Investing in Women

Kellie A. McElhaney
Professor, Haas School of Business, UC Berkeley
30 January 2014
Who I Am

• Ex-banker

• Women & leadership/ Sustainability strategy expert

• U Mich professor

• Berkeley Professor since 2002

• Founded Center for Responsible Business

• Launching new Women’s Initiative @ Haas

• Cheit Teaching Award recipient

• Significant corporate consulting & corporate boards work
Why I Am Interested in Women

- Daughter of a gender equity focused Father: Title IX author
- Banking experience: male dominated, few role models
- Mother of two young women
- Sustainability work: Diversity part of susty, strong correlation b/t women & susty
- Fewer women in B-School/ business leadership
- Opportunities that women represent
- My research in this space
Why I Renamed Research

Or, What I Learned From a Rapper...
The “Lioness Factor”
My Talk Today

• My data & the business case
• My research
• My short story
“Women represent the largest market opportunity in the world.”
- Harvard Business Review

“Women are not the problem, they're the solution.”
- Nicholas Kristof and Sheryl WuDunn

“Women hold up half the sky”
- Chinese proverb
# MAKE THE RULES
A Simple Question

Are we living in a gender forward world?

- Yes
- No
THE DATA
Virginia Rometty, IBM CEO, watches but can’t join
Augusta, Spring 2012
**Augusta admitted 3 women, August 20, 2012**

• **Women Should Pay More For Health Insurance Because They Have Breasts And Ovaries, Says Fox Expert**
  - Dr. David Samadi claimed that men should not pay as much as women for insurance because: "We only have the prostate. Women have the breasts, the ovaries, the uterus, they get checked in every part."

• **A judge has apologized for his comments about a teen rape victim who committed suicide**
  - Judge Todd Baugh said that the 14-year-old student was “as much in control of the situation” as her teacher. Baugh also determined that the student was “older than her chronological age.”
Product Differentiation?
Product Reviews

• “Finally! For years I’ve had to rely on pencils, or at worst, a twig and some drops of my feminine blood to write down recipes (the only thing a lady should be writing ever)”

• “ATLAST! Bic, the great liberator, has released a womanly pen that my gentle baby hands can use without fear of unlady-like callouses and bruises. Thank you, Bic!”

• “Men, don’t stand for this. Aren’t there enough products specific to women already? First it was tampons, now these pens? What other products will I have to suffer the indignity of being unable to purchase just because I’m a male person?”
WOMEN LEAD & LAG...
"Today, women make up about half our workforce. But they still make 77 cents for every dollar a man earns. That is wrong, and in 2014, it's an embarrassment. A woman deserves equal pay for equal work."

