



Women and Men in Canadian Capital Markets: *An Action Plan for Gender Diversity*



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About Women in Capital Markets

Women in Capital Markets (WCM) is a non-profit organization that promotes the entry, advancement and development of female leaders in business, fosters accountability for diversity and positive change in the industry and recognizes leaders who have contributed significantly to the advancement of women in the capital markets. Research consistently demonstrates that stronger performance is highly correlated to workplace diversity, yet the lack of role models, mentors and accessible networks remain barriers to the advancement for women in the capital markets. WCM's innovative programming offers its members diverse and creative opportunities for networking, personal and professional development, mentoring and coaching along every step of their careers. These initiatives and programs, together with this benchmarking report, represent the cornerstone of WCM's mandate to attract, retain and advance women in the capital markets. In today's challenging economic business environment, it is more important than ever to have strong diversity in the workplace and an established resource to enable women to achieve their professional potential.

Women and Men in Canadian Capital Markets: *An Action Plan for Gender Diversity*

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WOMEN AND MEN IN CANADIAN CAPITAL MARKETS: AN ACTION PLAN FOR GENDER DIVERSITY

In October 2011, Catalyst and Women in Capital Markets (WCM) held discussions with nearly 100 men and women across six of the largest banks in the Canadian Capital Markets to explore the ongoing gender gap at all levels and in all divisions, and what potential interventions from other regions and industries could inform the industry's practices. In conversations with four different groups—Vice President (VP) and Director level women; VP and Director level men; Talent and Diversity Managers; and Group Heads and CEOs¹—there were many encouraging insights. For example:

- Women describe their careers as exciting and dynamic, just as men do.
- Senior leaders are deeply concerned with better retaining women in the Capital Markets industry, and they feel a responsibility to make sure talented women—and men—are not overlooked.
- Both men and women acknowledge that there is a need to expose women to the industry earlier and more deeply to interest them in building careers in Capital Markets.
- The vast majority of men at all levels agree that the industry can benefit from a representative balance of the best and brightest women.

Yet there are also striking differences in how these professionals describe both the work culture and the underrepresentation of women. Based on our conversations, there are disconnects between senior leaders and professionals in terms of the commitment—or lack thereof—to not only gender diversity, but also career development and people management. Moreover, there is a gap between Human Resources (HR) intentions to foster diversity and talent management and how HR policies are understood by both men and women professionals. The majority of men at all levels are able to point to sponsors who have supported their careers, while women struggle to identify sponsors or mentors who help them successfully navigate their careers in Capital Markets. Subtle yet repercussive assumptions

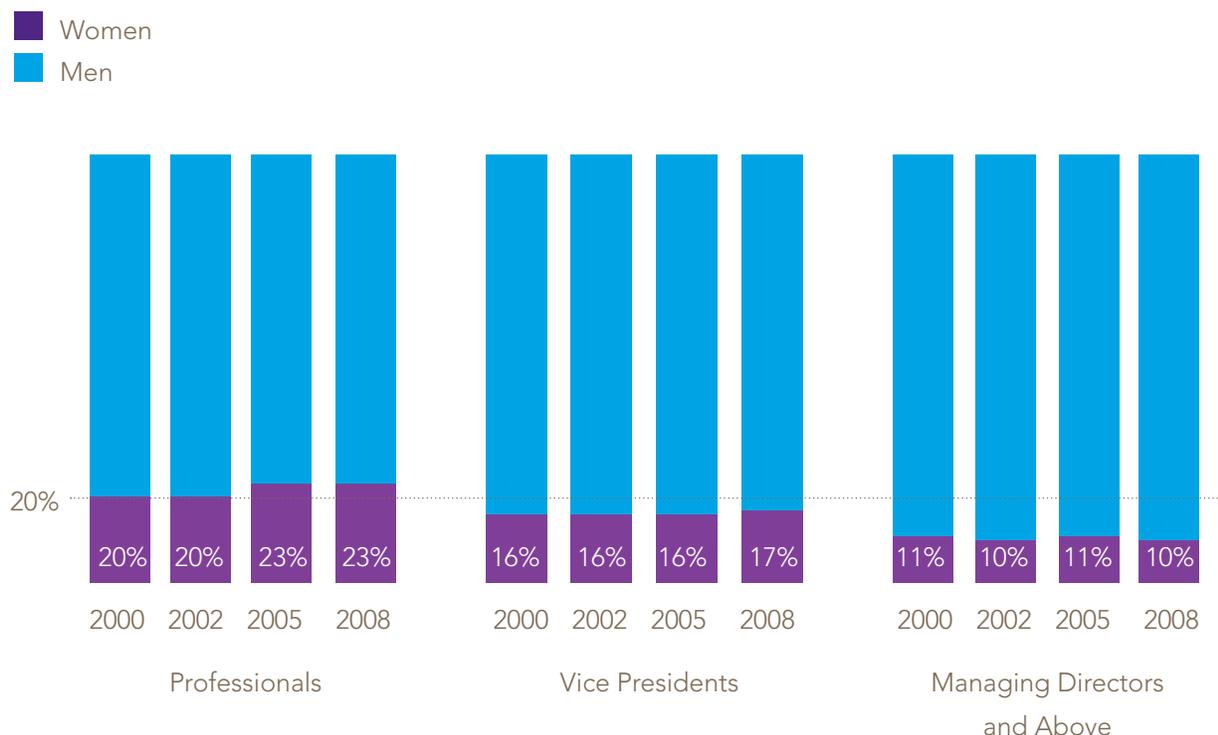
about women's commitment and abilities were implicit in conversations regarding hiring and appraisals.

These differences matter. There is a cost to team performance, client relationships, and the bottom line when professionals, leaders, and talent managers do not operate cohesively. When women are underrepresented at senior levels, it indicates that the work culture is inconsistent with the values of a meritocracy, and opportunities are lost. Addressing this issue is an opportunity to maximize the intake of the best talent, increase retention and productivity of both women and men, and promote long-term business success. There are tremendous rewards in creating a gender-diverse, transparent industry with engaged people and leaders.²

- Increase in pool of qualified and enthusiastic women.
- Better retention and a decrease in turnover for all professionals.
- Diversity of thought and innovation.
- Better sustainability.
- Higher results and profitability.

The industry faces serious challenges to achieving peak business and talent results. In addition to those described above, Capital Markets data show that women are just a fraction of the industry, with virtually no gains in the past decade. In 2000, the seven largest financial dealers commissioned Catalyst and Women in Capital Markets to examine the proportion of women investment dealers across levels.³ From 2000 to 2008, the industry experienced record growth, but women held less than a quarter of professional positions (23%) as Analysts and Associates or Assistants and Branch Administrators, and they held just 17% of Vice President/Director positions and only 10% of positions at Managing Director and above.⁴ Moreover, men held 83% of profit-and-loss roles.⁵

Overall Women's Representation in Capital Markets by Level, Excluding Administrators: 2000 to 2008



Source: Catalyst's Report to Women in Capital Markets: Benchmarking 2008 (Catalyst, 2009).

