NEW Women’s Leadership Series

Women 2020

The future of women’s leadership in retail and consumer goods
About the report

“Women 2020: The Future of Women’s Leadership in Consumer Products and Retail” is based on original interviews and focus groups conducted in 2012 and 2013 as part of the Network of Executive Women’s NEW 2020 research initiative. This research included 68 in-depth one-on-one interviews and six diverse focus groups conducted by Fran Johns Consulting in spring 2012. In addition to these 104 participants, the Network commissioned independent research firm Quester to conduct an online survey about the Network and women’s leadership in consumer products and retail in September 2012; 226 industry executives completed this in-depth survey. Additional phone interviews with industry leaders were conducted in March and April 2013.

About the Network

Founded in 2001, the Network of Executive Women, Consumer Products and Retail, is a not-for-profit educational association representing more than 8,000 members, 96 corporate sponsors and 20 regional groups in the United States and Canada. Network members come from more than 700 industry organizations, including grocery, chain drug, mass retailers, wholesalers, manufacturers, service providers, associations and universities.

The mission of the Network is to attract, retain and advance women in the consumer products and retail industry through education, leadership and business development.

To support this mission, the organization provides best practices on gender diversity, career development opportunities, research, learning events, networking programs and scholarships designed to advance women’s leadership in the retail and consumer goods industry. NEW is open to women and men, emerging leaders and senior-level executives.

NEW hosts dozens of regional learning and networking events each year. The Network also produces two national conferences each year, the NEW Leadership Summit and the NEW Executive Leaders Forum.

For more information on the Network’s programs and events, visit newonline.org.

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A lot has changed since the Network's first special report on management diversity in 2005. There's general agreement that diversity is good for business and something ought to be done to advance it. There are more women in high-profile industry jobs. Affinity groups — rare then — have become widespread at leading firms. But two things haven’t changed.

The first is the numbers. While there are some notable exceptions, women’s leadership in business has barely budged in recent years.

Women held only 16.6 percent of board seats in 2012 — the seventh straight year of no growth. Women held 14.3 percent of executive officer positions — virtually unchanged for the third straight year. In 2005 there were nine female CEOs in the Fortune 500 — and while that number doubled to 20 by 2012, it's hard to describe leadership that's 96 percent male as diverse.*

The second thing that hasn’t changed is workplace culture. It’s true that women who don’t have children get promoted more than women who do. The common assumption is that women are pulling back to devote time to parenting.

But a controlled experiment by a team of researchers at Cornell University found that mothers were penalized on a “host of measures, including perceived competence and recommended starting salary,” that had nothing to do with their job commitment or actual hours worked. **

Yes, women need to “lean in” and claim their right to lead. But organizations need to lean in, too. They need to create workplaces where motherhood is as valued as fatherhood — and no one must choose between having a life and having a career.

When it comes to change, the focus has largely been on developing women so that they can advance in a traditional, male-dominated leadership culture. We think it’s time for a new leadership culture. Less rigid and more flexible. Less authoritative and more collaborative. More authentic and less … uptight. Women need it. The Millennial generation wants it. The times demand it.

This report was inspired by findings from the Network’s NEW 2020 initiative. The insights we gained point the way to profitable new strategies for your business — and a re-imagined Network to help you achieve them.

The workforce has changed. We believe the workplace needs to change with it — and the retail and consumer products industry can lead the way.

Best regards,

Joan Toth
President and CEO

Summary

Women are a $20 trillion worldwide market.

Women control more than $20 trillion in spending worldwide — more than the gross domestic products of the United States and India combined. Women are the sole or primary breadwinners in 40 percent of U.S. households with children, and they continue to wield growing influence over consumer spending in the United States. According to an analysis published by the Harvard Business Review, women control $4.3 trillion — 73 percent — of U.S. consumer spending.

Organizations with more women leaders perform better.

A 2011 study by Catalyst reported that companies with three or more female board members outperformed those with no women directors. These companies saw an 84-percent higher return on sales, a 60-percent higher return on investment capital and a 46-percent higher return on equity in at least four of the five years analyzed.¹

Diversity drives innovation in retail and consumer goods.

Retail and consumer goods companies, especially, know that getting new ideas to market quickly is essential to keeping pace with changing consumer demands. As product differentiation becomes more important, a diverse workforce drives innovation and helps develop, market and sell new products and services. And that helps capture and keep more customers.

Organizations cited in this report

Accenture  Deloitte  IRI
A.T. Kearney  Dow Jones  London Business School
Catalina  General Mills Inc.  McKinsey & Company
Catalyst  Germance Consulting  National Partnership for
Center for Creative Leadership  Grocery Manufacturers   Women and Families
The Center for Workforce  Association  Nielsen
Excellence  Hallmark Cards Inc.  Organization for Economic
Colgate-Palmolive Company  Harvard University  Cooperation and
Cornell University  International Consortium for Executive Development
The Coca-Cola Company  Research

¹ Pew Research Center  PricewaterhouseCoopers
Rutgers Center for  Sagres Consulting
Women and Work
Schwan’s Consumer Brands Inc.
Stanford Economic Policy Institute
White House Project
Smart companies are adopting women’s leadership.

Smart companies have discovered that building a diverse and inclusive workforce isn’t just a legal obligation or “the right thing to do,” but an essential engine for growth and innovation. Diverse leadership offers superior insights into the values, priorities and spending habits of today’s diverse consumers. One-gender, one-culture, one-note leadership just can’t compete.

Number of women leaders still falls short.

Despite gains in women’s workforce participation, women continue to be underrepresented in top leadership roles. In 2012, women accounted for 14.3 percent of executive officers, 8.1 percent of top earning executives and 16.6 percent of board directors of Fortune 500 companies, according to Catalyst. Women represent just 3 percent of Fortune 500 CEOs and 5.1 percent of executive vice president or higher positions. Only one in 18 women earns a six-figure salary versus one in seven men.

Dynamic work structures replacing top-down management.

Traditional, male-dominated management styles do not foster the diverse, inclusive and innovative workplaces needed to compete. Changing demands inside and outside of organizations are leading to the creative destruction of rigid hierarchies, where information flows from the top down and employees are viewed as a homogenous group. In its place, a more adaptive and dynamic lattice structure is emerging. Within the lattice structure, authority and ideas trickle up, down and across, and they are more adaptive to the needs and demands of employees and the ever-changing competitive environment.

Women and Millennials share work/life goals.

The Millennial generation, 30 and under, are willing to work hard, but they want to make a difference and be treated as individuals. They know technology and want more flexibility. Their job expectations and preferences are a lot like those held by career-minded women. In a 2011 survey of more than 4,000 graduates across 75 countries by PricewaterhouseCoopers, more than half of respondents said they preferred employers who offered opportunities for advancement, while 35 percent cited “excellent training/development programs.” Virtually every Millennial surveyed — 95 percent — said work/life balance was important to them when choosing where to work.

Where to start the change.

