

BOARD

talk

KEY INSIGHTS FOR BUSINESS LEADERS

AUTUMN 2014

“This House believes that statutory proportionate gender representation in the Boardroom (quotas for women!) is an irrelevance.”

Another good-natured debate around whether a serious business issue should be allowed to find its own level – or WRM!



Devised & produced by

russam gms

interim • search • innovation

THE DEBATE

A debate held on Tuesday 3 June 2014 at the East India Club.

“This House believes that statutory proportionate gender representation in the Boardroom (quotas for women!) is an irrelevance.”

This was the third debate in our nine year old Russam NEDgroup Initiative –and we’ve always been able to choose sparky topics with authoritative speakers and lively, insightful, good-natured debate and this debate was no different.

The topic at our first debate was “This House believes that the Combined Code is not fit for purpose” which gave us the material for our submission to the FRC. The second was last year when our topic was “This House believes that NEDS do

not do enough for Company Profits.” As on these previous occasions, we had noise, serious thought and some laughter. We also hope alongside the serious review of traditional concepts, you spot in this issue of BOARDtalk some re-working of current beliefs and also some new thinking.

Rules of the house:

1. The time allotted to each speaker will be strictly observed.
2. The Chairman will signal the end of the allotted time for each speaker – and if delinquent in these duties, will be overridden by the touchline timekeeper.
3. No points of information or order from the floor will be taken during a speaker’s time.
4. Contributors from the floor will have a maximum of two minutes to make their point and are invited not to “advertise”.
5. The Chairman will decide upon whom to call from the floor.
6. Please ensure all electronic devices are switched off.
7. The Chairman’s word is final.

The house was invited to vote before and after the debate. The indicative vote before the debate showed a significant majority in favour of the motion. After listening to the arguments, and engaging with a high level of participation in the debate, minds were clearly changed. The final vote in effect reversing the proportions first seen. However entrenched views might be an optimistic construction would be that debate and discussion can change minds and mould new opinions.

	Indicative Vote	Final Vote
For the motion	62%	34%
Against the motion	34%	66%
Abstentions	4%	0%
Total	100%	100%

Devised and produced by

russam gms

THE DEBATERS

The Proposers



Gillian Wilmot

Gillian Wilmot's NED Board career includes Blackwells (retail), Land of Leather (retail) and Admiral (insurance). She writes and speaks on Leadership, Mentoring and the Boardroom and is the Founder & CEO of Board Mentoring which works with CEO's and Directors of leading UK and International companies. Gillian is the Winner of the 2014 NED Awards Unquoted/Private Equity category (Peel Hunt/Sunday Times) www.nedawards.co.uk and listed in the Cranfield 100 Women to Watch in the 2014 Female FTSE Report.

In 2013 she was appointed as NED and Chair of the Remuneration Committee at Nisa Retail, a £1.6bn grocery convenience group and at ELEXON, a company involved in the successful operation of Great Britain's electricity trading arrangement under the Balancing and Settlement Code (BSC). In 2012 she was appointed to the Industrial Development Advisory Board (IDAB) which advises UK Government on large commercial investment projects and gives robust independent business advice to Ministers.

Gillian is Vice Chair of IWF UK (International Women's Forum). Her executive career encompasses 30 years at leading companies and Brands including Marks & Spencer, Boots, Avon Cosmetics, Littlewoods and Royal Mail.

Gillian's early career as a Marketing Director included launching the award winning and highly profitable Next Directory in the late 80's and transforming the brand and profitability of Avon Cosmetics in the '90's. At Royal Mail in the early 2000's she was MD of Mail Markets and part of the team that kick-started the transformation and culture change of the business and its return to profitability. She has done two turnaround roles as a CEO and led buyout bids.