These low figures are disappointing given that in 2008, women earned over half (53%) of degrees in business, management and public administration and averaged one-third (34.5%) of MBA graduates in Canada.⁶ More broadly, according to Statistics Canada, women comprise the majority of workers in finance and insurance (62%).⁷ This demonstrates that the industry is not maximizing the potential pool of talent and that it is missing a significant opportunity to increase profitability, diversity of thought, and sustainability.

Creating a breakthrough requires intentionality. We urge leaders, talent managers, and professionals to renew action plans to close gaps. Incremental

changes, such as a stronger focus on diverse recruitment and placement, have occurred in Capital Markets, but much more needs to be addressed. In this guide, we will explore the gaps and provide concrete recommendations and innovative company practices in four areas: attraction and recruitment, advancement and retention, work-life effectiveness, and leadership accountability. The practices include industries such as finance, management consulting, law, and accounting, as well as those within Canadian Capital Markets. These solutions are powerful, yet it is imperative that each bank—and the Capital Markets industry as a whole—create a unique plan suited to its organizational culture that will make significant and lasting change.

EXECUTIVE SUMMARY

In this guide you will learn what Capital Markets professionals perceive as some of the biggest challenges to gender diversity and to a work culture and leadership that is inclusive and rewarding for both women and men. Actionable advice will help you plan to overcome these challenges.

PART 1 discusses how to attract and recruit more women into Capital Markets. The industry is attracting more female candidates than ever before, but there is the potential to capture many more women who have been missed. Four issues contribute to this:

1. Women are not exposed to career paths in Capital Markets as early or as often as men.
2. Capital Markets is often perceived to have a boorish, exclusive male culture, and many assume that it is impossible to be successful and maintain a personal life in the industry.
3. The recruitment process reinforces misconceptions with informal evaluation and selection methods which favour men over women.
4. Some within the industry assume that women are not committed to long-term careers and that they are, therefore, not worth the investment.

PART 2 explores the experiences of women in a male-dominated culture. One very positive finding is that despite the perception of the industry as boorish, women enjoy their jobs and do not describe their workplaces as inhospitable. However some women describe the culture as lonely and are conscious of being the sole woman on their teams. Informal networks play an extremely important role in career advancement, and women have less access to these networks and thus fewer sponsors, mentors, and visibility. Furthermore, stereotypes that women lack initiative, are too risk-averse, or have insufficient “grit” can harm women’s advancement and/or require them to adapt exceedingly aggressive behaviours in order to be successful. In addition to these stereotypes, unproven assumptions that women

choose to leave because of family commitments can lead to a cycle in which managers invest less in women. Structurally, informal work culture dynamics are compounded by weakly enforced development and performance appraisals. While many banks have world-class talent development programs, these programs do not always cross over to support professionals on the Capital Markets side, creating an unfortunate gap between the businesses and HR.

PART 3 tackles the charged issue of work-life effectiveness. The Capital Markets industry is fast-paced and intense, focused on client service as a prerequisite for strong financial performance. The “always on” work environment is steeped in traditions of face-time, hierarchy, and heavy workloads. Yet high turnover rates in some areas of the business and the growing need of employees to more effectively manage work and personal responsibilities demonstrate that this environment is unsustainable. Recognizing that attracting, advancing, and retaining top talent is a key competitive differentiator, the industry must develop work norms focused on effectiveness, shunning current behaviours which fall anything short of creating a work environment in which all can thrive. This requires the creation of a results-oriented work environment where what gets done is more important than how and when it gets done, along with standardized flexibility and maternity leave policies. The Capital Markets industry of tomorrow encourages women to announce their pregnancy and take leave without risk of losing their jobs or positions. It provides a platform for men and women to request flexibility without career repercussions. It moves away from a male-dominated, “badge of honour” culture immersed in face-time and unsustainable expectations toward one grounded in respect for employee needs and life stages that ultimately results in a fully productive workforce.

PART 4 discusses leadership behaviour and enforcing accountability for gender diversity. In the Canadian Capital Markets industry, revenue drives behaviour and poor people management may be overlooked in the face of strong revenue results. The industry has not yet successfully capitalized on the

benefits of diversity. While there is a desire among leaders to know and do more on these issues, gaps exist in leaders' understanding of the business case for diversity and in how they hold others accountable for inclusion and people management. Leaders must communicate the vital link between diversity and

In terms of interventions to address the above issues, Capital Markets leaders at each bank must develop a customized action plan to:

- 1. Actively promote the industry to a broader pool of women and establish gender-neutral recruitment and selection methods.** Build awareness and promote the benefits of a career in Capital Markets for women through informal relationships, traditional media channels, and partnerships with universities. Make sure that hiring teams from the businesses include women and are trained to recognize potential unconscious biases in decision-making. Hold the lines of business accountable for consistent recruitment approaches. Target women for internships, hold networking sessions that connect women with mentors in the industry and highlight women role models, and support schools that provide a strong pipeline of women candidates.
- 2. Generate buy-in for the business case for gender diversity among all employees.** There is a cost when women are underrepresented at senior levels, and there are tremendous rewards to be gained by creating a gender-diverse and inclusive industry with engaged employees and intentional leaders, including diversity of thought, higher engagement, retention, and profitability.
- 3. Test assumptions about women's abilities or commitments to their careers.** Examine the data to counteract perceptions about women's commitment, ambitions, or intent to build a career in Capital Markets. Challenge myths about women, such as that work-life effectiveness is their primary concern; they don't enjoy the hard work involved in Capital Markets; or that they are less interested in their careers.
- 4. Inject extra scrutiny at critical junctures—such as hiring decisions, coveted assignments, promotions, Managing Director (MD) selection—to reduce the potential for unconscious stereotyping and to ensure that women get their fair share of opportunities to be tested and trusted.** Implement strategies to develop and advance high-potential women, placing them on high-profile accounts and assignments. Assign someone to formally challenge stereotypes during decision-making meetings, and make sure these meetings include women and men.
- 5. Adopt a “zero tolerance” stance toward poor people management.** Set workforce goals and hard targets that focus on merit-based advancement. Hold individuals accountable for talent results and insist leaders develop their talent stewardship, sponsorship, and mentorship skills.

business success. They must also exhibit inclusive, intentional leadership, acting as champions for diversity of all types, challenging stereotypes or assumptions, and role modeling expected behaviors. Intentional leaders are deliberate about breaking through barriers and invest time in getting to know

all of their talent; they tie inclusion to leadership, diversity and people performance to overall performance, and set targets that keep managers and others accountable for strong and inclusive people management.