Increasing the number of women in senior roles must start by establishing this goal as an organizational priority. The business case for women must be communicated widely and frequently. For cultural change to take hold, there must be a complete overhaul of corporate values, which includes the persistent challenging of outdated policies and stereotypes.
“Smart organizations — and those that succeed over the next decade and beyond — will understand that the 21st century is the ‘Women’s Century,’” Muhtar Kent, chairman of the board and chief executive officer of The Coca-Cola Company, wrote in a 2010 Huffington Post blog. Kent has continued to herald the value of women leaders, telling senior executives at the 2013 Network of Executive Women’s NEW Executive Leaders Forum that when women are placed in leadership roles “brands get better and morale gets better.”

As the marketplace responds to demographic and cultural changes, business leaders on all sides of the retail and consumer goods industry are realizing the importance of attracting women consumers. “Women now out-earn men in many cities and many out-earn their husbands,” noted one male executive at a NEW 2020 focus group. “The economy driven by women gives us a business platform. Women are filling the grocery cart.”

Women are breadwinners in 42 percent of American households, and they dominate consumer spending. In the U.S., women control $4.3 trillion — 73 percent — of U.S. consumer spending, according to an analysis in “The Female Economy” by Michael J. Silverstein and Kate Sayre in the Harvard Business Review.

And yet, in retail and consumer goods and services — the business most dependent on attracting female consumers — women are vastly underrepresented in the executive ranks. The gender gap persists despite research linking financial performance to women’s contributions as leaders and innovators.

A 2011 study by Catalyst reported that companies with at least three women directors outperformed those with no female directors. Gender-diverse firms saw an 84-percent higher return on sales, a 60-percent higher return on investment capital and a 46-percent higher return on equity in at least four of the five years studied.

Similarly, a 2012 study by Dow Jones found that start-up companies with five or more female executives had a markedly lower failure rate than those without women leaders.

What’s more, research shows that women are especially well suited to lead in today’s...
Women are especially well suited to lead in today’s changing marketplace. A 2012 McKinsey & Company survey asked global business executives to name the most important leadership attributes for success over the next 10 years. “Each of the top four [attributes] — intellectual stimulation, inspiration, participatory decision-making and setting expectations/rewards — were more commonly found among women leaders.”

As Hanna Rosin noted in her hotly debated essay in The Atlantic, “The End of Men,” women have “proven to be more adaptable than men” to meeting the demands of today’s workforce.

Indeed, in the aftermath of the Great Recession, women have surpassed men in workplace promotion to middle-management levels and educational attainment. Women now hold 51.5 percent of management positions and earn 42 percent of all MBAs, 59 percent of bachelor degrees and 61 percent of master’s degrees.

Despite these gains, women are still vastly underrepresented in top leadership. In 2012, women accounted for just 14.3 percent of executive officers, 8.1 percent of top earning executives and 16.6 percent of board directors of Fortune 500 companies, according to Catalyst. And these numbers have barely budged in recent years.

A report by Germane Consulting further highlights the lack of gender equity at the top: Women represent just 3 percent of Fortune 500 CEOs and 5.1 percent of executive vice president or higher positions. Only one in 18 women earns six-figure salaries versus one in seven men.

“You always need to go back to the business case,” one industry executive said during a NEW 2020 focus group. “If the vast majority of women are the ones making decisions, we can’t declare victory until the percentage of women at every level is representative of the constituency.”

Women in leadership: A persistent gap

Little progress has been made in the advancement of women to leadership roles at Fortune 500 companies.

Women executive officers in Fortune 500 companies

Women board directors in Fortune 500 companies

Executive officers

Executive officer top earners

Board seats held by women

Board seats held by women of color

Firms with no women of color directors

Sources: Catalyst Census of Fortune 500 Women Board Directors and Catalyst Census of Fortune 500 Executive Officers and Top Earners, 2012.
Source: Top 50 keywords cited in NEW 2020 interviews and focus groups, Network of Executive Women, 2012.
Millennials, today’s emerging leaders born between 1980 and 2000, are at the forefront of change in the marketplace and workplace.

Millennials already comprise 25 percent of the labor force — compared to 38 percent for Boomers and 32 percent for Generation X.17 In 15 years, Millennials will represent 75 percent of the U.S. workforce, replacing retiring Baby Boomers and surpassing the much smaller pool of Gen X workers.

Companies need to rethink the way they do business and position themselves now to attract, retain and prepare Millennials for leadership roles. Shaped by the Great Recession, Millennials do not anticipate building their careers at a single company. One global survey found more than half of recent graduates expect to have between two and five employers in their lifetimes.18 (Bureau of Labor Statistics data suggest the real number is even higher.)

Organizations must look past the common stereotype of Millennials as “lazy, unprofessional, entitled ‘digital natives’ who expect to start as interns on Monday and be chief executive officers by Friday.”19 With the exception of the “digital native” tag, these stereotypes are remarkably similar to those faced by previous generations of young workers.

That said, Millennials are different. They are more individualistic, diverse, tolerant and educated. They are more likely to come from non-traditional home environments. They view work and success differently than their predecessors.

Millennials seek meaningful careers that meet their own concepts of work/life balance. A 2011 survey of more than 4,000 graduates across 75 countries by PricewaterhouseCoopers found that “Millennials are attracted to employers who can offer more than merely good pay.” More than half of respondents said they preferred employers who offered opportunities for advancement, while 35 percent cited “excellent training/development programs” as a top incentive. Virtually every Millennial surveyed — 95 percent — said work/life balance was important to them when choosing where to work.20

Members of the Millennial generation work hard, but on their own terms. In a 2013 survey by the National Retail Foundation, 40 percent of Millennials said it’s important to have their opinions acknowledged in the workplace, while one quarter want to manage their own projects.21

Millennials are highly mobile and continuously connected — they expect to be judged on results, not time spent in the office. They are looking for employers that provide opportunities for growth and training, input into the decisions that affect them and a flexible, connected workplace that enables their success.

Workplace initiatives that appeal to Millennials are, in many cases, those long-championed by women. And with studies showing women leaders as more collaborative, developmental, creative and flexible than their male counterparts, women are well suited to lead this next generation.

Companies that want to attract and develop Millennials should consider the nexus between women’s leadership and Millennials, and find ways to align their common goals, needs and workstyles.
What Millennials want from their employers

Millennials place high importance on opportunities for career advancement when looking for a job, ranking it even higher than compensation.

Which of the following factors make an attractive employer?

- **Opportunities for career progression**: 43%
- **Competitive wages and other financial incentives**: 42%
- **Good benefits package**: 34%
- **Excellent training and development programs**: 30%
- **Flexible working arrangements**: 19%
- **Opportunities for international experience**: 18%
- **A good reputation for ethical practices**: 15%
- **Corporate values that match your own**: 15%
- **A reputation as an employer of the best and brightest people**: 15%
- **The employer brand**: 11%
- **Diversity/equal opportunities record**: 10%
- **The sector in which the organization operates**: 10%

Source: Survey of more than 4,000 graduates in 75 countries in “Millennials at Work – Reshaping the Workplace,” PricewaterhouseCoopers, 2011.
Women in a diverse, inclusive workplace

Women’s leadership points the way to empowered, innovative and collaborative work teams

Confronted by rapid demographic change, organizations are realizing that diverse and inclusive leadership isn’t just a legal obligation or “the right thing to do,” but an engine for innovation and growth.