Louis Cooper

Louis Cooper is a Chartered Accountant and Executive Director at the Non-Executive Directors Association – www.nedaglobal.com. He is also the business owner at Risk & Control Services and an Associate at Magique Galileo Software Ltd. The Non-Executive Directors Association was established in 2006 to "represent Non-Executive Directors and ensure they are properly trained and developed." This includes training, recruitment, technical support on governance and remuneration issues and networking opportunities. Benefits of membership include legal updates and preferential rates for liability insurance. Understanding where the non-executive director fits into the corporate governance framework of a company is

important on a number of levels, especially for anyone thinking of becoming a NED, the newly appointed NED, the board looking at NED succession planning and individuals, such as company secretaries, whose tasks include assisting NEDs to fulfil their roles effectively.

The Opposers



Christine Tacon

Christine is a strategist who has delivered business turnaround. Her strengths are vision, change management and communication in both a commercial and a regulatory environment. Christine Tacon has a portfolio career combining her commercial expertise with her understanding of the food chain and the public sector. She is a Chartered Engineer with 12 years' experience in sales and marketing of fast moving consumer goods (Mars, Anchor and Vodafone) and ran the Co-operative Group's farming business, the largest in the UK, for 11 years until 2012. She was awarded a CBE for services to agriculture in 2004.

Current positions include:

- Non-executive Director of Anglia Farmers farm supply business
- Non-executive Director of the Met Office
- Member of DEFRA's Strategic Regulatory Scrutiny Panel, looking at future regulation
- Council member of Natural Environment Research Council
- Governor of Harper Adams University (which specialises in agribusiness)
- Member of the Business Advisory Board of Living with Environmental Change
- Chair of the BBC Rural Affairs Advisory Committee
- Member of the UKTI Environment and Water Sector Advisory Group
- Public Member of Network Rail

Christine was appointed the first Groceries Code Adjudicator in 2013 to oversee the implementation of the Groceries Supply Code of Practice between the 10 large grocery retailers and their direct suppliers (3 days/week). The role was reported in the press as "an impossible job but if anyone can do it Christine can", she has made a good start and can demonstrate improvements in behaviour already.

“Why are you people so threatened by a woman?” Said Geoffrey Clifton speaking to Count Laszlo de Almasy in the film The English Patient.



Ian Joseph

Ian Joseph is Managing Director and a joint owner of Russam GMS and heads up the Search and Trustees Unlimited Practices as well as the Not for Profit business. Prior to joining Russam GMS, Ian was a senior consultant for one of the UK's leading search firms where he worked on a range of high profile executive and non-executive roles including the Chief Executives of the RSPCA and National Autistic Society. He has been a member of various boards over the years and he has served on a number of committees including the Chief Executive Remuneration Committee of the RSPCA. He is a founding board member and Chief Executive of Trustees Unlimited (a joint venture with Bates Wells Braithwaite, Russam GMS and NCVO) and a founding trustee of Cyclopark, an Olympic legacy project and Europe's largest multi-event cycling facility.

Ian holds a Masters degree in Voluntary Sector Management from Cass Business School (City University) as well as the Certificate in Fundraising Practice, from his time in the sector. Ian is a Fellow of the RSA. He runs and cycles albeit not very fast these days. He enjoys spending time with his wife and his three sons and he has a long-standing interest in the study of theology.

THE CASE FOR THE MOTION & THE

After much reflection on exactly how to maximise the value of this important BOARDTalk publication, we decided NOT to try to tell the full story of the Debate – which might well look like something out of Hansard - but, instead, to recycle in as abbreviated a form as we could virtually all the points made from whatever direction they came from during the two hours of talking. With some light-touch editing and categorising, we seek to present a compilation of “things to think about” - issues that really matter to people seeking to do their best for their companies and their clients in this highly sensitive area. Gender warfare is not our bag - helping Directors to arrive at what is best for their businesses and their shareholders is.