6. **Invite men at all levels to co-develop your strategy.** Get men's perspectives and participation for buy-in, co-ownership, and lasting success. Be sure not to make efforts exclusionary to men and recognize that when women benefit, everyone benefits. Increase men's awareness and trust to advocate for women in leadership positions.
7. **Get to know your female talent and demonstrate your investment in high-potential women with relationships, programs, and networks.** Offer sponsorship and mentoring programs, and supplement these by bolstering support for women's networks. Encourage relationships between senior executives and high-potential women in which they can communicate openly and share experiences.
8. **Engage senior leaders as role models for work-life effectiveness and valuing results over face-time and long hours.** Optimize team-based work processes that meet high performance industry standards and employees' peak performance and life needs.
9. **Recognize the high cost of turnover and implement career path flexibility as a core tool for retaining top talent.** Respect employees' personal and parental responsibilities and needs, and develop progressive and standardized leave policies. Stay connected to women on career breaks and create pathways for them to re-enter the industry.
10. **Monitor advancement and fall-offs in women's representation at all levels to create a true meritocracy.** Examine representation, promotion, and engagement levels and commit to a deeper understanding of voluntary attrition rates among men and women.
11. **Emphasize that intentionality on the part of leaders is essential to improvements in diversity and inclusion.** Position women in leadership as a pressing business activity, continually challenge assumptions, and resolutely advocate for women at the decision-making table.

PART 1: ATTRACTION AND RECRUITMENT



INSIGHTS FROM ROUNDTABLES

At a Glance:

- The industry is attracting more female candidates than ever before, yet there is potential to capture many more women.
- Women are not exposed to career paths in Capital Markets as early or as often as men.
- The industry must combat its image as a boorish, exclusive male culture.
- The industry must also combat the deeply rooted perception that it is impossible to be successful and maintain a personal life in the industry.
- The recruitment process reinforces misconceptions with informal evaluation and selection methods which favour men over women.
- Attraction and on-ramping of more senior women is seen as impossible, which may fuel the perception that women do not stay in the industry long-term.

Exciting. Entrepreneurial. Challenging. Rewarding. Fun. These are some of the ways that women describe their work in the Capital Markets industry. Men use the very same terms, and in fact Capital Markets professionals express satisfaction in working in a dynamic, fast-paced industry with ample career opportunities.

The Canadian Capital Markets industry has made significant efforts to recruit more women in recent years, both by establishing a presence on campuses to educate women on industry roles and by creating awareness among hiring teams to ensure they do not overlook the best women candidates. Some organizations and banks offer scholarships for top-performing women MBAs. As a result, talent managers purport that women are a growing segment of professionals in the pipeline.

Despite recent efforts, only one in five industry professionals in Capital Markets is a woman. Far below critical mass, in 2008 women made up less than one-quarter of Capital Markets entry-level professionals, less than one-fifth of VPs, and a scant one of every ten MDs.⁸ In fact, between 2000 and 2008, the proportion of women decreased in some divisions of the industry.⁹ Why do women continue

to be underrepresented in the Capital Markets pipeline? There are four primary issues that keep talented women from the industry: 1) lack of early exposure to Capital Markets as a career path; 2) the image of the industry as a boorish, male culture; 3) a recruitment process that relies on informal networking and ill-defined criteria that favour men; and 4) assumptions that women are not committed to long-term careers within the industry and that they are, therefore, not worth the investment.

From the very start, women are not exposed to career paths in Capital Markets as early or as often as men. Overall, many men and women MBAs choose career pathways other than Finance. However, men in roundtables discussed being exposed to this career track earlier and more deeply than women through personal networks. Many men learn about potential Capital Markets roles as undergraduates and even in childhood, when fathers and male relatives are more likely to pass traditions related to the market down to their sons. This exposure continues throughout the schooling years as men are more heavily concentrated in math and engineering fields, where they have a greater opportunity to encounter role models in the industry. Women, on the other hand, are not likely to come across the field or to learn about Capital

Markets roles until later, and this exposure is more likely to occur in formal settings (i.e., recruitment information sessions) than from the more in-depth, personal connections that may be made among men. In fact, men and women agree that the industry does not do enough to let women know about its opportunities. This limited exposure is not sufficient to develop a deep understanding of what it is like to work in Capital Markets or to counter pre-conceived stigmas that women may hold about the industry.

Indeed, arguably the strongest deterrent for women entering the Capital Markets industry is the perception of the industry as having a boorish, boy's club culture. Both men and women talk about the need for a concerted campaign to counter the perception of a culture that is "harsh," "cliquish," "aggressive," a "locker room," or simply "male." In 2008, women represented only one of ten MDs, signifying a dearth of role models.¹⁰ Moreover, high-profile industry scandals have made external perceptions worse.

How close do such perceptions meet reality? Although this is a complex question—which will be discussed again in Part 2—most industry professionals maintain that the culture has evolved significantly in recent years and that the stereotype is "more alive than reality." Women who complete

The culture has evolved significantly in recent years and the stereotype is "more alive than reality."

summer internships often return with enthusiasm, and some men remark that the environment is far more team-oriented and far less "kill or be killed" than they expected. Yet myths that women will be sorely out of place continue to persist. There is a great need for education about the career opportunities, skills, and support—not just financial

rewards—that come with a career in Capital Markets. This must be done in tandem with efforts to ensure these myths remain far from a reality, as addressed in the remaining sections of this report.

Along with this poor image, there is a strong perception that it is impossible to have a family in the industry. With so few female role models, women may rule out a Capital Markets career on the grounds that they will not be able to continue advancing their careers if they decide to have children (see more in Part 3). Yet work-life challenges vary considerably

depending on the specific role within Capital Markets, and women can and do find ways to strike a balance that works for them.¹¹ Canadian banks are making stronger efforts to showcase women on campuses, educate women on the various paths, and address the concerns of female recruits. While some believe that work-life concerns are the primary reason that fewer women apply, others observe that women choose other fields that also have long hours, such as law and consulting, and suggest that the perception of a culture in which women are less welcome also plays a major role in women's decisions. It is critical that banks address *both* of these perceptions to attract more women candidates.

The recruitment process itself can reinforce the image and outcome of an industry that is male-dominated. The roundtables indicated that it is not uncommon for lines of business to have all-male recruitment teams influencing each stage of the recruitment cycle from information sessions to interviews and networking dinners. Information sessions for internships and analyst roles set an important tone, particularly as women may be less familiar with the industry than their male peers. These meetings are often led by men, and women who wish to inquire about issues such as work-life balance or the gender ratio may be discouraged from asking such questions in a room of overwhelmingly male peers. Similarly, Superday interviews are often conducted by primarily male hiring teams who determine candidate "fit" and make selection decisions using criteria that may not be articulated and may be inconsistent across divisions and banks. It is at this point when assumptions about those most suited to the industry can influence hiring decisions.¹² As one professional noted, "If you are not perceived as tough, then you might not be able to enter the roles that require that attitude."

Once technical competency and potential is assessed, the final step between a finalist and an offer is typically an informal networking event. At these events, qualified women and men candidates attend lunch or dinner with representatives from the lines of business. Predominantly men recruiters may unconsciously gravitate to similar others, while women may be more disadvantaged in finding common personal ground on which to quickly bond. As we heard, "Standing around drinking cocktails [and] talking sports—how you actually hire—makes you lose a lot of women." Therefore hiring decisions are influenced in part by an ability to quickly establish

rapport with business leaders and hiring managers. Despite this imbalanced and subjective design, some decry that women simply do “poorly” at networking.