More inclusive decision-making can provide insights into the values, priorities and spending habits of today’s diverse consumers. This helps organizations develop new products and services and better marketing to sell them.

But diversity itself is not enough. Too often, women and persons of color feel they can only advance by emulating their white male bosses, minimizing their differences to make others accept them.

Diversity must be supported by inclusion, where organizations encourage differences and people bring their whole, authentic selves to work. “For CPG companies today, it is all about finding and keeping the best talent, bringing them in and knowing what to do with them when they get there,” said one NEW 2020 focus group participant.

In their book, Being the Boss, Harvard University professors Linda Hill and Kent Lineback outline a number of essential managerial traits for the modern workforce, including collaboration, trustworthiness and a willingness to develop employees. These are all qualities more commonly found among women leaders.

To be competitive tomorrow, organizations will have to attract, motivate and retain a workforce very different than today’s.

In 2005, 70 percent of people in the workforce identified themselves as non-Hispanic white. But by 2050, this group’s share of the labor force will drop to 50 percent, as the share of Hispanics (24 percent), African Americans (14 percent) and Asians (8 percent) increases.

The labor force is getting older, too. In the 1970s, the median age of an American worker was 35; it’s estimated to be 41 today. By 2030, 23 percent of the U.S. labor force is projected to be age 55 and older, compared with 13 percent in 2000.

Longer life spans and better health — combined with a weak economy and diminished retirement funding — mean many Baby Boomers will work long into their 60s and 70s. This will create a more multigenerational workforce with a wider age range.

Women are vastly unrepresented in senior leadership roles.
“The main thing that keeps me up at night is talent acquisition,” explained one industry executive in the NEW 2020 focus groups. “The company is over 80 years old and we have a large percentage of Baby Boomers, about 80 percent, that will be retiring or who would have probably retired already if the economy hadn’t been so bad. So many long-term employees with a wealth of resident knowledge and expertise from the company will be leaving us within the next five to 10 years. I don’t see the pipeline being robust for the future.”

The leader’s instinct is correct: Workforce growth is projected to slow over the next half-century, to less than 0.6 percent per year. When Boomers do start to retire, the Generation X workers who follow them will not be numerous enough to replace them all, which means the Millennials (or Generation Y) will have to assume leadership positions sooner than they might have otherwise.

The 80 million-strong Millennial generation, born between 1980 and 2000, are already playing an important role in transforming the workplace. (See “The next generation workplace: Millennials make their mark,” page 10.) These tech-savvy employees are willing to work hard, but they want to make a difference and be treated as individuals. They know technology and social media and expect it to foster more flexibility and greater work/life balance. They view collaboration and authenticity as a means to more innovative outcomes. In fact, their career expectations are a lot like those held by women.25

“One of the amazing insights [we discovered] in the NEW 2020 qualitative research is that Millennials — both men and women — want the same things as women; they want workplaces to change,” said NEW Board Chair Catherine Lindner, managing partner of Sagres Consulting. “What were once considered ‘woman’s issues’ are now workforce issues.”

Leveraging the talent and leadership skills of women, who now make up 46.9 percent of the workforce,26 is crucial to filling the pipeline.

Talent: The most critical commodity

With demographic, societal and market forces in flux, finding and keeping high-potential talent has become the number-one concern for many organizations in the retail and consumer goods industry.

The problem is most acute in management, where it can cost an estimated 200 to 250 percent of annual salary to replace a management-level employee.27 Companies are realizing to compete they need to focus on recruiting talented and diverse employees that connect to their consumers. At the same time, retaining educated, healthy and happy employees gives them a competitive edge.

“Every company is concerned about the volatility in commodity pricing and availability,” said Diane Cooke, vice president of strategy and compensation at Schwan’s Consumer Brands Inc. “But the commodity of strong talent, fighting to make sure we have the right talent, to make sure we make the right consumer value proposition, is really at the forefront.”

Retail and consumer goods companies are relying on the connection between their personnel and the consumer more than ever before. According to a report by Deloitte examining the 2020 consumer, “the easiest way for companies
to engage consumers [as well as to lose them] is through their employees.”

Employees are crucial conduits of messaging and information about their companies and products. How well they connect to consumers will be the biggest measure of success for retail and consumer goods companies going forward.

Over the next 25 years, 85 percent of population growth will come from non-white ethnic groups. Nielsen estimates the buying power of African American consumers will be $1.1 trillion by 2015. By 2050, one in two individuals in the United States will be a person of color.

Millennials — a generation of discerning and tech-savvy consumers — are also transforming the marketplace. Representing one quarter of the population, Millennials have direct and indirect spending power of approximately $500 billion annually. Raised on social media, they are demanding an unprecedented level of personalization in everything they buy.

“Consumers are changing, and so are the ways they interact with retailers, brands and media,” said Marla Thompson, senior vice president of mobile and online for Catalina. “Today’s consumers are highly immersed in social media and technology, and they expect extreme customization — getting what they want, how and when they want it, when it comes to products and purchases.

“If someone opens their Facebook app, they see their friends. If they open my Facebook app and see my friends, it’s not as relevant to them. Consumers today have expectations that things will be personalized, and don’t have much patience or tolerance for things that aren’t.”

This rapid change in consumers and consumer expectations is happening at a time of continued post-recession spending habits. “As a retailer, you’re in an environment where there isn’t necessarily growth in consumption,” noted one retail CEO in a NEW 2020 interview. “We’re fighting for market share. The challenge is to continue to be relevant and offer great value and gain share.”

**Doing more with less**

In the post-recession world, retail and consumer goods companies are trying to do more with less — in the face of increasing consumer expectations. “Today as never before, salespeople for CPG companies must act as merchandisers, strategists, marketers, branding experts, general managers, creative thinkers and collaborators,” according to a joint study by NEW, the Grocery Manufacturers Association and A.T. Kearney, “Talent Triage: Raising the Bar for CPG Sales Force Management.”

“The biggest talent issue facing us is that the skill set required for one person is really two different people in one,” an industry executive

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**What ‘being authentic’ means to women leaders**

The majority of attendees surveyed at the NEW Executive Leaders Forum believe “living my values at work” is the essence of authenticity in the workplace.

- **Being honest about my personal life and career aspirations**
  - 31%

- **Living my values at work**
  - 58%

- **Working in an organization that shares my values**
  - 11%

told NEW in an interview. “Most people aren’t good at more than one thing. We’re asking them to understand many complex topics, customer data and trends. They’re not experts, but we need them to talk eloquently. We’re asking for the kitchen sink.”

At the same time, U.S. companies are facing the challenge of reaching new, international markets, which makes recruiting, retaining and managing diverse talent even more critical.

“Companies that are already able to manage diverse workforces now are going to be ahead in the future,” Lindner said. “Companies that understand how to manage diverse workforces in the United States will be better able to manage diversity around the globe.”

**The creativity dividend**

Faced with competition from home and abroad, marketers are finding that product differentiation is the key to attracting and keeping customers. Retail and consumer goods companies have discovered that quickly getting new ideas to market that match the rapidly changing needs of the consumer is essential to attracting and keeping customers.

