

Women still not sitting in many of region's board seats

Adding diversity helps company bottom line

By Joyce Gannon
 Pittsburgh Post-Gazette

Women hold nearly 17 percent of the board seats at publicly traded companies based in Pittsburgh or those that have significant operations in the region — about the same number as a year ago but still below national figures that hover around 19 percent.

The number of female board members at local companies — 16.9 percent compared with 17 percent last year — is bolstered by international firms such as Covestro, Siemens, Bayer and Royal Philips Electronics, all of which are headquartered in Europe where governments have recently instituted quotas that require companies to fill more seats with female directors.

Covestro, for instance, tops the Pittsburgh list this year with 5 women directors who account for 41.6 percent of its board. It is a Germany-based plastics and chemicals producer formerly known as Bayer MaterialScience and has its North American headquarters in Robinson.

When the foreign-based companies are excluded, the percentage of women on boards in the Pittsburgh region drops to 14.9 percent. And, just like last year, 8 companies still have all-male boards.

Besides providing greater gender diversity, research by McKinsey & Co., Credit Suisse and others has shown that adding women as directors can directly benefit a

company's bottom line. Catalyst, a New York-based nonprofit that has studied the issue since 2004, said companies with female board members — especially three women or more — have higher returns on sales and invested capital.

But years of attention to the issue have produced slow progress, and now more groups are actively working to change the situation.

Last month, Catalyst announced a new board mentoring initiative in the U.S. that pairs chief executives and board chairs with women who are candidates for boards. Participants include board chairs and CEOs from Colgate-Palmolive, Lockheed Martin, and Procter & Gamble.

And a couple of programs under way in Pittsburgh have begun trying to groom women for serving on corporate boards including a Board Ready Women Initiative sponsored by Deloitte LLP and an annual event held here last November as part of the national initiative 2020 Women on Boards.

A stubborn situation

Federal government statistics show women make up 47 percent of the total labor force in the U.S. and hold 52 percent of all management and professional jobs. Yet, "There's still a real dearth of women on corporate boards," said Catherine Tinsley, a professor of management at Georgetown University's McDonough School of Business and faculty director of the university's Women's Leadership Institute.

In a study she co-authored that examined more than 3,000 U.S.-based public firms, Ms. Tinsley found some companies tend to "gender-match" when they recruit new board members. "I found the biggest predictor of putting a woman on boards is if another woman just left," she said.

Rather than impose quotas, Ms. Tinsley supports limits to the number of terms an individual can serve and limits to the number of total boards on which individuals can serve.

"I think those two changes would go a really long way toward getting some fresh blood and I

SEE **WOMEN**, PAGE G-2
 think they would bring in more women," she said. "Even with a ton of will to

put women on boards, it won't happen if there's no turnover."

Other analysts and researchers offer a range of reasons why more women aren't getting board seats at U.S. public companies.

Among them: Women hold relatively few top executive jobs that would make them highly visible candidates; women lack mentors and sponsors to expose them to the right networks; women often take on more family responsibilities than men, which may limit their availability; and many smaller public companies don't feel pressure to change.

An April survey of 4,000 male and female directors worldwide by the WomenCorporateDirectors Foundation found that male directors believe there is a lack of qualified female candidates, while women believe diversity is not a priority in board recruiting.

In the same survey, 49 percent of female directors supported diversity quotas for boards compared with 9 percent of male directors.

While Heather Arnet, chief executive of the South Side-based Women and Girls Foundation, doesn't expect the U.S. to institute quotas to increase board diversity as European countries have, she noted, "Once the policies are in place, companies have no problem finding qualified, excellent women to serve on their boards."

Teaching women the job

Global accounting and consulting firm Deloitte selected Pittsburgh as the third location in the U.S. for its Board Ready Women Initiative, a three-part series of evening sessions held in January, March and May during which 30 female senior executives were briefed on topics such as financial oversight, business strategy, risk, and securities regulations.