To maintain a pipeline of women, banks are beginning to require that recruitment teams target women for interviews. However, this can be troublesome when HR requests are perceived as unrealistic given the overwhelming number of male applicants. In fact, some men are frustrated by this process, and feel that it is reminiscent of ineffective “affirmative action” policies that can pull in less qualified women. Fortunately, some banks are doing a stronger job at working with lines of business to develop realistic goals and gender-neutral competencies that prevent recruitment teams from “hiring themselves again and again” by defining objective, demonstrable skills and ensuring that all candidates that are extended offers, regardless of gender, meet the high standards that the bank demands.

These banks have leaders that understand the business drivers of gender diversity, and some hold positions open until they find the right balance of qualified candidates. Indeed, most men agree that the industry will benefit from attracting more of the “best and brightest” women. Yet in practice, there is reluctance to change ongoing hiring practices that remain inconsistent within banks and across the industry as a whole.

Another issue that impacts the selection of women is the perception expressed by some men that if a woman does accept an offer, she will not stay very long. This concern for retention was voiced by senior leaders in Capital Markets and also by male managers at the VP and Director levels. The assumption that women leave more readily than men is often untested in terms of comparing actual turnover rates of male and female managers, but it can affect the willingness of decision-makers to hire a woman.

Moreover, the intake of mid-career women is described as lacking completely. Very few women enter Capital Markets at senior levels, in part because of the specialized nature of many roles and the face-time culture. Discretionary hiring is also discussed as more prevalent at these levels, yielding far more men candidates. This compounds the issue of very few women role models for women interested in the industry. Recently, some banks and organizations are beginning to keep better track of women who have left the industry through “Returnship” programs (see pages 15 and 16) and others are better tracking “rising stars.” The recommendations that follow provide proven methods to maximize the intake of women at all levels.

“Standing around drinking cocktails [and] talking sports—how you actually hire—makes you lose a lot of women.”

RECOMMENDATIONS

1. Establish gender-neutral recruitment and selection methods.

While a number of banks in the industry have created structured skills assessment models that guide hiring, hiring teams continue to look for attributes in candidates that match their own experiences and strengths. Human Resources roundtable participants described a gulf between the HR function's intent to promote diverse hiring, and the business teams that are doing the recruitment and selection. Meanwhile, business teams doing the recruitment and selection feel that some HR goals are not realistic.

- **Monitor the composition of recruiting teams.** Utilize gender-diverse recruiting teams and hiring committees to increase the likelihood of objective assessment.
- **Hold business recruitment teams accountable for following a standard recruitment approach, from the résumé screening phase through to final offers.** Have multiple people review incoming materials and résumés so that applicants are not screened by just one person. Consider removing names from all cover letters and résumés. Review results with HR and leaders with a focus on continuous improvement for underperforming divisions.
- **Train recruiters to recognize** 1) **potential stereotypes and unconscious biases** that can emerge during the recruitment process and impede consideration of diverse candidates, 2) the broad range of experiences that can demonstrate the competencies being sought, and 3) a reliance on informal judgments of “fit” rather than fair and grounded criteria. For example, all professionals involved in hiring at KPMG undergo “Hiring High Performers” training that teaches productive interview skills and increases awareness of “unconscious bias” so that perceptions based on gender, ethnicity, and race are not brought into the interview process.¹³ Highlight the business benefits of gender diversity, such as the impact of gender balance on teams and client relationships, in training materials for business recruitment teams.
- **Establish gender-neutral leadership competencies** that provide a protocol to evaluate potential and skills.¹⁴ Develop a simple rating sheet based on the job position for reviewers to code each prospect's candidacy.
- Many industries narrow their talent pool by requiring a sequence of specific experiences rather than considering transferable skills and demonstrated competencies. Ask hiring teams to consider how candidates with non-traditional experiences may be able to transfer their skills to the job and to value applicants who have mastered steep learning curves or otherwise shown significant growth. Teach teams how to value different experiences discussed during interviews, such as how a candidate overcame outsider status by using strong interpersonal skills.

CAPITAL MARKETS DIVERSITY & INCLUSION PRACTICE

BMO Financial Group

Recruitment Template for Business Hiring Teams

In 2011, BMO Capital Markets designed a method of identifying top talent in a more consistent and objective manner during campus recruitment. First, senior recruiters sat down with leaders from the lines of business and decided on the skills, competencies, and qualities of ideal candidates. Then, they created a behavioral and technical template of over 300 questions and probes, which is used to evaluate candidates during first- and second-round interviews. Both rounds involve a technical aspect, but first-round questions are more structured, while second-round questions are designed to examine general aptitude for competencies such as problem solving, handling stressful situations, and quick thinking. Interviewers are trained to observe not simply if candidates get the “right” answers, but more importantly how they arrive at their conclusions, which is central to BMO’s search for intelligent employees capable of solving complex problems.

With the clear support of business leaders at BMO Capital Markets, all professionals involved in recruiting are required to attend a training session about the template and process, and which interview questions are appropriate. At these sessions, business teams are trained to objectively consider all candidates as opposed to “hiring in their own image.”

BMO has made it clear that it is no longer acceptable to discount candidates without substantiating specific skills deficits. As a result, senior recruiters have noted that line managers are now more likely to discuss candidate characteristics, potential, technical experience, and fit with business needs.

BMO Capital Markets’ Campus Recruitment team created the Career Tool Kit for Success event as part of its strategy to attract and retain a pipeline of highly qualified female talent. At this event, top executives, senior women from the lines of businesses, and female analysts and associates gather for three hours with top talent from enterprise and niche schools. The students receive valuable knowledge, insight about BMO’s culture, and enjoy shared experiences with BMO professionals. In its first year, roughly 175 second- and third-year women undergraduates attended the event and workshops which covered issues from career development to financial modeling. The event enables BMO Capital Markets to identify top second- and third-year students, and for those students to build relationships with successful women at BMO.

- **Obtain feedback from women applicants** at every step in the recruiting process, and for those hired, through the end of the first year, to assess their perceptions of the bank as an employer committed to diversity.
- **Centrally track women candidates and the effectiveness of outreach to them** by monitoring:
 - Women’s interest in organization (i.e., résumé intake) and the diversity of the pool.
 - Fit between résumé intake and the talent needs requested.
- Diversity of interview candidates.
- Diversity of offers.
- Diversity of acceptances/recruits.
- **Use the recruitment process to create a positive experience for applicants**, whether chosen or not. For example, diverse job applicants can connect with a member of RBC’s Diversity Recruitment team via a toll-free line to access tips and information on the application process. At the end of the interview process, candidates are provided with feedback on their strengths and areas for improvement. Unsuccessful candidates may be directed to other opportunities at RBC.¹⁵

2. Create industry awareness and connection throughout the undergraduate and MBA experience.

Create awareness and appeal of Capital Markets as an industry throughout the undergraduate and MBA experience through a concerted campaign of outreach activities and personal connections. In order for young women to see the industry as an attractive opportunity and become candidates, the industry must intervene at critical decision-making stages, such as when women choose their coursework. Moreover, the industry must manage perceptions; roundtable participants reported that they believe the industry is perceived by potential female recruits as “cliquish” and “male” and agreed that the industry needs to become more appealing to women.