“The only way that you can innovate in this space is to have smart people who understand consumers,” a marketing executive told NEW. “If you think about innovation, it’s not something you can put into a computer model. You need smart, creative people.”

Fostering creativity is not easy. Industry organizations would do well to look to high-tech organizations like Google, where engineers are mandated to dedicate 20 percent of their work hours on company-related projects of special interest to them personally. Some of the company’s best ideas, including its market-leading Gmail and Google News services, have emerged from these “free” hours.

“It sounds obvious, but people work better when they’re involved in something they’re passionate about, and many cool technologies have their origins in 20-percent time,” wrote Google software engineer, Bharat Mediratta, in The New York Times.35

To spark collaboration, innovation and skills building among diverse employees, companies are finding the traditional top-down management style that is primarily dominated by men does not foster inclusive and innovative workplaces.

Forces working inside and outside of organizations have led to the creative destruction of traditional, rigid hierarchies, where information flows from the top down and employees are viewed as a homogenous group. In its place, a more adaptive and dynamic lattice structure is emerging. Within the lattice structure, authority and ideas trickle up, down and across. Companies are more adaptive to the needs and demands of employees and the ever-changing competitive environment.36

“Organizations have necessarily flattened out,” said Vicki Schwartz, vice president of customer supply services at Schwan’s Consumer Brands Inc. “Traditional models saw a lot of supervisors and assistant supervisors with clear stepping stones to promotion up the corporate ladder. But for companies looking to compete now, this model no longer works.”

In the knowledge economy, intangible assets — such as employee innovation — are valued
above all else. In this environment, teamwork and collaboration are valued over individuality, and changes in employees’ work-and-life needs are considered within the company’s overall planning. Managers are expected to earn the respect and loyalty of employees and value their contributions.

Women, research has shown, thrive in such workplaces. As the McKinsey survey of global executives noted, women leaders have been ranked as more inclusive, collaborative and empathetic than their male counterparts.37

“Women see things men don’t see in business settings,” said the president of a consumer goods company interviewed by NEW. “They can pick up that a meeting isn’t going well and diffuse tension. Men have a propensity to be more confrontational.”

Companies are also embracing the benefits of new types of physical working environments — outsourcing projects, allowing employees to work virtually or telecommute, and offering flexible schedules where appropriate. These types of workplace initiatives — which women have championed for years — are considered business imperatives in the knowledge economy.

As research has shown, flexible work schedules are essential to attracting and keeping the best talent. For example, a Catalyst study of MBA graduates from around the world found a majority of these high-potential employees report working for employers who offer some type of flexible work arrangements. Across nearly all of the firm sizes studied, more than half of all high-potential employees said flexible work arrangements were “very important” or “extremely important” to them. What’s more, flex time was important to high-potential employees both with and without children.38

Successful companies are recognizing that giving employees opportunities to work on stretch assignments and special projects is beneficial both for performance and employee retention. Within the lattice structure, employees have the opportunity to connect with leaders at different levels and in different departments, which builds relationships and sparks innovation.

Organizations are using affinity groups and employee and business resource groups to prime the pump. Schwan’s Young Professional Network (YPN) and Women’s Professional Network (WPN), for example, are designed to be more than just coffee circles. “The whole point of these groups is to drive business — they are not simply affinity groups,” Schwartz said. “Our YPN, for example, has been empowered to be visible and members have business initiatives they’ve been able to drive and own. They also have access and visibility to senior leaders, offering value to what they bring and recognition to what they’ve done.”

Developing a diverse group of employees and offering them these types of opportunities and exposure that help them grow their careers is critical to companies’ long-term success.

“I personally think the biggest challenges are around the pipeline,” said Kathy Waller, vice president and controller of The Coca-Cola Company, and chair of the company’s Women’s Leadership Council. “We can get a critical mass of women into senior leadership roles, but if we don’t have a robust pipeline of women to succeed them, we start from ground zero again.”
The wage gap between men and women is well known: Women earn 77 cents for every dollar a man earns for comparable work. Less discussed is the even greater wage gap between men and women of color.

African American women and Latinas in the United States are paid just 64 cents and 55 cents for every dollar a white, non-Hispanic man earns, according to the National Partnership for Women and Families. The wage gap measures, but does not explain, the complex challenges faced by women of color in the workplace: Racial and ethnic discrimination, gender bias, corporate culture and societal and institutional barriers.

"Perhaps the biggest issue non-white women face is that people barely acknowledge non-white women exist, particularly in a professional setting," said Ancella Bickley Livers, senior faculty for the Center for Creative Leadership. "People want to subsume us under categories of gender or race or ethnicity, without recognizing for us these identities are not separate, but come together to form something unique. "When people do see us, we need for them to view us through a lens that is not colored by stereotype — conscious or unconscious. The latter is more difficult than most people want to acknowledge, because all of us are often unaware of the number of unconscious biases we hold and which influence our decision making."

The challenges faced by women of color in the workplace vary by individual, and it’s difficult to generalize them, noted Beverly Grant, chief client strategy officer and president, retail at IRI. “But some biases that may surface include the classics: classism, racism, sexism, bigotry and prejudice. These biases tend to happen when people in positions of power have no [relevant] personal experience, only hearsay and media points of view. With regard to advancement of women of color, these biases become the primary focus of the individual/boss relationship and impede fair evaluation of the individual’s results and capabilities.”

Millennial women of color are making progress in closing the achievement gap, but still find themselves at a disadvantage when they enter the workforce.

From 2009 to 2010, black women earned 66 percent of bachelor’s degrees awarded to African American students. Hispanic females earned 61 percent of the bachelor’s degrees awarded to Hispanics. They are also more likely to leave college weighed down with student debt than white women, and that fact can force their hand when looking for their first job.

As their careers mature, women of color are underrepresented in professional and managerial positions and face significant barriers in transitioning out of low-wage jobs. While women represented 41.1 percent of management, professional and related occupations in the United States in 2012, Asian women comprised just 3.1 percent;
Latinas, 4.4 percent; and African American women, 5.4 percent.41

Undoing inequity

To eliminate barriers and create a workplace welcome to women of color, industry leaders must soberly assess their corporate cultures — and their actual progress.

To create a workplace that attracts the best talent regardless of gender, race, ethnicity or sexual orientation, companies must reward management for achieving a diversified workforce at all levels, Grant said. “They must focus on ‘How do we eliminate bias?’ and ‘What is my role in ensuring we do?’ Leadership must establish a zero-tolerance policy for bias. They must lead by example and recognize folks who are ‘walking the talk.’”

First, Livers advises, organizations should address how company policies are written. “Are there patterns in the policies that encourage or discourage diversity and inclusion? Do policies take into account various cultural concerns, such as what constitutes a family?”

For example, for some cultures “family” encompasses more than the nuclear family, yet work policies rarely acknowledge broader familial relationships. “If policies are non-inclusive,” Livers asked, “are there ways they can be re-imagined to be respectful of multiple views and practices?”