Page 1 of 3

Their homework included compiling an updated resume and contacts who could help them obtain board spots.

After Deloitte held cohorts in New York and Seattle, Dmitri Shiry, Deloitte's Pittsburgh managing partner, said he aggressively pursued the firm to conduct the initiative here.

The participants were hand-picked based on their business leadership experience "and demonstrated prowess in the business, civic and nonprofit communities," he said. Many had experience as nonprofit directors, but there are distinct differences between a charity board and serving as a corporate director, said Mr. Shiry.

"In a nonprofit board room, you raise your hand and you write a check. In a for-profit board, they write the check. The oversight is different and, quite frankly, the level of fiduciary responsibility and implications are quite different."

Michele Fabrizi, president and chief executive of Station Square-based advertising agency Marc USA, who chaired the Deloitte program in Pittsburgh, said its goal is to not only prepare women to serve on for-profit boards but to "ensure that incumbent directors and men who are chief executives really become aware of highly capable women leaders we have."

Deloitte will convene a new group of women for the program in January.

Although she has served on a long list of nonprofit boards including the Pittsburgh Opera and The Andy Warhol Museum, Ms. Fabrizi has never been a corporate director. Privately held Marc has \$400 million in annual billings and 270 employees includ-

ing 170 in Pittsburgh.

"I wish I could say yes, but I haven't. Frankly, I think it's the nature of the base industries that were founded here in Pittsburgh: metals, energy and chemistry. Those areas historically have been men, but I think that's changing."

Getting advice from top executives

Last November, Pittsburgh was one of 19 cities nationwide to host a forum on board diversity organized by 2020 Women on Boards, a Boston-based initiative with a goal to increase the number of women on public company boards to 20 percent by the year 2020.

The half-day event at the Fairmont Pittsburgh hotel sold out with 130 attendees and will be expanded to a full day this November. Organizers hope to attract 300 people, said Christy Uffelman, a business coach and consultant who is serving as chair.

In addition to presentations by a panel of chief executives who will discuss how to speed up appointment of women to boards, men and women who are for-profit company directors will be on hand to facilitate smaller group conversations.

In advance of the main event, 2020 Women on Boards will sponsor three workshops beginning in September featuring a top corporate executive who will advise women on how to build their skills and networks to prepare for board membership.

Leroy Ball, chief executive of Downtown-based Koppers Holdings, a chemicals company that had \$1.6 billion in sales last year and has two women on its nine-member board, will host the first session.

Making progress

"Boards are looking for someone with substantive experience," said Laura Ellsworth, partner-in-charge of global community service initiatives for law firm Jones Day and a director at FNB Corp., a North Shore-based financial services company.

She is one of two women on the bank's 17-member board.

Her service on boards at a wide variety of charities including United Way, Magee-Womens Research Institute and Foundation, the Sen. John Heinz History Center and the Duquesne Club was "a wonderful precursor" to landing on a for-profit board, she said.

"The more you can demonstrate you've gotten your hands dirty and made strategic decisions, that demonstrated track record is what [for-profit] boards are looking for," she said, noting that it can take women 15 to 20 years to build a career resume that will get them noticed.

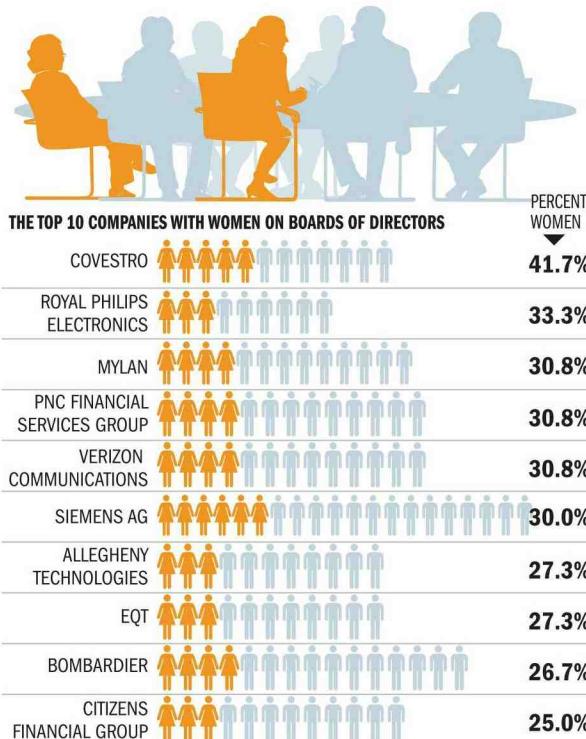
Although eight public companies in Pittsburgh still have no female board members, the region has made strides since a decade ago when only half of local publicly traded companies had female representation on their boards, said Ms. Arnet.