- **Target women for internships.** For example, Women in Capital Markets offers the Heather L. Main Memorial Scholarship to women MBAs at Michael G. DeGroot School of Business, McMaster University; the Joseph L.

Rotman School of Management, University of Toronto; Desautels Faculty of Management, McGill University; and the Schulich School of Business, York University.¹⁶

CAPITAL MARKETS DIVERSITY & INCLUSION PRACTICE

National Bank Financial Group

The Women in Financial Markets Scholarship Program: Building Experience and Mentoring for Success

After a call to action by the Executive Vice President of Financial Markets at National Bank of Canada, the “Women in Financial Markets Scholarship Program” was developed to increase the number of women in Capital Markets. The scholarship program, which is unique to financial markets, targets competitive, innovative, and ambitious women with solid analytical skills who are enrolling in a full-time post-graduate program in any field related to finance. It was conceptualized as a way to formally mentor women during their studies and help women advance in the Capital Markets industry.

Each year, three women are chosen to receive a scholarship of between \$5,000 and \$10,000 per academic year. Each student is paired with a Managing Director from the Financial Markets group who acts as her mentor and liaison within National Bank. The student and her mentor meet every two to three months throughout the academic year so that mentors can learn about the student’s preferences and facilitate her placement for an appropriate full-time summer internship at National Bank (in either Toronto or Montreal) funded by the scholarship program. Internships and scholarship money are not guaranteed, but are contingent upon continued strong academic performance and demonstrated interest in the field. To date in 2012, internships have been offered to all scholarship recipients. To make students aware of the program, National Bank contacts universities directly to have faculty recommend potential women candidates who might not know about the program, and campus recruiters discuss the program with women students. In 2010, approximately 50 women applied. One year later, fuelled in part by the positive experiences of the first recipients and their communication of the program with their universities and peers, the application pool doubled to 100 women.

This program is successful because it provides women with access to senior managers for excellent networking and relationship building prospects, insight into the industry through on-the-ground experience that builds critical skills, and academic support and mentoring that encourages them to

remain in the field. One of the unique aspects of the program is its approach to the recruitment of women from diverse academic backgrounds. While there are programs for women and men with a demonstrated interest in finance and trading, such as National Bank's traditional summer internship program, the Women In Financial Markets Scholarship Program is designed to reach women whose backgrounds, while strong, may not necessarily lead them to Capital Markets. By seeking qualified candidates from diverse educational backgrounds, National Bank not only increases its representation of women, but also increases its overall talent pool.

Line managers of student interns provide feedback on student interns monthly and participate in a formal evaluation process at the summer's end. The first summer interns all elicited exceptional comments on their work, demonstrating not only their own success, but also that of the program in its efforts to change perceptions about the ability of women with diverse educational backgrounds to succeed in the industry. One of the first three scholarship students was offered a full-time position in Capital Markets and is currently working at National Bank in Toronto. The other two recipients from Montreal were hired to work part-time as they finish their academic obligations and will be completing a second full-time internship in the summer to gain exposure to another area of the business.

- **Create informal processes to give students the opportunity to meet and build relationships with industry professionals.** Have women and men managers participate in on-campus activities, encouraging them to stay in touch as informal mentors or sponsors. Showcase talented women traders and other women role models during recruitment visits. Banks such as BMO and Scotiabank have networking sessions that target women students, in which professionals in the industry discuss their careers and network with potential women candidates. For example, over 175 women

attended BMO's inaugural Career Toolkit for Success event, enabling BMO Capital Markets to identify top second- and third-year students, and for those students to build relationships with successful women at BMO.

- **Make the bank accessible to women and men interested in a finance career.** Make clear how and when applicants can interact virtually or in person with recruiters, such as during outreach networking events, programs and clubs, campus recruitment, and online.

CAPITAL MARKETS DIVERSITY & INCLUSION PRACTICE

Scotiabank

A Recruitment Strategy for Women, by Women

For years, the Global Banking and Markets (GBM) division of Scotiabank has worked to help women enter the financial industry not simply to increase its statistics around women's representation, but rather because increasing diversity is good for business. Early efforts included helping second-year women university students design a curriculum with courses that would prepare them for a career in finance. GBM began to follow its work with undergraduate students by creating an initiative to encourage more women in business schools with a demonstrated interest in finance to consider careers in Capital Markets, thereby supporting efforts to increase the number of women in the industry's talent pool.

Each year, GBM invites first-year women MBA students from select schools to attend a networking session with industry professionals. The invitees include women who are enrolled in a finance stream

or have demonstrated an interest in finance through, for example, participation in a finance club. GBM's program helps demystify the industry and educates and familiarizes participants with a broad range of career opportunities in Capital Markets that they may not have been aware of. The sessions also give students access to women role models with successful careers in the industry.

Women front-line professionals, from different streams of Capital Markets business, lead discussions on the topics of greatest interest to the current participants. The sessions provide a safe environment for students to hear about the experiences of the session leaders and to ask questions about working in Capital Markets. These formal sessions are followed by informal networking sessions that are open to a broader group of women professionals in GBM who volunteer to attend. These networking sessions provide an opportunity for women MBA candidates to stand out and make meaningful connections in the industry that may sometimes lead to informal relationships.

One of the factors contributing to the program's effectiveness is that the primary focus is to provide relevant and helpful information about careers in the Capital Markets industry, rather than to profile the firm. Through open, honest dialogue with women professionals in Global Banking and Markets, program participants are able to receive candid answers to their questions and gain insight into the realities of building a career in the field. The women who run the sessions often open the dialogue by sharing their own experiences, dispelling myths, addressing challenges, and providing information that is often not otherwise evident or available to women who are considering entering the field. The success of the program is also driven by the desire of the senior women who participate in the sessions to support and mentor the next generation of women in their field. Participants see first-hand the opportunities available to women who wish to pursue careers in such a dynamic industry.