Companies must also be clear on what their metrics measure, because in many cases, what’s measured is what’s considered important. “If data categories are broad, such as ‘women,’” for example, companies will know what’s going on for the broader women’s group, but may not know what’s happening to categories of women who may be having very different experiences than the norm would suggest,” Livers said.

Women of color underrepresented

Women of color are vastly underrepresented in the talent pipeline, despite the fact they represent 36.3 percent of the U.S. female population and 18.4 percent of all Americans.

Share of management, professional and related occupations

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White women</td>
<td>41.7%</td>
</tr>
<tr>
<td>African American women</td>
<td>5.4%</td>
</tr>
<tr>
<td>Latino women</td>
<td>4.4%</td>
</tr>
<tr>
<td>Asian women</td>
<td>3.1%</td>
</tr>
</tbody>
</table>


The biggest mistake companies make when addressing bias is not recognizing that women of color often have different experiences than white women. “Yes, women share many things and no one denies this,” Livers noted, “but if we don’t acknowledge the ways in which their experiences can vary, then the organizations have done themselves a disservice.”

Non-white women don’t have as many sponsors speaking for them when doors are closed or big assignments are handed out, she added. “Not having sponsors can be a huge differentiator.”

It is critical to the future of the retail and consumer products industry to acknowledge the biases against women of color, Grant said. “It doesn’t make anyone good or bad, it’s just a fact that needs to be acknowledged, and a plan of action needs to be put in place to enable all employees to have the opportunity to contribute, develop and grow their careers,” she said.

“Creating an environment where the focus is on great planning and outstanding results across the organization should prevent the belief that employees are promoted based on ‘color and numbers’ versus their talent and contributions.”
Section three
Changes in the workplace and marketplace suggest that women’s leadership is essential to business success today — but where’s the proof?

The Pew Research Center asked 2,250 people to name the most important leadership traits. Their survey results, reported in “Men or Women: Who’s the Better Leader?” found that women were rated as better than or equal to men in seven of eight top leadership characteristics, including honesty, outgoingness, compassion and creativity. (They tied men on being ambitious and hardworking.)

How do female leaders differ from male leaders? In “Women and the Labyrinth of Leadership,” the Harvard Business Review reviewed 45 studies on the subject. The journal noted that leaders tend to lean toward one of two types of leadership styles, transactional or transformational, with a third non-management style — laissez-faire — also present. “The meta-analysis found that, in general, female leaders were somewhat more transformational than male leaders, especially when it came to giving support and encouragement to subordinates.”

Psychiatrist Dr. Daniel Amen, author of Unleash the Power of the Female Brain, conducted the biggest brain-scan study ever done — 46,000 scans — and found that “female brains were dramatically more active. Women are really wired for leadership... they really make great CEOs.”

Transformational leaders, according to the Harvard Business Review, “state future goals, develop plans to achieve those goals and innovate, even when their organizations are generally successful.” These leaders view themselves as coaches, more than hierarchical authority figures, with a focus on role modeling, mentoring and empowering subordinates, and gaining the trust and confidence of followers.

The positive effect of women in leadership roles extends globally, according to a study of 100 work teams across 21 organizations in 17 countries by The Centre for Women in Business at the London Business School. The study found that teams with at least 50 percent women were more motivated and innovative than those where women were in the minority, while teams with a clear majority of women (60 percent) expressed greater self-confidence.

Women pioneering change

Now, more than ever, women are uniquely positioned to propel themselves into the upper echelons of companies by continuing to do what they’ve done for decades — collaborating with employees at all levels, helping companies connect to female consumers and finding solutions to work/life balance.

Workplaces will become more productive — and companies more profitable — as women drive work/life solutions as part of a framework that integrates employee recruitment, retention and productivity. This will become even truer as...
Millennials enter the workplace, according to several executives who participated in NEW 2020 focus groups.

“Who says we have to work 24/7 and 12 hours a day?” asked one female executive. “It was the unspoken rule: Come in before your boss gets in. When the young ones are at the top, you’re going to see a dynamic shift, including alternate schedules and flex time. People are more mobile — you don’t need to be in your office.”

In a study across 31 countries, Accenture found that employees were most likely to stay in a job that offered a flexible work schedule, regardless of their overall satisfaction with the job. The lack of flexible work options was cited as the number-one reason employees left jobs in 2012, regardless of pay.47

Companies that are responsive to the needs of their employees have better retention, fewer sick days, more overall employee satisfaction and greater loyalty. A 2011 study by the Rutgers Center for Women and Work found that women who were given paid maternity leave felt a stronger attachment to their employers.48 Another study of Millennials in 75 countries found that young employees preferred to be rewarded with flexible working hours and career development opportunities over cash bonuses.49

Work/life balance is not just good for employees, it’s good for business. An analysis of the five-year performance of S&P 500 companies found those with work/life programs had higher sales growth and return on asset growth than those without.50

What’s holding women back

Although the business case for women leaders is strong, women are still underrepresented in top executive roles. Women represent 40 percent of managers in Fortune 500 companies and more than half of middle managers in companies across the United States, but continue to face internal and external barriers to senior executive and board roles.

From the start of their careers, women fall behind their male counterparts in pay and career advancement. The reasons are many, and complex. But there is broad consensus that a complete overhaul of workplace culture is required to open the bottleneck, not just for women today, but for the next generation of female leaders.

A 2011 survey by McKinsey & Company revealed that “deeply-entrenched beliefs within corporate culture” are causing the biggest resistance to advancing women to leadership roles. Women candidates are frequently judged differently from their male counterparts when opportunities for promotion arise, the study found. A woman may be seen as too passive or

Leadership: Women outrank men on 5 out of 6 traits

Women are seen as more honest, intelligent, compassionate, outgoing and creative than men. They are seen as equally hardworking and ambitious, though not as decisive.

<table>
<thead>
<tr>
<th>Trait</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honest</td>
<td>20</td>
<td>50</td>
</tr>
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<td>Intelligent</td>
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<tr>
<td>Creative</td>
<td>11</td>
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</table>

too aggressive or viewed as “not right for that position” based on long-held gender stereotypes. Male executives have admitted to overlooking women because they “didn’t know how to talk to or mentor her.”

The cover article in the September 2013 issue of the Harvard Business Review describes the common perception of women leaders as either “emotional, bossy or too nice” as “second-generation gender bias” and identifies it as “the primary cause of women’s persistent under-representation in leadership roles.”

Institutional biases — not deliberately discriminatory but discriminatory in effect — favor male leaders. Career paths dominated by men, such as sales and operations, are more likely to lead to leadership roles than career paths dominated by women. International assignments, which can be key to promotion, “often assume a ‘trailing spouse’ who has no career and can easily move, a situation much more common for men than for women,” the authors observe.

“Informal networks are a precious resource for would-be leaders,” the authors write, but women have fewer connections than their male counterparts, and their networks are not as effective.

The persistence of the old boys’ club continues to halt women in their tracks. Participants in the NEW 2020 focus groups said male leaders often devalue their contributions in meetings, disregard their requests for mentoring opportunities and are quick to take credit for women’s ideas in high-visibility arenas. Moreover, women are habitually excluded from informal networking opportunities, where influential decision-making takes place.

