

## THE SUPPLY PROBLEM MYTH: FORTUNE 500 BOARDS

**MYTH:** There are too few women ready to serve on *Fortune* 500 boards.

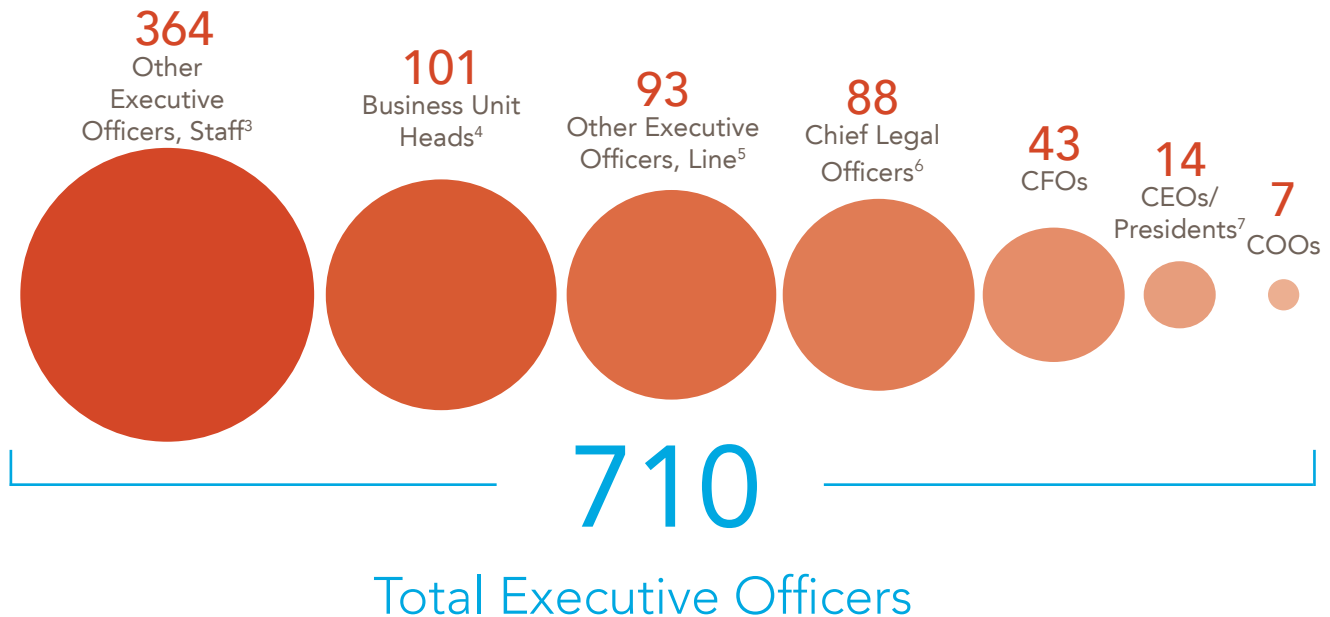
**REALITY:** There is no supply problem. Hundreds of women are available from just a single pool of qualified Executive Officers.

The corporate gender leadership gap is a common problem plaguing many workplaces in the United States. Contrary to popular belief, this disparity—women make up 47 percent of the workforce, yet only hold 16 percent of *Fortune* 500 board seats—is not driven by a shortage of women qualified for board service.<sup>1</sup>

A closer examination of just one source of potential directors—active Executive Officers of *Fortune* 500 companies—illustrates that the supply problem is a myth. Hundreds of skilled women currently hold officer positions at *Fortune* 500 companies.<sup>2</sup>

### A Strong Supply of Candidates Exists

**POOL OF POTENTIAL DIRECTORS:**  
2011 FORTUNE 500 WOMEN EXECUTIVE OFFICERS



Granted, all 710 women Executive Officers may not be available for board service immediately. For example, some may have employer- or board-imposed restrictions on board service, while others may not have the time to join their first or an additional board.<sup>8</sup> However, the *full* pool of qualified candidates is vastly larger. The 710 active *Fortune* 500 women Executive Officers represent just one source of potential nominees.