"[A woman] deserves to have a baby without sacrificing her job. A mother deserves a day off to care for a sick child or sick parent without running into hardship – and you know what, a father does, too."
## Selected Rankings 2013: Top 20 and Selected Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iceland</td>
<td>0.873</td>
<td>1</td>
</tr>
<tr>
<td>Finland</td>
<td>0.842</td>
<td>2</td>
</tr>
<tr>
<td>Norway</td>
<td>0.842</td>
<td>3</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.813</td>
<td>4</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.783</td>
<td>5</td>
</tr>
<tr>
<td>Ireland</td>
<td>0.782</td>
<td>6</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0.780</td>
<td>7</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.778</td>
<td>8</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.774</td>
<td>9</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>0.771</td>
<td>10</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.768</td>
<td>11</td>
</tr>
<tr>
<td>Latvia</td>
<td>0.761</td>
<td>12</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.761</td>
<td>13</td>
</tr>
<tr>
<td>Germany</td>
<td>0.758</td>
<td>14</td>
</tr>
<tr>
<td>Cuba</td>
<td>0.754</td>
<td>15</td>
</tr>
<tr>
<td>Lesotho</td>
<td>0.753</td>
<td>16</td>
</tr>
<tr>
<td>South Africa</td>
<td>0.751</td>
<td>17</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.744</td>
<td>18</td>
</tr>
<tr>
<td>Austria</td>
<td>0.744</td>
<td>19</td>
</tr>
<tr>
<td>Canada</td>
<td>0.742</td>
<td>20</td>
</tr>
<tr>
<td>Burundi</td>
<td>0.740</td>
<td>22</td>
</tr>
<tr>
<td>United States</td>
<td>0.739</td>
<td>23</td>
</tr>
<tr>
<td>Australia</td>
<td>0.739</td>
<td>24</td>
</tr>
<tr>
<td>Ecuador</td>
<td>0.739</td>
<td>25</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0.735</td>
<td>26</td>
</tr>
<tr>
<td>Bolivia</td>
<td>0.734</td>
<td>27</td>
</tr>
<tr>
<td>Argentina</td>
<td>0.720</td>
<td>34</td>
</tr>
<tr>
<td>France</td>
<td>0.709</td>
<td>45</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>0.698</td>
<td>61</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.695</td>
<td>62</td>
</tr>
<tr>
<td>Mexico</td>
<td>0.692</td>
<td>68</td>
</tr>
<tr>
<td>China</td>
<td>0.691</td>
<td>69</td>
</tr>
<tr>
<td>India</td>
<td>0.655</td>
<td>101</td>
</tr>
<tr>
<td>Japan</td>
<td>0.650</td>
<td>105</td>
</tr>
<tr>
<td>Korea, Republic of</td>
<td>0.635</td>
<td>111</td>
</tr>
<tr>
<td>Japan</td>
<td>0.650</td>
<td>105</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.608</td>
<td>120</td>
</tr>
<tr>
<td>Chad</td>
<td>0.559</td>
<td>134</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.546</td>
<td>135</td>
</tr>
<tr>
<td>Yemen</td>
<td>0.513</td>
<td>136</td>
</tr>
</tbody>
</table>
GDP per capita & Gender Gap

Educatio

Young women have pulled ahead of their male counterparts in higher education.

Percentage ages 25 to 29 holding a bachelor's degree or higher:

- 2009: Women 35%, Men 27%
- 1999: Women 30%, Men 27%
Marketers in many sectors are increasingly targeting the female market

**Women’s share of ...**

- **U.S. Online Retail Dollars Spent**
  - **58%**

- **U.S. Health Care Decisions Made**
  - **80%**

- **Consumer Electronics Purchased in 2007**
  - **45%**

**NFL Fans**

44%
Business Return & Women

- Women control upwards of 85% of the purse
  - The Wal-Mart shopper, what does “SHE” want?

- Goldman Sachs calls it “womenomics”
  - 30X return per $1 invested

- Earning power of women globally expected to reach $18 T by 2014
  - >2X estimated 2014 GDP of China & India combined

- Women are the greatest growing spending bloc on the planet

- Women control $20 T in annual consumer spending; $29 T by 2014

- Companies with the most women in leadership financially outperform those with the fewest
  - 35% higher ROE and 34% TRS
Figure 7
Share price performance of all companies (with market cap > USD 10 bn) *

Source: Thomson Reuters, Credit Suisse
* Calculated on a sector neutral basis

Credit Suisse
And Yet..
Fortune 500 Corporate Officer Positions Held by Women

1995: 8.7%
1996: 10.0%
1997: 10.6%
1998: 11.2%
1999: 11.9%
2000: 12.5%
2002: 15.7%
2005: 16.4%
2006: 15.6%
2007: 15.4%
2008: 15.7%
WATCH for data (misrep)resentation:
% Women in Top 5 Executive Positions, CEO Positions

1.67 2.08 2.80 3.47 3.83 4.29 4.72 5.32 5.82 6.32 6.35 6.18
0.61 0.65 0.79 0.96 1.13 1.15 1.40 1.93 2.01 2.15 2.16 2.16

Top Executives
CEO/Chair
• Women earn 77 cents per $1 for men

• However, women “entrepreneurs” earn 14% more than their male peers.

• Women lawyers' median comp lags men's at all levels; worst discrepancy at equity partner -89 cents on the male dollar
According to a new study, most men would like women to occasionally pick up the check. The study also found that most women would occasionally like to be paid as much as men for doing the same job.