“I’m the only [female] V.P. in my company,” recounted one NEW 2020 focus group participant. “When the men went on a retreat, they accidental-ly emailed me photos while they were away, and I thought, ‘Oh, so this is what you do without me.’ It can be lonely to be the only woman.”

Women looking for international positions will find workplace gender bias a global challenge. A discussion paper from the Stanford Economic Policy Institute reveals men are resistant to the idea of women’s leadership in a number of European countries. This resistance becomes more pronounced the more women move into top roles. “[M]ale workers’ aversion to female managers is strongest in occupations where the average female share nears 50 percent,” the authors note.

As Facebook’s Chief Operating Officer Sheryl Sandberg argued in her book Lean In, getting beyond gender bias requires more than just change in workplace culture; rather, women and men must consistently and persistently challenge overarching societal gender stereotypes.

“Go to a playground this weekend and you’ll hear little girls called ‘bossy,’” Sandberg told The Daily Show’s Jon Stewart in April 2013. “You won’t hear little boys called ‘bossy’ because we expect boys to be assertive and lead. Rather than call our little girls ‘bossy,’ we should say ‘my daughter has executive leadership skills.’”

The pay gap, one year after college

One year out of college, women with bachelor’s degrees earn just 82 percent of male grads. After variables like type of college, undergraduate major, occupation and hours worked are eliminated, recent female grads still earn only 93 percent of their male counterparts.

<table>
<thead>
<tr>
<th></th>
<th>Pay Gap</th>
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<tbody>
<tr>
<td>Men</td>
<td>$42,918</td>
</tr>
<tr>
<td>Women</td>
<td>$35,296</td>
</tr>
</tbody>
</table>

Access denied

As a result of this persistent gender bias, women are being denied opportunities to take on roles in organizations that would lead them to the c-suite. A 2011 Catalyst study, for example, found advancement within organizations is dependent on working on projects that are “highly visible, mission critical and international in scope.” Yet significantly more men than women are typically chosen for these roles. Further, a survey of 60 women executives by the International Consortium for Executive Development Research (ICEDR) found that women are not given the risk or stretch assignments required to broaden their experience.

The ICEDR report focuses on the assumption among many decision makers that women — especially mothers — won’t be interested in the line positions, special projects or traveling opportunities that would help propel their careers forward. Too often women are not approached for these positions.

“To assume that I cannot take on a senior role and work beyond 5 p.m., well, I have a nanny, and, I can,” said one female executive in the report. “I will decide where I can and cannot be and how to prioritize. If I were a man, nobody would assume that I need to get home to feed my children.”

Progressive companies are tackling the problem. At Schwan’s Consumer Brands, leaders are making a concerted effort to move women out of support functions and into line roles. “Women tend to do more staff roles,” Cooke said. “The challenge is getting women to move into those line positions, getting them onto the track that would lead them to the CEO role. Whether it’s by choice that women are not taking risks or that corporate perception that women don’t want to take risks, I’m not sure.”

The fact remains that corporate travel, relocation, international assignments and the 24/7

Mothers working more — inside and outside the home

While mothers are far more likely to work outside the home today than in 1965, they still spend more hours per week on housework and child care than fathers. More than half of working mothers (56 percent) and half of working fathers (50 percent) say they find it very or somewhat difficult to balance work/life responsibilities.

<table>
<thead>
<tr>
<th>Hours per week spent on:</th>
<th>Paid work</th>
<th>Housework</th>
<th>Child care</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965 Mothers</td>
<td>8</td>
<td>32</td>
<td>10</td>
</tr>
<tr>
<td>1965 Fathers</td>
<td></td>
<td>42</td>
<td>4</td>
</tr>
<tr>
<td>2011 Mothers</td>
<td>21</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>2011 Fathers</td>
<td></td>
<td>37</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: “Modern Parenthood Roles of Moms and Dads Converge as They Balance Work and Family,” Pew Research Center, 2013. Based on adults ages 18-64 with own children under age 18 living in household. Total hours may not equal component parts due to rounding.
workplace culture can be especially challenging for working women, who are more likely than men to be juggling work and family responsibilities. In 2010, 70 percent of women in dual-earner couples said they had greater responsibility than their husbands for routine child care and were more likely to take time off work when a child is sick or has an appointment. Women also are more likely than men to be responsible for the care of elderly or disabled relatives.

“I’m in sales and want to stay in sales, but the problem with travel is you have to sacrifice family,” admitted one NEW 2020 focus group participant. “Director level is all I can go.”

Change may come as Millennials come to dominate the workforce. Research shows that men and women of this generation want more flexible work arrangements — and the coming talent squeeze gives them leverage.

Linear career tracks that demand relocation, extended working hours and frequent travel can limit an organization’s ability to recruit both men and women — and increasingly so. In a global research survey of 4,364 Millennials across 75 countries, 95 percent of respondents said work/life balance is a priority when choosing where to work. Further, a study in the United Kingdom found that a certain amount of “spillover” between work and family domains can help, rather than hinder job performance, providing one does not dominate the other.

Companies that fail to recognize these realities will start bleeding talent. “Losing smart and motivated women not only diminishes a company’s talent pool, it also reduces the return on its investment in training and mentoring,” former State Department official Anne-Marie Slaughter wrote in her landmark article, “Why Women Still Can’t Have It All” in The Atlantic in 2012.

Slaughter’s thesis reflects the research conducted by the NEW 2020 team: If women are forced to choose between work and family, they will choose family. Until companies, and society at large, begin to value family as the epicenter of human health and well being, skilled, talented women will continue to opt out of positions that would lead to high-level roles.

“Companies need to take a really hard look at job rotation and how people are promoted,” said NEW Board Chair Lindner. “There was one company that required someone to go run a plant, but they were having a hard time getting women and even men to move out to farm country. They rethought what people were getting out of those experiences and thought about how they could recreate them. Maybe there’s still a move required, but maybe it’s to an urban center.”
Best practices for transformation

Retail and consumer companies have made progress: Breaking down traditional hierarchies, changing the way leaders are developed and promoted, creating a new corporate culture that favors diversity, and, ultimately, creativity. Companies that are leading workplace transformation have recognized that what women want is what every employee wants: A healthy work environment where their contributions are valued.

“Retail in general is demanding because our customers are shopping 24 hours per day, seven days a week,” noted one woman retail executive in a NEW 2020 focus group. “That’s a big part of it. We’re not a 9-to-5 business. The challenge is to introduce elements where you can mitigate that.”

One global retail chain found, for example, that simply by lessening the number of days store managers work on a seven-day rotation means employees work fewer weekends and are able to plan schedules around events outside work.

Forward-thinking organizations are starting to make women’s advancement a central part of their strategic plans for the coming decades, recognizing that women leaders enhance their competitive position. (See “How Hallmark creates a happy workplace” on next page).

General Mills, for example, has made increasing the representation of women in high-level positions part of its 2020 corporate-wide mandate. More than one third of the company’s directors, 35 percent of corporate officers and 57 percent of retail division presidents are women. The company supports women across its international base and encourages sponsorship pairing of vice president and director-level employees. The organization also has implemented diversity scorecards designed to attract women to roles where they are underrepresented, such as manufacturing, information systems and engineering.