SCENE SETTERS

- Why are we even having this debate in the 21st century?
- There are still, sadly, a number of men who have old fashioned notions that there is a place for women and it is not in the boardroom.
- We cannot ignore the politics and power which infuse the boardroom.
- Lack of progress is not about women's motivation, their aspiration nor their leadership capability. It is about culture.
- Whilst I have listened with great solemnity and whilst I applaud the well-constructed and thoughtful analysis, I think the great learning is misguided, the facts inconclusive and the conclusion flawed.
- Some women can be quite comfortable to pull up the ladder behind them, perhaps because they have been hanging out with the wrong men!
- I will admit that like a number of issues in life, I started thinking about this debate in a fairly agnostic way. My thinking on the issue was superficial and my convictions weak. As I have looked at the evidence and reflected, it has become clear to me, that a great injustice exists.
- Yet for each chosen women on boards there are many who network like mad, meet chairmen, drink endless coffee with head hunters, but never reach a shortlist most likely because search firms and boards are fishing in the “safe and familiar” pool.
- I have experienced the loneliness of the female executive, being the only female trainee and the only female director. I have never felt held back by being female.
- I have non-executive director roles but mostly public sector related because these are well advertised. I would welcome an invitation to sit on a PLC Board but as yet have had no success.

CULTURAL BARRIERS

- Women do not always see themselves as best placed to help other women.
- Experience of unpleasantness and cultural antagonism may mean many women opt-out.
- The old boy's network persists because it is easier to recruit in your own image. Senior women are not the primary role models for women lower down the organisation.
- Is there a myth that women lack general management experience and therefore need to reach the top through functional roles such as HR or Legal?
- This is not just a gender numbers game. It is about the richness of the board as a whole, the combined contribution of a group of people with different skills, perspectives and experiences, who together can consider issues in a different way to all male boards which often think the same way.
- Should women be expected to shoulder most of the responsibility for helping other women?
- Is there an anti-woman bias in the attitude of some men and some women?
- Women and men tend to be on different career trajectories.
- Do women need to reduce their sensitivity to failure?
- So if boards are seeking cohesion and “fit”, this could mean that men feel more comfortable with like-minded people and so recruit women (men in skirts) most like themselves?

- Quotas will not change culture. If men seek to support women, motives are often misread.
- Mens' behaviour is important.
- There is a need for more transparency in search and recruitment. Is that where the problem lies?
- Men seem to have a surprising inability to "MAN UP" on this issue. What does that tell us?
- It is simply not true that there aren't women good enough to sit on boards. Christine Lagarde apparently responds to such challenges by pulling out a list of 17 names!

“Why are we even having this debate in the 21st century?”

FRAMING SOLUTIONS

- Women should tap into their networks, access the skills of women, share their experience and mentor.
- We need a sea change to get a new breed of women on boards. With women being half the population the quota should be 50%, but to allow for boards with odd numbers, 40% is the usual compromise: it should of course be for both sexes. This will mean that more executives, CEOs and Chairmen will have to be female too!
- Quotas are being implemented across the EU. The EU itself is still deliberating over bringing in a 40% quota. Norway, Iceland and Ireland already have quotas. Germany and France will have quotas by 2016 and 2017.
- I have had to concede that quotas are a necessary evil as without them progress will be too slow, too conventional and businesses will suffer. I don't like quotas, but I like what they do.
- To resolve the issue at the boardroom level means dealing with the talent pipeline way down stream. I think we are wading in the shallows when we should be in the depths of the much deeper, profound and turbulent waters of talent generally – we need quotas at all levels!
- Better representation for women effectively requires cultural change not regulatory change.
- What about board directors from a broader list of backgrounds? Perhaps women could help with hands on experience in start-ups, early stage and entrepreneurial business rather than those who have only ever worked through a remote management hierarchy?
- Men can help the cause of women in the boardroom by demonstrating genuine trust and sponsoring female talent at all levels.
- Are senior women seen to manage their impact and refrain from typical female behaviour? Be courageous but not a scary Mary.
- Smart senior women are seen to champion other women but are careful not to be seen driving an agenda.
- Norway and others have for some years been pioneers, introducing quotas often in the face of hostility and it has worked for them. (Or has it? Ed.)
- Quotas are not ideal but they are a necessary catalyst to force change and because they are imperfect, there will be collateral damage. But if we are to seek a new order, then we must push forward.
- Ladies, of course we want and deserve, to get to the board on merit. But like the suffragettes, we are the generation that has to stand up for the principle. And when we get there, it is our duty to make sure the next generation is brought up through the ranks to get to the executive, as well as the non-executive positions on merit alone.
- Women at the top is a sign that women can achieve by being authentic.



