



THE LEADERSHIP FOUNDRY

ADVANCING WOMEN TO THE
CORPORATE BOARDROOM

Women Board Directors in Virginia and Washington, D.C.

Prepared by American University Kogod School of Business

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Prepared for:
Women in Technology

Prepared by American University Kogod School of Business:
Susanne Barakat, MBA/SIS 2011
Julie Bloecher, MBA 2010

Faculty Advisor:
Jill Klein

Edited by:
Marge Niedzwicz
Women in Technology

Introduction

Over time, it has become apparent that women in publicly traded companies are under-represented on their organizations' Boards of Directors. As the population of women in the workforce continues to increase, so should their ratio in upper level management positions and executive boards. Women in Technology (WIT), the premier organization contributing to the success of professional women in the Washington, D.C. area technology community, recognizes this disparity and is encouraging a more appropriate level of representation of women on area corporate boards.

To this end, WIT has commissioned a report by American University's Kogod School of Business titled, "Women Board Directors in Virginia and Washington, D.C." The initial 2010 research report includes an in-depth analysis of women board members from 172 publicly traded companies headquartered in the Washington metropolitan area. Some of the key findings include:

- Women hold 101 of the 1318 board seats from 160 Virginia-based public companies; 14 of 109 boards seats from 12 Washington, D.C. based public companies.
- Nearly 52 percent of companies in Washington, D.C. and Virginia have no women serving on their boards.
- 97 percent of these companies do not achieve the "critical mass" of three or more women board members.

Women in Technology expects that there will be continued growth in the number of women on corporate boards, and it is our intention to monitor this change through follow-up studies on an annual basis.

Special thanks are due to Jill Klein, Executive in Residence for the Department of Information Technology at American University's Kogod School of Business, and MBA students Susanne Barakat and Julie Bloecher who conducted the research for the 2010 report.



Nanci Schimizzi, WIT President



Kelly Harman, WIT President-Elect

Women in Technology (WIT) and The Leadership Foundry

WIT's mission is to advance women in technology from the classroom to the boardroom by providing advocacy, leadership development, networking, mentoring, and technology education. To prepare corporate executive women for the boardroom, WIT is launching a program called The Leadership Foundry. This program, managed by WIT's Corporate Board Committee, is designed for senior-level female executives in the corporate environment who are qualified and interested in joining a Board of Directors.

Beginning in January, 2011, The Leadership Foundry will provide networking and mentoring opportunities and intensive board training sessions. This will provide a way for women leaders to proactively seek board positions where they can contribute their knowledge and experience, build a personal brand, and enhance their careers. Through The Leadership Foundry, WIT plans to create a strong awareness of the lack of women's representation on corporate boards, encourage local organizations to support board diversity, and prepare more women for their first board service.

Before creating The Leadership Foundry, WIT sought information regarding the current representation of women on Boards of publicly traded companies headquartered in the greater Washington, D.C. area. Research was conducted by American University's Kogod School of Business on the state of women on Boards in Virginia and Washington, D.C. Using this research as a baseline, WIT will be able to measure the success of The Leadership Foundry in increasing the number of women serving on locally headquartered publicly traded companies. The success of the program will help WIT move closer to its vision of empowering women to be architects of change in all industries.

Background

Research has shown that women's representation on Boards of Directors can have a positive impact on the companies they represent. For example, one study shows empirical evidence that demonstrates a positive correlation between women and minorities serving on Boards of Directors and firms' values.

Another study reviewed the state of women's representation on Boards of Directors and identified the benefits that women bring to companies. They describe that women Board members:

- increase the diversity of opinions in the boardroom
- expand the range of strategic input available to the Board
- positively influence decision making and leadership styles of the organization
- provide female role models and mentors
- improve the image of companies with stakeholder groups
- ensure "better" Board room behavior

How does this growing evidence of the positive impacts to companies where women serve on Boards of Directors compare with the number of women actually serving?

The article “An Awesome Stat” presents the following figures of the percentage of women named to public company Boards in the US:

- **From 1994 to 2002** averaged in the low teens
- **In 2002** started to increase to the high teens
- **2003-2006** range from low teens to 20-25 percent of appointments
- **2007** Every quarter above 20 percent
- **2008** Average of 25 percent
- **2009** Reached 38 percent of all new appointments

While appointments of women to Boards may be increasing as a percentage of all new appointments, only 15.2 percent of all Fortune 500 Board seats are held by women. In fact, women are now represented on three-fourths of Fortune 1,000 Boards, but they constitute less than 11 percent of all Fortune 1,000 directorships.