Colgate-Palmolive Company — long recognized for its commitment to getting women into “stretch positions” — offers executives who cannot relocate permanently opportunities to take on short- and long-term assignments in the U.S. and abroad, allowing them to raise their profiles and broaden their skills.

The company’s Global Leadership 2030 initiative brings diverse executives together to resolve critical business issues, collaborate on how to improve the company’s bottom line and present their ideas to leadership.

As the McKinsey & Company study found, the seismic shift that needs to happen within some companies must happen sooner rather than later. Change will not happen overnight, and not without a corporate-wide commitment to change.

“The journey [Schwan’s has] taken has been a pretty natural and organic process,” Cooke said. “It’s not a program or an initiative; it’s a way of being. It really starts with bringing in and welcoming diverse thought. [Change won’t take hold] if you don’t start at the top and really believe in it and practice.”

At General Mills, 35% of officers and 57% of retail division presidents are women.
How Hallmark creates a happy workplace

Diversity is more than a buzzword at Hallmark Cards Inc., which supplies greeting cards and other products to 39,000 stores across the United States and 100 countries worldwide.

The $4.1 billion business — where 38 percent of senior managers in administrative and operations positions are women — takes a three-pronged approach to diversity: developing products that are relevant to a broad range of consumers, recruiting talent from many backgrounds and creating a work environment that makes the best use of each individual’s talents.

Key to Hallmark’s workforce strategy is its Diversity and Inclusion Council, which has developed corporate-wide initiatives that appeal to all employees, including several specifically focused on women. Among its successes: a research group that supports cross-generational education and training opportunities, mentoring programs and cultural celebrations. In addition, Hallmark’s employee resource groups provide opportunities for employees to learn about different ethnicities, cultures, religions, generations and sexual orientations, while offering personal and professional mentoring and networking opportunities. These ERGs are a resource for Hallmark’s research, marketing and product development teams, providing cultural insights and understandings.

Leveraging the power of diversity throughout its business, Hallmark, the first company to endorse, support and become a charter member of the Mid-America Gay & Lesbian Chamber of Commerce, recently expanded its supplier diversity program to track company purchasing from veteran- and LGBT-owned businesses.

Mindful that employees have multiple stressors at home and at work, Hallmark supports work/life balance and makes it a central part of the company’s recruitment, retention and employee satisfaction programs. The company offers flextime, job-sharing, part-time, telecommuting, remote working and other flexible work options where possible. The firm provides up to six months of parental leave to new parents and financial support for adoption.

The company also provides private lactation rooms, electric breast pumps and refrigerators to support working mothers who are nursing. To further help employees juggle work and home responsibilities, Hallmark has established relationships with a number of local agencies to connect employees to child care, eldercare, pet-sitting and other services and organizations.

“As a working mother of two boys, I know how critical it is to have flexibility in the workplace,” said Hallmark National Sales Director Sharon Belto. “Continuing a career would have been virtually impossible without it.”

To promote health and wellness, the company houses fitness centers and provides support for bicycle commuters. An in-house medical center treats employees’ work-related and personal injuries or illnesses and provides annual screenings and health seminars. The company also offers on-site educational programs on everything from parenting to caring for people with Alzheimer’s disease.

But the company’s focus on healthy employees doesn’t stop at the headquarters’ doors. The Hallmark cafeteria prepares ready-to-eat healthful meals for employees to purchase and take home to their families.
Women’s leadership: An action agenda

Gender equity must be a priority, and it must start at the top

Companies who want to increase the number of women in senior roles — and reap the rewards of women’s leadership — must make gender diversity a company priority and drive home the business case for women’s leadership.

To achieve workplace transformation, organizations must change their corporate culture by thoroughly challenging existing norms and stereotypes, according to a study by Germane Consulting.  

The process should start with these steps:

1) Redefine leadership

Transformational leaders engage, collaborate and value the contributions of each employee. To be competitive in the talent market and innovative in the consumer marketplace, organizations must incorporate these “feminine” leadership characteristics into a new leadership model.

2) Engage men

It’s crucial to fully engage the dominant culture — white men — in the process of change. Too many companies’ diversity and inclusion efforts treat white men as problems that need to be “fixed” instead of partners who need to be engaged, according to “White Men: Enrolling the Dominant Culture in Diversity and Inclusion,” a report issued by the Network of Executive Women. Engagement should include direct involvement in gender diversity efforts, training and communications and participation in women’s resource groups and leadership organizations like NEW.

3) Engage senior leaders

Companies making progress on women’s leadership share one trait: Committed executives driving change. Muhtar Kent, chairman and CEO of The Coca-Cola Company, told the NEW Executive Leaders Forum 2013 that women’s leadership is “a huge enabler to repeat success,” requiring special efforts separate from the company’s overall diversity and inclusion programs. He formed Coca-Cola’s Women’s Leadership Council (WLC) in 2007 to advise him and his senior leadership team on ways to increase the number of women in senior leadership roles. “The WLC is focused on the attraction, development, advancement and retention of women leaders, beginning with women who are already in senior positions, and ensuring there is a robust pipeline of talented women who have had or will
have the right key experiences leading to senior roles,” said WLC Chair Kathy Waller.

4) Nurture female talent

Fair hiring practices and work/life policies are not enough. Organizations must implement robust, corporate-wide programs that move the needle on women’s leadership. Formal mentoring programs, training sessions and networking opportunities are only part of the solution. Women must be purposely considered for stretch assignments, line management roles and training that will broaden and deepen their experience. As McKinsey & Company noted, raising the number of middle management women who make it to the next level by 25 percent could “significantly alter the shape of the pipeline.”

5) Achieve critical mass

Companies with three or more women in top positions (executive committee and higher) scored higher than their peers in the McKinsey & Company Organizational Health Index, which rates companies on nine key factors. Advancing women’s leadership requires a critical mass of women in top roles — a minimum of 30 percent, according to a report published by The White House Project, a non-profit committed to getting more women in the talent pipeline. “I worry about companies that take women and diversity, and once they promote them once, they stop worrying,” said one participant in the NEW 2020 focus groups. “It’s like they’re checking a box and moving on.”

6) Enforce accountability

Organizations committed to women’s leadership must have targets in place that are frequently audited and revised with the goal of increasing women in senior leadership positions. What gets measured gets done, and what gets done must be tied to executive reviews and compensation for change to take place.

Leading companies advance women in one of two ways

Leading companies shape the talent pipeline two ways: In the “fat” funnel (left), more women enter but many drop off. In the “steady” pipe example, fewer women enter but stay through to the top.

Leading company A

<table>
<thead>
<tr>
<th>Entry</th>
<th>Mgr.</th>
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Leading company B

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</tbody>
</table>

What women need to do

If women don’t insist on equality, who will?

The economic empowerment of women is the biggest workplace transformation of the past 50 years. The change has been so thorough that it’s sometimes easy to forget how much the world has changed since the 1960s, when women found work in newspaper ads labeled, “Girl Wanted” and were still expected to fetch the coffee.