- Conan O'Brien, August 14, 2013
The Valley of Silicon

• Women earn 49 cents per $1 a man earns (77 cents nationally)

• Women own only 8% of venture-backed tech startups (40% nationally)

• Women receive less than 3% venture funding (African Americans even less)

• Essentially 100% of funded founders are white or Asian, and 89% of founding teams are all-male.
• Paucity of female role models

• Gendered career paths & gendered work

• Women’s lack of access to networks & sponsors

• Double binds
  - The case of Howard/ Heidi Roizen
How genuine, humble, and kind was Roizen?
How power-hungry, self-promoting, and disingenuous was Roizen?
How competent, self-confident, and effective was Roizen?
Would you like, hire, enjoy working with Roizen?
MY RESEARCH
Corporations build better societies if they have gender-balanced leadership.”

Halla Tomasdottir
TED Talk, Halla Tomasdottir
Executive Chair & Co-Founder, Audur Capital
What if it has been Lehman Siblings?

How many women were at these tables?
My Research Question

Women in Leadership

Business Value

ESG/Sustainability
Women & Philanthropy

FIGURE 1
*Fortune 500 Companies: 2007 Average Philanthropic Donations by Number of Women Board Directors*¹⁴

- Zero Women Directors
  - $969,000
- Three or More Women Directors
  - $27.1 MILLION

- In 2007, annual company contributions were **28 times higher** in companies with gender diverse boardrooms.
- Looking historically (1997-2007), companies with more women board directors donated significantly more funds. With each additional woman, annual philanthropic giving **increased by $2.3 million**.¹²

FIGURE 2
*Fortune 500 Companies: 2007 Average Philanthropic Donations by Percent of Women Corporate Officers*¹⁵

- 0% Women Corporate Officers
  - $965,000
- 25% or More Women Corporate Officers
  - $12.8 MILLION

- In 2007, annual company contributions were **13 times higher** in companies with gender-diverse leadership teams.
- Looking historically (1997-2007), companies with more women Corporate Officers donated significantly more funds. For every additional percent increase in the presence of women Corporate Officers, annual philanthropic giving **increased by $5.7 million**.¹⁴

HBS & Catalyst, 2012
Women Leaders

Companies with more women on their board of directors are more likely to be companies that:

• Take proactive steps to **manage and improve the energy efficiency** of their operations

• Measure & **reduce carbon emissions** of their products throughout the value chain

• Proactively **reduce the environmental impact of their packaging**

• Invest in **renewable power generation**
Women Leaders

Companies with more women on their board of directors are more likely to be companies that:

• Make efforts to improve access to healthcare in developing countries & for under-served populations in developed markets

• Offer products with an improved nutritional or healthier profile

• Proactively manage human capital development

• Offer transparent financial products
Companies with more women on their board of directors are more likely to be companies that:

- Have programs, guidelines & clear policies to avoid corrupt business dealings; have strong partnerships with local communities; and have a high level of disclosure and transparency

- Avoid controversies such as accounting fraud, pricing fraud, criminal behavior among top executives, controversial customer practices and insider trading
THE PERSONAL
First I was who I was.  
Then I didn't know who I was.  
Then I invented someone and became her.  
Then I began to like what I'd invented.  
And finally I was who I was again.

-Anna Quindlen, Lots of Candles, Plenty of Cake
Who I Wasn’t, Then Invented...
Who I am again
What I Learned from My Trip

• Be Authentic
• Be Bold
• Be Connected
• Be Useful
If you find yourself asking yourself (and your friends)

"Am I **Really** a writer? Am I **REALLY** an artist?"

Chances are **you are.**

The counterfeit innovator is **wildly self-confident.**

The real one **is scared to death.**

*Steven Pressfield “the War of Art”*
What Can We Do?

- Be aware of the data
- Start 58 conversations today & everyday
- Engage men in this dialogue (lead with data/business case)
- Harness the power of institutions & business
- Use the power of your voice
- LEAN IN every day
- Start LEAN IN circles in your orgs
- Seek out sponsors more than mentors
- Sponsor/mentor women, pull other women up
- Be authentically female
- Make the rules
- Dump imposter syndrome
- Be Lionesses
- Take selfies
I always wondered why somebody didn't do something about that, then I realized I am somebody.
THANK YOU

Kellie McElhaney
kmack@haas.berkeley.edu