SUMMING UP

Summing up from Barry Gamble and Duncan Swift

While our debate evening is now long past, the wider debate on this topic continues apace.

Many column inches continue to be devoted to the role of women within and without the boardroom. Recent academic research - "Breaking the glass ceiling" - the effect of board quotas on the female labour market outcomes in Norway, shows that over a decade on from the introduction of quotas for women on the boards of listed companies in this Scandinavian country the change achieved has not been wholesale.

While the number of women non executives on listed companies has been broadly compliant with the quota directive this has not been reflected at the executive level, at the women below board level or in unlisted companies. These conclusions might be surprising but serve to emphasise how difficult an issue this remains.

Other commentators have warned against specific programmes introduced to redress gender imbalance which may do more harm than good if they just tick the boxes.

Our debate did get to these issues and served to emphasise that much more needs to be done and we all have a role to play. The well-used mantra that too many boards are "male, pale and stale" remains as powerful as ever.

But perhaps we need to push against the stereotypes on a number of fronts? More diverse backgrounds, more women, more experience of start-ups, market disruption and entrepreneurial businesses might be where we need to be aiming?

When we set about writing this Paper, we thought that we'd conclude it with a list of Key Findings. We didn't. What we collectively thought was that legislation was the best way to kick-start a necessary and desirable process but once it had gained a serious grounding, legislation became unnecessary.

To this end, probably nearly all the points contained in this Paper have a part to play.

There was a sense from the debate that quotas with a sunset clause or subject to a formal review might well be needed to energise the process towards more women on boards. But if this just fills up the NED positions without more women executives then such a move could be flawed. If executive positions are to be prescribed then would it be necessary to make a distinction in company law between the executive director and the non-executive (or perhaps better described as supervisory).

Whether or not we have legislation prescriptive reporting requiring both qualitative and quantitative disclosure of progress was argued to be a powerful driver for change.



DATA FROM BOARDEX

... and we are grateful for their support on this matter!

BoardEx is the global leader in the emerging field of Relationship Capital Management.

Relationship capital is the sum of an organisation's connectivity to the marketplace, both directly and indirectly. Significantly, the BoardEx database tracks directors of public companies on a number of major exchanges around the world and significant private enterprises. For more information please visit their website. The BoardEx database contains biographical information on most board members and senior executives around the world. Approximately 25% of the individuals are currently serving on boards of companies and 75% are either board members or part of the C-Suite. These individuals are associated with over 800,000 global organizations. New leaders are being added continuously including over 100,000 new people annually representing turnover in key organisational roles in the world's largest companies.

**Tel - 020 7160 9600. Email - sales@boardex.com.
Website - www.boardex.com**

Without regard to the need for quotas, the debate emphasised the value of data, measuring and reporting progress. BoardEx has analysed the data from their database for mostly public companies in the US and Western Europe. The trend of female representation on boards varies significantly.

Over the last five years there has not been a significant shift in the US but Europe generally has made progress with the UK perhaps being not a leader. As might be expected, the Scandinavian countries, Norway, Sweden and Denmark, have made the most progress. Even this is not quite as it seems with board representation being much more focused on the non-executive component and more troubling still, the proportion of females below board room level is not shifting. Could try harder might be the conclusion of this school report.

