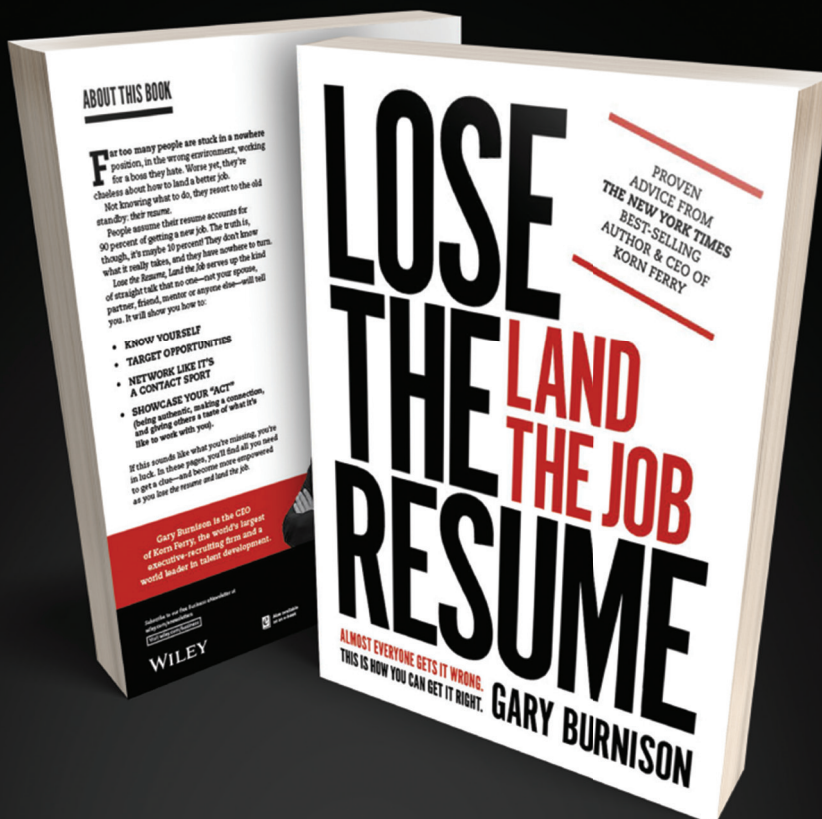
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