- With the majority of all hiring coming from the undergraduate level, universities are the most critical focal point of attraction and hiring activities. **Reward universities that graduate more women** in the appropriate majors with more recruitment activity and investment. Sponsor college campus microfinance clubs and other community projects that engage finance and capital planning.
- **Consider working with universities that have poor results in producing female candidates.** Meet with deans and faculty to discuss the course marketing that can deter female registration, or classroom experiences that contribute to drop-out rates, as well as the industry's hope and expectation for more female candidates.¹⁷
- Partner with Canadian nonprofits that provide mentoring and sponsoring programs (such as Women in Capital Markets or INROADS¹⁸) to source summer intern candidates.
- **Increase the value proposition of the industry by making candidates more aware of the rewards** of the industry beyond compensation, and the usefulness of the skill sets that are employed. Develop case studies that illustrate the use of financial and capital market skills in "social good" activities, such as financing emerging market infrastructures, microfinance, community building, and employment for women.¹⁹ Goldman Sachs' 10,000 Women Campaign, which funds women entrepreneurs in developing countries, is one such example.²⁰
- **Use public relations to find opportunities to highlight women in Capital Markets** in news stories, as experts and panellists, and describing their activities and successes. Teach senior women how to be media reference points so that they may more visibly showcase their employer.
- **Gauge the bank's reputation with undergraduate women and men as an employer**, and take actions to modify these perceptions as needed. Establish an employee value proposition for Capital Markets that appeals to women and men, and review the organization's website and career page for appeal to both genders.
- **Provide students with a clear sense of what is expected in roles** across divisions, and develop

recruitment brochures providing detailed descriptions of each line of business and its working conditions to counter myths, bring the industry to life, and ensure women get the same understanding as men, give interviewees appropriate job descriptions (from which

interview questions on competencies, experiences, and skill sets can be based), and provide coaching on how to prepare for the interview process and what candidates should expect from the process prior to the initial interview.

3. Create industry awareness and connections even earlier.

Start to cultivate the appeal of Capital Markets as an industry starting at the high school/middle school level. Focus on raising girls' awareness in particular. Coursework even at this early juncture impacts later affinities and decisions, and while both girls and boys are unlikely to be fully aware of the industry as a career option in high school, boys are more likely to be supported in choosing the appropriate curriculum for the industry.

- **Partner with associations and local schools.** Women in Capital Markets engages Toronto high school students with its High School Liaison Program in which members visit classrooms to discuss Capital Markets career paths. WCM also has an annual job shadow day in which young women students interested in subjects such as business, math, and economics are selected to spend a day with a mentor on Bay Street.²¹
- **Create an engaging curriculum** to supplement Advanced Placement courses. Focus on case studies and problem-solving situations that are likely to appeal to high-achieving girls. For example, as described on page 18, Texas Instruments has a partnership with the Girl Scouts of Northeast Texas.
- **Create teaching aids** that counter potential teacher and guidance counsellor biases regarding STEM disciplines and how they steward girls and boys to the industry.
- **Sponsor middle school and high school “entrepreneur/business camps” for girls,** as some technology companies sponsor science camps. For example, EX.I.T.E (EXploring Interests in Technology and Engineering) is an IBM program designed to encourage interest in mathematics and science among middle-school girls.²²

4. Find, stay connected to, and recruit experienced women, including those who may have left.

Leverage alumni, professional associations, and in-house recruiters.

- **Actively recruit experienced women candidates.** For example, in 2010, the CEO of Deutsche Bank UK, Colin Grassie, held a meeting with executive search firms outlining Deutsche Bank's goals to hire experienced women. He also arranged meetings with talented women in the industry to come in and meet with him and with senior business line leaders even if the women were not actively seeking a role and regardless of whether Deutsche Bank had an open role for them. The Human Resources team provided administrative support and recruiting guidance to Mr. Grassie throughout. The initiative has had outstanding results. In 2011, Deutsche Bank UK's intake of women Managing Directors increased threefold and doubled for women Directors. Other financial institutions such as Bank of America²³ have formal Diversity Recruiting Teams for experienced hires.
- **Create pathways for women to re-enter the field.** For example, in 2008, Goldman Sachs launched its Returnship program to develop talented individuals seeking to re-start their careers after an extended absence from the workforce. The program

is a ten-week preparatory program like an internship that allows participants to sharpen their skills in a work environment that may have evolved significantly since their last job.²⁴ In Canada, Women in Capital

Markets and BMO created the Return to Bay Street Award, which offers a three-month internship to women who want to re-launch careers in the Canadian Capital Markets.²⁵

CAPITAL MARKETS DIVERSITY & INCLUSION PRACTICE

TD Bank

Back to Business Management Program

The TD Back to Business Management Program started in spring of 2010 and hires individuals who have taken an extended leave from the paid workforce for at least two years. These associates complete four 6-month rotations across business lines. Two of TD's Senior Executive Team members founded the program to strengthen the leadership pipeline by attracting, developing, and retaining talented individuals who have taken an extended leave from the workforce. Positions vary from associate to senior manager level (TD's levels 9-11) and rotations have been completed in Technology, Social Media, Customer Innovation, Corporate and Public Affairs, Wealth, Direct Channels, and Finance. Three of the five associates from the 2010/2011 program year have secured permanent roles, while the other two associates are in their third and fourth rotations. Five new associates have joined the 2012 program.

Essential program elements include:

- Human Resources sources associates and tracks performance and progress in each rotation, as well as progress through the organization after graduation.
- Executive mentors are assigned to associates to help them navigate the organization.
- Associates have the opportunity to network with each other through formal networking events.
- Job postings are targeted to sites focused on professional women, such as Women in Capital Markets.

5. Strengthen women's early career experiences.

Roundtable participants spoke of unchecked assumptions related to gender, such as that women are more likely to leave the industry than men. Intervention needs to begin within the on-boarding period before first impressions become hard to shake or dismantle.

TIPS FOR INDIVIDUALS

- Challenge stereotypes of your industry by highlighting the supportive team culture and learning opportunities to women in your personal networks.
 - Discuss talented women traders and other women role models during recruitment visits and with your teams.
 - When you are part of a hiring team, counter the hidden biases that may impede hiring of women by actively increasing your own awareness of unconscious gender biases and stereotyping.
 - Think about non-traditional yet transferable skills that demonstrate the ability to be a successful in Capital Markets. For experienced candidates, consider skills from other industries or parts of the bank.
- **Review where men and women hires are placed across Capital Market divisions** and how specialty areas are chosen. Implement tracking systems to ensure equity in placement and compensation of men and women hires.²⁶
 - **Create on-boarding programs that help new hires form collegial relationships** and networks within the first six to twelve months of hiring. Match new hires with mentors who are accountable for their successful assimilation to the organization's culture. For example, KPMG's early career counseling program for minority new hires increases the retention of early-career employees of color by providing them with access to coaching and mentoring.²⁷
 - **Maintain the employee value proposition presented during recruiting for new hires.** For example, ING's "The Handshake" asserts that career development is mutually owned by employees and ING USFS—it is a combination of personal growth, managerial support, ING USFS' business success, respect of differences, and involvement in the community. The slogan "Our Brand Promise Begins With Me" conveys the connection between ING USFS' brand and its employees, whereby ING USFS provides the environment and experiences necessary for advancement, while employees are responsible for making the most of those opportunities.²⁸

DIVERSITY & INCLUSION PRACTICES

Texas Instruments

Driving Innovation and Engagement in STEM

Success in today's global business environment is dependent on an increased pipeline of interested students—both girls and boys. Texas Instruments (TI) recognizes that supporting education is critical to its success, and to that of its communities, today and for the future. TI has long played a leadership role in driving innovative education programs, dating back to its founding. As of 2012, TI and the TI Foundation have invested more than \$150 million over the previous five years to support education. About \$30 million of these contributions has been focused on building the pipeline of K-12 students succeeding in science, technology, engineering, and math (STEM).