How do these figures compare to the labor market in general? The US Department of Labor reports “women [in 2009] comprised 46.8 percent of the total U.S. labor force and are projected to account for 46.9 percent of the labor force in 2018.” They are also projected to account for “51.2 percent of the increase in total labor force growth between 2008 and 2018.” (US Department of Labor, 2010)

Despite the growing number of women entering the workforce, they still struggle to achieve parity with men, particularly in executive and Board Director positions. In fact, some data suggest that the presence of women on Boards may be somewhat overstated. Although women held 678 Board seats of US Fortune 500 companies in 2001, only 480 different women occupied the seats.

Ample evidence suggests that women not only are underrepresented on Boards, but can be capable of providing tangible benefits to firms willing to appoint them. Benefits accrue when companies appoint one woman to their Boards, and are even greater when female membership reaches a “critical mass,” which is three or more women. There are three positive effects on corporate governance to achieving critical mass:

1. Boardroom discussion is more likely to include the perspectives of the multiple stakeholders who affect and are affected by company performance, not only shareholders but also employees, customers, suppliers, and the community at large.
2. Difficult issues and problems are considerably less likely to be ignored or brushed aside, which results in better decision-making.
3. The Boardroom dynamic is more open and collaborative, which helps management listen to the Board’s concerns and take them to heart without defensiveness.

Interviews with these directors provide insight into how and why benefits may increase with the number of female Board members. With only one woman, interviewees expressed concern about being invisible and stereotyped, viewed as representing all women, and needing to work hard to be heard and included. With two women on the Board the experience improves, but the problems of stereotyping and lack of inclusion remain. At three, women are seen less as representing all women, feel free to raise more issues, and are more likely to be heard.

The Regional Outlook

Data compiled for the WIT study indicate that the current national state of women's Board representation—one characterized by gross underrepresentation—exists locally as well as nationally. This, in turn, suggests that significant opportunities exist for companies headquartered in Virginia and the District of Columbia willing to appoint female directors.

As noted above, women hold roughly 15 percent of Board seats at Fortune 500 companies and 11 percent at Fortune 1,000 companies. Data for publicly-traded companies in Virginia and Washington, D.C., reveal an even worse situation: out of the 1318 Board seats of the 160 public companies headquartered in Virginia, women hold 101 (7.7 percent). Data for Washington, D.C., paint a somewhat brighter picture, but are taken from a much smaller sample size. Here, women hold 14 of the 109 Board seats of the 12 public companies (12.8 percent).

If appointing women to Boards results in positive financial benefits, the fact that Virginia and D.C. companies report lower than Fortune 500 averages in female Board membership suggests that local companies may be forfeiting their competitive advantage. As professionals living and working in this area, we should be concerned about this significant potential disadvantage. As women, we can help these companies in two ways. Collectively, we can support Board representation by women; individually, we can actively pursue and accept Board positions.

A tangible step that women can take is to develop strong networks and alliances that will support their promotion as directors. Networking with other women and participating in organizations that provide that opportunity are positive ways that women can not only build contacts but also increase their knowledge and develop their personal brands. One such organization in the Washington, D.C. metropolitan area that offers this opportunity is Women in Technology and The Leadership Foundry.

Methodology

This report includes 172 public companies headquartered in Virginia (160) and Washington, D.C. (12) that are listed on the major stock exchanges (AMEX, NY, and NASDAQ). Company lists were produced using the Dun and Bradstreet Million Dollar Database, which provided company contact information, industry classification codes from the North American Industry Classification System (NAICS), annual sales, number of employees, and other data. Board member information was obtained using company websites and annual reports, Edgar Online, Forbes.com Corporate Executives and Directors database, Business Week List of Public Companies Worldwide, Thomson One, and Hoover's. All data retrieved was based on the latest data available between July 1 and August 1, 2010.