But female grads still enter the business world to find a male-dominated work culture and top leadership that is 96 percent men. They still face bias — conscious, unconscious and structural. They are still underpaid and devalued. And they are still forced to choose between motherhood and career.

“I spent most of my career in business not saying the word ‘woman,’” Facebook COO Sheryl Sandberg told female legislators in California in August 2013. “Because if you say the word ‘woman’ in a business context, and often in a political context, the person on the other side of the table thinks you’re about to sue them or ask for special treatment, right?” But Sandberg says the time has come for women to “talk about gender, talk about the biases we all hold” in order to bring about change.68

Women cannot change the workplace alone, but they are far from powerless: They can speak up and speak out; they can mentor other women and act as role models; they can demand challenging assignments, equal pay and promotions — and seek employment elsewhere if they do not get them.

The status quo needs to change — but if women don’t drive that change, who will? Women should champion women’s leadership and enroll those who have the authority to help their cause. Support women’s leadership through groups like NEW and urge male colleagues to do the same. Take risks and advocate the work/life changes that will help create a better workplace for everyone.

Women got the vote nearly a century ago because they fought for it. A generation ago, feminists helped make women largely equal before the law. The challenge for women today is not so clear and, perhaps, not so easy.
The motherhood penalty: It’s not just moms who suffer

Career-minded women face a host of biases in the workplace, but the most stubborn is the “motherhood penalty.” Simply put, employers are less likely to put working moms forward as candidates for leadership roles — and more likely to pay them less than their male peers.

Mothers are penalized “on a host of measures, including perceived competence and recommended starting salary” that have nothing to do with their job commitment or hours worked, according to research by Shelley J. Correll and Stephen Benard of Cornell University.

In an experiment conducted by Correll and Benard, participants evaluated application materials from a pair of job applicants who appeared to be of the same race, gender and qualifications, and who differed only on parental status. The results showed clear discrimination against mothers, who were perceived as less competent and committed, less suitable for hire, promotion and management training, and worth a lower starting salary. Women also were held to higher standards of performance and punctuality.

The Cornell researchers confirmed their findings with an audit that showed companies not only discriminated against mothers, they rewarded fathers. Their conclusion? Motherhood is not perceived as compatible with leadership — but fatherhood is.

Other research has outlined the disadvantages working moms face. “Closing the Gender Gap: Act Now” by the Organization for Economic Cooperation and Development (OECD), found a worldwide lack of support for mothers is hurting women’s career prospects, despite significant gains in women’s education and employment.

In the United States, women of childbearing age without children working full time earn 7 percent less than men. The motherhood penalty triples the gap: Full-time female workers with children earn 23 percent less than men. These numbers are almost identical to the average gap found in the 34 developed nations in the OECD.

“The research confirms the obvious: Workplaces must be transformed to ensure women achieve and contribute at their greatest potential,” according to former consumer products executive Trudy Bourgeois, founder and president of The Center for Workforce Excellence.

To reduce or eliminate the motherhood penalty, companies must implement pay audits and leaders should be held accountable for bias in pay and promotions. In addition, succession planning and talent reviews must focus on ensuring working mothers aren’t discounted as “not committed,” Bourgeois said. “More education is needed to raise awareness of the inequities. I often find people don’t believe that pay inequities exist or that working mothers face this bias.”

The United States is the only OECD country without a national paid maternity or paternity leave policy. Available leave is short (12 weeks) and leave payments are available only in certain states. While leave payments are offered by some employers as part of their employee benefit
packages, they are usually limited to employees in high-paying jobs.

In the United States, much of the motherhood penalty can be explained by the types of jobs mothers take. Compared with non-mothers, moms are found in jobs that pay a higher share of their compensation in benefits rather than wages.71

Child care options affect the size of the motherhood penalty, too. Women are more likely to be responsible for child care. If affordable options are not available, women are more likely to take time off from work and be judged less favorably in the workplace. Higher enrollment rates in formal child care programs are linked to smaller gender wage gaps.72

Mothers must stand up for themselves in the workplace. “If a woman is not being treated fairly by her employer, she needs to find a new employer,” Bourgeois said. “Women must find the courage to say we don’t deserve to be treated like this, we are valuable assets to the company and we choose to work for a company that embraces the authenticity of their female employees, including the fact many are mothers.”

In U.S. retail, the motherhood penalty is not just hurting women, it’s hurting business. Women make or influence more than 90 percent of food purchases and comprise nearly half of the retail workforce, but they represent 18 percent of the retail industry’s executive officers and less than 2 percent of its CEOs.73

Changing the formula on working mothers is a win-win: Family-friendly benefits and flexible working arrangements will help parents, especially mothers, to work. In turn, this revolution in workforce management will increase the talent pool, boost family income and create economic growth for everyone.

### The motherhood penalty starts with hiring

Proportion of job applicants receiving callbacks by gender and parental status

<table>
<thead>
<tr>
<th></th>
<th>Jobs</th>
<th>Callbacks</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mothers</td>
<td>320</td>
<td>10</td>
<td>3.13%</td>
</tr>
<tr>
<td>Childless women</td>
<td>320</td>
<td>21</td>
<td>6.56%</td>
</tr>
<tr>
<td>Fathers</td>
<td>318</td>
<td>16</td>
<td>5.03%</td>
</tr>
<tr>
<td>Childless men</td>
<td>318</td>
<td>9</td>
<td>2.83%</td>
</tr>
</tbody>
</table>

Mothers who applied for a job received less than half the callbacks as female job applicants without children. The parental bias was not equal between genders: While employers penalized mothers, they rewarded fathers.

About the authors

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Brynna Leslie is a journalist and corporate communications consultant and writer who provides insights on business affairs for international print, online and broadcast media. She is a regular contributor to Canadian Grocer, Advisor, Corporate Risk Canada and other business journals. She holds a certificate in women in management from the Sprott School of Business, an MSc from the London School of Economics and a bachelor of journalism degree from Carleton University in Ottawa.

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Barbara Grondin Francella’s 30-year retail trade journalism career includes nearly 25 years in editorial positions, including editor in chief at Convenience Store News. She has written thousands of articles on all aspects of the convenience, grocery, mass merchant, drug, fast food, petroleum, jewelry and agribusiness industries. She has been a member of the Network of Executive Women communications team since 2009.

Robert Wray
Communications Director
Network of Executive Women

Rob Wray has been communications director of the Network of Executive Women since 2006 and served as a consultant to the Network from 2004 to 2006. He is the author of many best practices reports for the Network, including “Maximizing and Managing Multicultural Workforces” and “Balancing Acts: People-Friendly Policies that Build Productivity.” Wray’s 25-year career includes communications roles at Crain Communications, BMT Communications and Ziff-Davis Publishing.
Endnotes

21 “Retail’s Got What Millennials Want in a Career (They Just Don’t Know It Yet),” National Retail Federation, 2013.
61 “Why women still can’t have it all,” Anne-Marie Slaughter, The Atlantic, 2012.
72 “Table 1B: Employed persons by detailed industry, sex, race and Hispanic or Latino ethnicity,” 2012.

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