- **Student achievement and gender equity:**

TI actively advocates at the local, state, and national levels for legislation to improve education, and supports a range of initiatives at all points in the education pipeline.

- TI started the Women of TIFund in 2002, distributing more than \$400,000 since its inception. Its three-pronged “High-Tech High Heels” (HTHH) strategy reduces educator bias in math and science through gender equity trainings; dispels stereotypes through workshops for guidance counselors; and increases

girls' confidence through summer physics camps. In 2011, the TI Foundation gave a \$413,000 grant to the National Alliance for Partnerships in Equity Education Foundation (NAPE-EF) to manage and expand the impact of the HTHH program.

- TI also partners with a range of organizations that work with young girls and their families. Employees across all of TI, from the factory floor to the executive suites, as well as alumni women, volunteer in the community to help build girls' engagement in the STEM fields. TI has had a longstanding partnership with the Girl Scouts of

Northeast Texas (GSNTX). Recently TI sponsored the first ever engineering patch for girls in kindergarten through 12th grade. The patch curriculum focuses on exciting, engaging and encouraging girls at every grade level to explore STEM education and careers. A uniform patch will be available to all 35,000 Girl Scouts in Northeast Texas and will be a part of the program for the 4,400 underserved girls. Younger Girl Scouts will experience STEM through hands-on projects, and older Girl Scouts will be introduced to career choices and, most importantly, mentors in STEM careers. Members of TI's women's network worked to help create the patch activities.

- **Teaching effectiveness:** The TI Foundation recently partnered with Educate Texas and Lancaster Independent School District (LISD) to launch an initiative to systemically change STEM education at all levels in the district over the next four years. The new “STEM District” model will transform the teaching of these subjects statewide to better prepare Texas students for post-secondary and workforce success. The TI Foundation will give up to \$4.8 million over four years to the public-private initiative of Communities Foundation of Texas, Educate Texas, which will work with LISD, using best practices and proven, successful programs to create positive change across the entire district.

- **Building bridges:** Linking internal strategy and business rationale to community involvement is a key driver of TI's success. By emphasizing the attraction, retention, and advancement of girls and women in the STEM fields and at TI, the company has created a culture of high engagement, volunteerism, and role modeling, benefitting all involved.

- **Role modeling:** Internally, senior leaders model desired behaviors around inclusiveness, dedication to advancing women, transparency, and volunteerism. Externally, TI's women engineers serve as role models to girls, helping them gain confidence in their potential for success in math and science, and start to imagine fulfilling careers in the STEM fields.

Catalyst Compelling Change Factor

- Programs such as these change perceptions of STEM career paths for girls at a young age, empowering them to envision careers as mathematicians, scientists, and engineers while connecting them with women role models.

PART 2: WOMEN'S ADVANCEMENT IN A MALE-DOMINATED CULTURE



INSIGHTS FROM ROUNDTABLES

At a Glance:

- Good news: despite the perception of the industry as boorish, women enjoy their jobs and do not describe their workplaces as inhospitable. However, a few describe the culture as lonely and are conscious of being the sole woman on their teams.
- Informal networks play an extremely important role in career advancement, and women have less access to these networks and thus fewer sponsors, mentors, and visibility.
- Stereotypes that women lack initiative, are too risk-averse, or have insufficient “grit” can harm women’s advancement and/or require them to adopt aggressive, hypermasculine behaviours in order to be successful.
- Informal work culture dynamics are perpetuated by weak talent development and performance measures. While many banks have world-class talent development programs, these programs do not always cross over to support professionals on the Capital Markets side, creating an unfortunate gap between the businesses and HR.
- Unproven assumptions that women choose to leave because of family commitments can lead to a cycle where managers invest less in women, perceiving them as “riskier.”

The daily work culture in Capital Markets has a profound impact on individual and business success. Organizational culture—the underlying beliefs and values that guide workplace behaviours²⁹—influences not only job satisfaction, but also work styles, leadership expectations, formal and informal communication, and even how performance is evaluated. A positive experience of organizational culture, for example, when professionals feel that meritocracy and fairness are the reality, leads to better morale, retention, and work productivity.³⁰

Conversely, in Catalyst’s experience there is a cost to the business when any segment of the workforce has negative experiences of workplace norms. As discussed in Part 1, the Capital Markets industry

is often perceived as having a male-dominated, exclusive, and aggressive culture, which may drive talented women to other professions. But how accurate is this perception? After embarking on a career in Capital Markets, do women experience a penalty on the basis of being just a fraction of the workforce? This section explores the impact of the informal work culture on women’s experiences, career opportunities, advancement, and long-term retention.

Across all levels, women and men express pride in working in the Capital Markets industry. Professionals are energized by the dynamic nature of the work. The fresh changes from one day to another, the immediacy of results, intellectual

rigour, and seemingly endless career possibilities are draws for women and men across level and division. Moreover, though the work is independent and entrepreneurial, some were surprised to find this balanced with supportive teams of ambitious, hard-working colleagues. There is also consensus on some of the trade-offs to be negotiated when pursuing this line of work—including punishing workloads throughout one’s career—which both men and women find challenging.

While there is wide agreement about the nature of the work, women do use more mixed terms than men to describe their daily experience. Importantly, women do *not* describe their workplaces as inhospitable, nor do they speak of overt bias. Rather, some prefer the environment and its opportunities to other fields

they may have come from, even those with more women. They encourage women to enter Capital Markets, and many use their influence and personal networks to attract and recruit others.

A few describe the culture as lonely, and are conscious of being the sole woman on their teams, indicating that the networks of support do not necessarily extend to women as consistently as they do for men. Informal networks—

professional relationships nurtured outside of work—play an extremely important role in career advancement in Capital Markets. While analyst and associate promotions are generally lock-step, as careers progress to the Director level, it is apparent from discussions that getting high-profile accounts and gaining visibility with leaders is largely a result of informal relationships. At this level, men are more likely than women to be able to point to informal sponsors and mentors who have steered them toward new opportunities, accounts, connections, and information about how to navigate the career ladder. Women, on the other hand, perceive a lack of mentors and coaches.

Why can men readily point to sponsors and mentors, while most women cannot? It is often spontaneous networking in informal settings that grants exposure to potential sponsors. Senior business leaders across Capital Markets describe being “one of the lucky ones” who “fell into” sponsor relationships early in their careers. Some mid-level men professed that “everyone has had an informal mentor.” But women do not have the same access to these relationships nor the venues where they are formed—often the hockey field, bars, or golf courses. Some women

discuss exclusion from “male bonding after work” and the harder work it takes them to build significant relationships. The cost of this exclusion from relationship-building is not solely professional—it is also personal. One industry professional noted that “women are regularly excluded, which is so incredibly demotivating.”