"If each of the eight companies that currently have zero added just one woman of excellence to their board, the overall average for would be 18 percent," she said. "So I think we're on track to be at 20 percent by 2020."

Joyce Gannon: jgannon@post-gazette.com or 412-263-1580.

Seating women at the table

The percentage of women on boards of Pittsburgh companies still trails the national average. Foreign-owned firms have higher rates overall of female directors.



FULL LIST

COMPANY	WOMEN	MEN	PERCENT WOMEN	COMPANY	WOMEN	MEN	PERCENT WOMEN
Covestro	5	12	41.7%	WesBanco	2	13	15.4%
Royal Philips Electronics	3	9	33.3%	First Energy	2	14	14.3%
Mylan	4	13	30.8%	First Niagara	2	14	14.3%
PNC Financial Services Group	4	13	30.8%	American Eagle Outfitters	1	7	14.3%
Verizon Communications	4	13	30.8%	ExOne	1	7	14.3%
Siemens AG	6	20	30.0%	Federated Investors	2	15	13.3%
Allegheny Technologies	3	11	27.3%	Kennametal	1	8	12.5%
EQT	3	11	27.3%	TreeHouse Foods	1	8	12.5%
Bombardier	4	15	26.7%	FNB	2	17	11.8%
Citizens Financial Group	3	12	25.0%	Ansys	1	9	11.1%
FedEx Corp.	3	12	25.0%	Calgon Carbon	1	9	11.1%
Lanxess	3	12	25.0%	Dick's Sporting Goods	1	9	11.1%
U.S. Steel	3	12	25.0%	GNC Holdings	1	9	11.1%
Koppers Holdings	2	9	22.2%	II-IV	1	9	11.1%
L.B. Foster	2	9	22.2%	Commercial National Financial	1	10	10.0%
MSA Safety	2	9	22.2%	Emerson Electric	1	10	10.0%
NiSource	2	9	22.2%	Matthews International	1	10	10.0%
Wesco International	2	9	22.2%	Bank of New York Mellon	1	11	9.1%
Eaton	3	14	21.4%	Supervalu	1	11	9.1%
Bayer	4	20	20.0%	Thermo Fisher Scientific	1	11	9.1%
Alcoa	3	15	20.0%	TriState Capital Holdings	1	12	8.3%
Dominion Resources	2	10	20.0%	AK Steel	1	13	7.7%
Kraft Heinz	2	10	20.0%	S&T Bancorp	1	14	7.1%
Northwest Bancorp	2	10	20.0%	Ampco-Pittsburgh	0	11	0.0%
PPG Industries	2	10	20.0%	Black Box	0	8	0.0%
Toshiba	2	10	20.0%	Consol Energy	0	10	0.0%
Range Resources	2	11	18.2%	Joy Global	0	9	0.0%
Comcast	2	12	16.7%	Rice Energy	0	8	0.0%
First Commonwealth Financial	2	12	16.7%	Universal Stainless & Alloy Products	0	5	0.0%
AmeriServ Financial	2	13	15.4%	Wabtec	0	10	0.0%
				WWS Financial	0	6	0.0%

Source: Bloomberg, companies

James Hilston/Post-Gazette