Data collected at the company level included:

- Total number of Board members
- Number of women serving on the Board

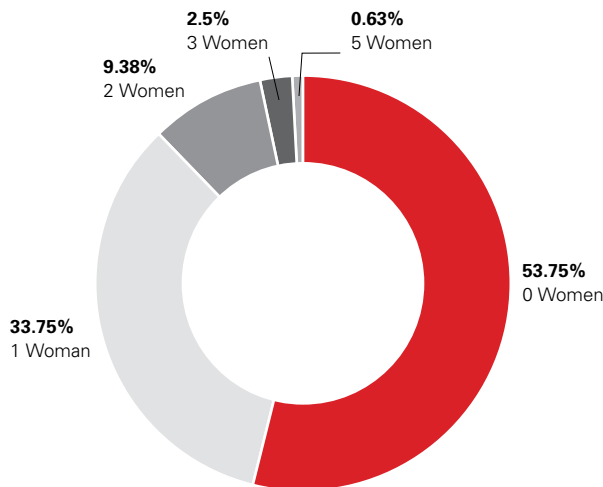
Data collected about women serving on Boards included:

- Name of individual
- Title (current or former)
- Company (current or former)
- Number of years served on Board
- Board compensation
- Age
- Education completed
- Current geography (city, state, country)
- Other relevant information from individual's bio

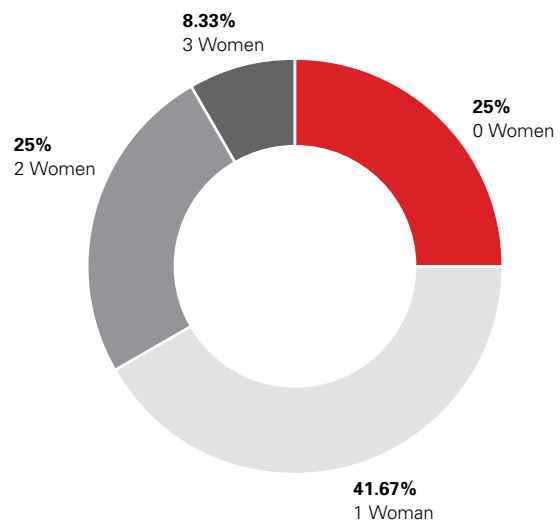
2010 Executive Summary of Key Findings

VIRGINIA	WASHINGTON, D.C.
Women hold 101 of the 1318 Board seats of the 160 public companies headquartered in Virginia (VA), which is 7.66%.	Women hold 14 of the 109 Board seats of the 12 public companies headquartered in the District of Columbia (D.C.), which is 12.84%.
Women fill 20% or more of the Board seats in 12 companies, which is 7.5% of all VA companies.	Women fill 20% or more of the Board seats in two companies, which is 14.29% of all D.C. companies.
Eighty-six (53.75%) companies have ZERO women on their corporate Boards of directors.	Three (25%) companies have ZERO women on their corporate Boards of directors.
Fifty-four (33.75%) have one (1) woman on their corporate Boards of directors.	Five (41.67%) companies have one (1) woman on their corporate Boards of directors.
Fifteen (9.38%) have two (2) women on their corporate Boards of directors.	Three (25%) companies have two (2) women on their corporate Boards of directors.
Four companies (2.5%) have three (3) women on their corporate Boards of directors.	One (8.33%) company has three (3) women on its corporate Board of Directors. That company is Pepco Holdings, Inc.
One company (0.63%) has five (5) women on its corporate Board of Directors. That company is CNB Bancorp.	

Percent of Women on Board of Directors in Virginia



Percent of Women on Board of Directors in Washington, D.C.



Industry Data

Virginia's largest industry sectors by percent women directors include Arts, Entertainment, & Recreation and Health Care & Social Assistance (see chart below).

D.C.'s largest industry sectors by percent women directors include Utilities and Professional, Scientific, & Technical Services (see chart below).

The industries with the largest number of women serving on Boards of directors include Finance and Insurance, Information, and Manufacturing (see chart below).