Thanks to globalization, boards regularly seek directors with international experience and expertise.<sup>9</sup> Considering women in top leadership positions at companies in just four additional countries (Australia, Canada, Great Britain, and Israel) further increases the pool of potential women directors to well over 2,000 candidates.<sup>10</sup> In addition to active executives, many directors serve after retirement or have distinguished careers from non-corporate paths, such as academia, public service, or professional services firms.<sup>11</sup> Taking into account international and nontraditional sources, the pool of potential women directors expands into the thousands.

## Saying There Are No Qualified Women Is Not a Valid Justification

Despite the deep domestic and international pools of potential women directors, there are still 56 *Fortune* 500 companies governed by all-male boards.<sup>12</sup> Companies that struggle to find women to join their boards need to establish or take stock of their board succession-planning processes.<sup>13</sup> Effective succession planning includes a review of director recruitment criteria. When boards specify the key competencies, knowledge, and abilities they desire in a director, they will find an ample supply of highly qualified women.



### AUSTRALIA

# 104

Active Women Executive Key Management Personnel from ASX 200 Index Companies



### CANADA

# 799

Active Women Senior Officers from *Financial Post* 500 Companies



### GREAT BRITAIN

# 523

Active Women Senior Executives from FTSE 350 Index Companies



### ISRAEL

# 170

Active Women Executives from Tel Aviv 100 Index Companies

The findings, views, and recommendations expressed in Catalyst reports are not prepared by, are not the responsibility of, and do not necessarily reflect the views of the funding organizations.

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- 1 Bureau of Labor Statistics, 2011 Current Population Survey, "Employment status of the civilian noninstitutional population by age, sex, and race;" Rachel Soares, Baye Cobb, Ellen Lebow, Allyson Regis, Hannah Winsten, and Veronica Wojnas, *2011 Catalyst Census: Fortune 500 Women Board Directors* (Catalyst, 2011).
  - 2 Analysis is based on data from the *2011 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners*. When Executive Officers held multiple titles, they were classified into a single title category to prevent an officer from being counted multiple times.
  - 3 "Other Executive Officers, Staff" are those officers serving in staff functions, which support the business operations. Examples of titles held by these officers include Chief Human Resources Officer, Chief Information Officer, and Corporate Secretary.
  - 4 "Business Unit Heads" have leadership responsibility for a subsidiary, business stream, or region of a company. Examples of titles and functions held by these officers include CEO of Europe, Middle East, and Africa; SVP of Business Solutions and Services Sector; and President of Merchandising.
  - 5 "Other Executive Officers, Line" are those officers serving in line functions, which are responsible for profit and loss. Examples of titles held by these officers include Chief Marketing Officer; EVP of Sales; and Director of Development.
  - 6 "Chief Legal Officer" represents the highest legal position included in the list of Executive Officers. Examples of additional titles held by these officers include General Counsel and VP of Legal Affairs.
  - 7 "CEOs/Presidents" are those officers that serve as leaders of the entire *Fortune 500* company. Executive Officers with the title of CEO or President in charge of a subsidiary, business stream, or region were categorized as Business Unit Heads.
  - 8 Spencer Stuart, *2011 Spencer Stuart Board Index* (2011).
  - 9 Spencer Stuart.
  - 10 Countries were included in this report based on the availability of reliable data about women's representation in top leadership positions. Catalyst, *The Supply Problem Myth: Financial Post 500 Boards* (2012); Susan Vinnicombe, Ruth Sealy, Jacey Graham, and Elena Doldor, *The Female FTSE Board Report 2010: Opening Up The Appointment Process* (International Centre for Women Leaders, Cranfield School of Management, 2010); The Strauss Group and Israel Women's Network, *The Catalyst Research Study in Israel: Women Leading Business: The 2010 Israeli Census Report on Women's Representation in Tel Aviv 100 Index Companies* (2011); Equal Opportunity for Women in the Workplace Agency, *EOWA 2010 Australian Census of Women in Leadership* (2010).
  - 11 Spencer Stuart; Unpublished data, Soares, Cobb, Lebow, Regis, Winsten, and Wojnas.
  - 12 Rachel Soares, Baye Cobb, Ellen Lebow, Allyson Regis, Hannah Winsten, and Veronica Wojnas, *2011 Catalyst Census: Fortune 500 Appendix 3—Companies with Zero Women Directors* (Catalyst, 2011).
  - 13 Heidrick & Struggles and Stanford University's Rock Center for Corporate Governance, *2011 Corporate Board of Directors Survey* (2011); Spencer Stuart.