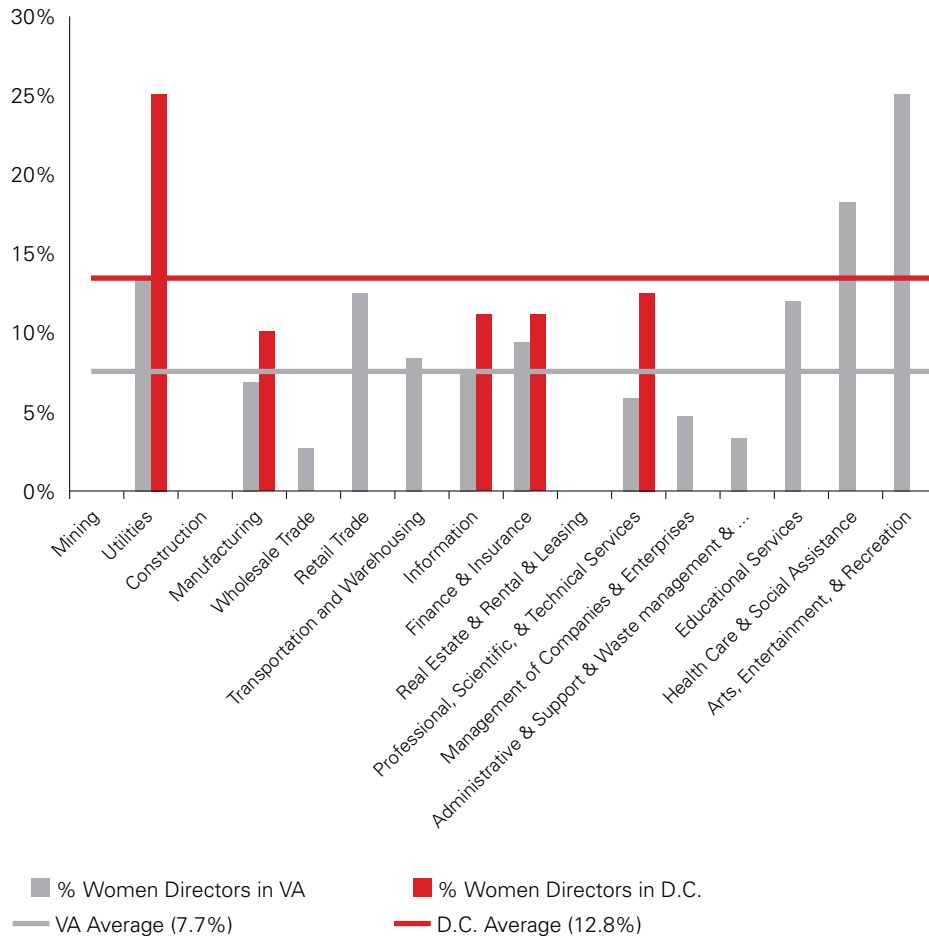
The industries with the largest number of women serving on Boards of directors include Utilities and Finance and Insurance (see chart below).

The industries with the fewest number of women serving on Boards of directors include Real Estate & Rental & Leasing, Construction, and Mining (see chart below).

The industries with the fewest number of women serving on Boards of directors include Manufacturing and Administrative & Support & Waste Management & Remediation Services (see chart below).

Industry	No. of Women Directors in VA	% Women Directors in VA	No. of Women Directors in D.C.	% Women Directors in D.C.
Mining	0	0.00%	-	-
Utilities	4	13.33%	5	25.00%
Construction	0	0.00%	-	-
Manufacturing	13	6.84%	1	10.00%
Wholesale Trade	1	2.56%	-	-
Retail Trade	7	12.50%	-	-
Transportation and Warehousing	1	8.33%	-	-
Information	13	7.78%	3	11.11%
Finance & Insurance	43	9.27%	4	11.11%
Real Estate & Rental & Leasing	0	0.00%	-	-
Professional, Scientific, & Technical Services	9	5.77%	1	12.50%
Management of Companies & Enterprises	1	4.76%	-	-
Administrative & Support & Waste management & Remediation Services	2	3.39%	0	0.00%
Educational Services	3	12.00%	-	-
Health Care & Social Assistance	2	18.18%	-	-
Arts, Entertainment, & Recreation	2	25.00%	-	-

Women on Boards by Industry

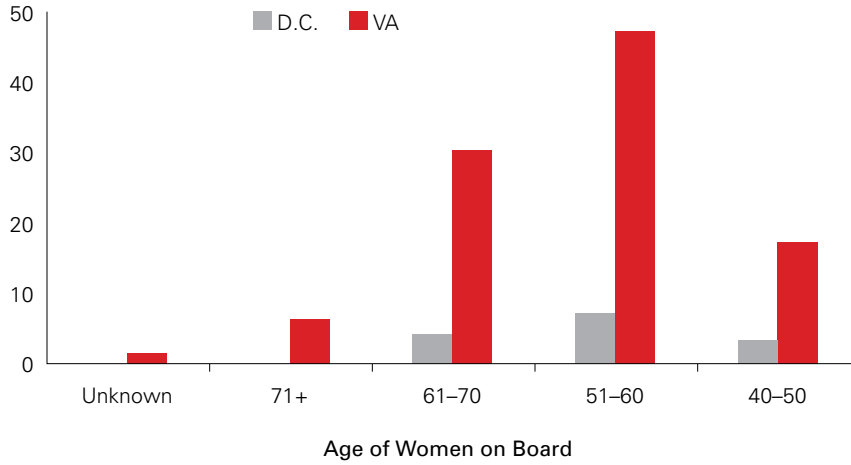


It is important to keep in mind though percentages may indicate a relatively high percent of women directors, the data hinges upon the number of public companies in both Virginia and D.C. and the total number of Board of Directors. Below is a chart with the compilation of number of companies by industry in both Virginia and D.C.

Industry	No. of Companies in VA	No. of Companies in D.C.
Mining	3	0
Utilities	3	2
Construction	2	0
Manufacturing	25	1
Wholesale Trade	4	0
Retail Trade	7	0
Transportation and Warehousing	1	0
Information	25	4
Finance & Insurance	48	3
Real Estate & Rental & Leasing	5	0
Professional, Scientific, & Technical Services	21	1
Management of Companies & Enterprises	2	0
Administrative & Support & Waste management & Remediation Services	8	1
Educational Services	3	0
Health Care & Social Assistance	2	0
Arts, Entertainment, & Recreation	1	0

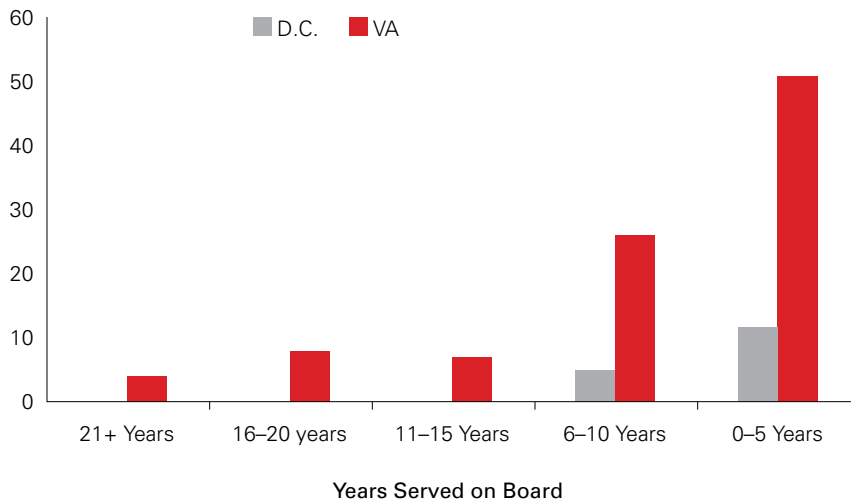
Age of Women on Boards of Directors

The average age of women directors in both D.C. and Virginia is 56.8. Below is the breakdown of age in female directors in D.C. and Virginia, respectively.



Number of Years Women Have Served on Boards of Directors

The average time served on a Board for women in both D.C. and Virginia is 6.8 years. Below is the breakdown of time served for female directors in D.C. and VA, respectively.



Conclusion

In 2010, WIT commissioned this research for the first time, and it is their intention to update the information on an annual basis. These updates will enable WIT to track the progress of women from year to year in Virginia and Washington, D.C.

Our findings indicate some improvement since 1994 in the representation of women on Boards of directors nationally, though progress has been slow. In Virginia and Washington, D.C., measures of representation relative to those described in the 2010 Catalyst report are mixed, but it is clear that local companies have much room for improvement. Some key facts from this research show:

- Nearly 52% of companies in Virginia and Washington, D.C., have no women serving on their Boards
- For companies that have one woman director, these women represent only 12% of the total Board composition—that equates to one out of nine directors represented by a woman
- 97% of Virginia and Washington, D.C., companies do not achieve the “critical mass” of three or more women Board members

Given the large number of women professionals in the Washington metropolitan area, many of whom are in management positions, Board representation by women appears significantly lower than what would be expected. WIT has a key advocacy role to play to make a difference in this area. Their task is challenging: to ensure that local companies are not only aware but are actively working to increase the number of women on their Boards of Directors through The Leadership Foundry.

Contact Information

For further information on Women in Technology and The Leadership Foundry, please see www.womenintechnology.org or contact Vicki Warker at v.warker@comcast.net.

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Andrea Kallies, Graphics, Women in Technology Corporate Board Committee

Jill Klein, Executive in Residence at American University's Kogod School of Business

Marge Niedzwicz, Editor, Women in Technology Corporate Board Committee

Vicki Warker, Chair, Women in Technology Corporate Board Committee

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