Indeed, very real and consequential career advice, such as the unwritten rules of leadership behaviour, organizational politics, and choice job opportunities, can be exchanged in informal settings. Mid-career men speak of getting “inside” knowledge through advocates, often lacking any clear recollection as to how they became connected. Even at more junior levels, the payoffs are significant; men are better able to understand promotion paths earlier than women. As they move up, these men are better poised to become known to influential sponsors and thus secure visibility, stretch assignments and high-profile accounts—the very reputational capital that is essential for senior promotions to MD levels and higher. Given that people tend to sponsor those who are similar to themselves³¹ and that 90% of MDs in Capital Markets in 2008 were male,³² one professional commented that it can be “harder to notice women that don’t act like men, ones that perform but may have different qualities that men can’t relate to.” Ultimately, this can perpetuate a cycle in which women and men are developed and advocated for at different paces. These dynamics are irreconcilable with the fair playing field of a meritocracy, which most Capital Markets professionals assume is in place.

Since this uneven career support is unacknowledged, many assume that those who advance have done so strictly on merit, and that women are less inclined to do what it takes. Some perceive that women are “too nice” to network, self-promote, or seek sponsorship relationships with leaders. The onus for women’s low representation is thus placed squarely on women for being less “proactive.” In fact, we heard several comments that women simply do not ask for as many opportunities as men do or network as effectively. These stereotypes—that women lack initiative, are too risk-averse, or have insufficient “grit”—can hinder women’s careers and satisfaction.³³

“Women are regularly excluded, which is so incredibly demotivating.”

Women express frustration that in Capital Markets they are “only considered for a promotion when threatening to leave.”

Some women speak of these perceptions following them into promotions discussions, where ill-defined notions of “presence” prevent women from being placed in front of clients and require women to adapt aggressive, stereotypically masculine behaviours in order to be successful. Moreover, research shows that workplaces numerically dominated by men began to define “ideal” performance by attributes culturally associated with masculinity, such as toughness.³⁴ Discussions revealed that women may not look “able to handle responsibility,” and face higher scrutiny in regards to communication style. Women felt frustrated that in Capital Markets they are “only considered for a promotion when threatening to leave.”

These assumptions are not only injurious to women, but they are also inaccurate and costly to organizations that rely on talent. Research demonstrates that women use the same tactics as men to advance, and a recent Catalyst study showed that women MBAs are just as likely as men to proactively seek career advancement by asking for opportunities or negotiating.³⁵ However, when women behave in ways that are self-assertive, they are evaluated more negatively than men and receive far less payoff in terms of advancement or salary. According to the study, women MBAs were just as likely to negotiate their salaries as men but still earned several thousand dollars less.³⁶ Indeed, during the Capital Markets

industry discussions, “being paid fairly” was noted by several women as a top recommendation to improve women’s retention in the industry.

Male managers and leaders are also quicker to assume that women will leave voluntarily,

and permanently, to pursue family commitments. Leaders struggled with the question of how to “hold on” to women, and a few questioned if women wanted the same careers or if “they leave to start a family.” This attitude toward women’s retention is harmful for two reasons: first, it assumes that women are less committed to their careers, and second, it can lead to a cycle where managers find it risky to invest in women whom they believe won’t stay. Many leaders do not understand women’s retention, even in a high turnover industry where men are also likely to leave, as we discuss in Part 4. They often assume that men leave for other opportunities whereas women leave to opt out of the workforce completely. Thus, regardless of whether women use

“We don’t reward good management or punish bad management.”

the same advancement methods as men, they can still be harmed by unconscious exclusion or biases. Scholars refer to these more subtle, unintentional exclusionary behaviours as “second-generation” biases.³⁷

The influences of informal relationships and gender-related assumptions are not unique to the industry, but they may be particularly unchecked in Capital Markets. Though top banks have world-class talent development programs, these programs do not always cross over to Capital Markets. The industry has relatively few accountability systems to regulate how assignments are distributed, skills are developed, and promotion decisions are made. Professionals describe performance appraisals as perfunctory at best, particularly on the investment dealer side. Other important talent supports, such as leadership development and mentoring programs, are inconsistently applied across Capital Markets. According to roundtable participants, because the work is highly specialized, bank-wide programs for high performers are treated as having little impact within the division. Overall, professionals feel that people management and development is valued far less than achievement of very objective financial targets. One participant commented that there is no premium on leadership, and that “their view is that these people are here to generate revenue. Managing people is not a priority.” Another said that “we don’t reward good management or punish bad management. No value [is] placed on management... in any Capital Market shop.”

Some even feel that Capital Markets’ distance from the “bureaucracy” is a benefit and that HR processes are more of an impediment than a support. Mid-career women and men feel HR doesn’t fully understand the businesses, lacks infrastructure to market diversity initiatives, and is closed to new ideas. HR and talent specialists express frustration that managers have few skills or accountability to manage people, nor do they understand how these skills will support business and talent needs. The net result is that, in the absence of enforced talent development and accountability for people management, women may be more likely to be overlooked.³⁸

There are some indications that the status quo is changing. Some banks have begun developing gender-balanced selection committees to look at succession planning, and they are working more closely to advise the businesses on promotion criteria. Talent managers and diversity professionals discuss

piloting mentoring and sponsorship initiatives that will connect women with leaders. As will be explored in Part 4, there are business leaders concerned about the visibility of talent and who want to set goals and accountability mechanisms. In wealth management, some talent managers are testing assumptions and revisiting the business case by exploring profitability of women clients and loyalty of women investment advisors.

Yet, many working in the industry—particularly mid-career men—insist that career development and sponsor relationships should remain informal. The entrepreneurial culture encourages professionals to be responsible for their own careers; because they believe advancement is purely meritocratic, they feel that special programs are unearned. Some men call the idea of these programs “demeaning” for women, and women themselves are hesitant to endorse programs or policies that suggest their recognition is the result of tokenism, or worse, paint them as victims.

Both men and women need to develop a broader understanding of the realities that the current culture can unintentionally create, and that well-managed programs restore balanced access to career opportunities. The prevailing informal advancement culture in Capital Markets can get in the way of meritocratic advancement that rewards performance over style or relationships. Alongside the considerable value placed on meritocracy, a dedicated push from the lines of business is needed to ensure fairness in appraisals, career development and assignments, supportive relationships, and promotions decisions. While women have nevertheless been able to be successful in the industry, it is clear from women’s fall-off in representation at senior levels that the businesses must change to make sure that stereotypes do not get in the way of evaluations, support, and promotions of the best people.

RECOMMENDATIONS

1. Test assumptions about women's performance and commitment to their careers.

Do not assume that a woman will be more likely than her male peer to leave. This sets up a cycle where managers invest less in women because they assume they are less committed, thus increasing the very likelihood that women will become dissatisfied and seek other lines of work. To prevent this, test assumptions about why women leave and where they go.

- **Examine the data to fight perceptions about women's long-term employment.** In an industry with very high turnover, it is not objective to assume that women opt out altogether while men go on to similar roles. Use exit data and workforce statistics to determine:
 - Why women have left and where they take their next roles.
 - Average time in position between promotions by gender.
 - What year/title women fall off in representation compared to men.
- The average length of temporary career breaks, and the re-entry experiences of people who return.
- **Challenge myths about women**, including: work-life balance is their primary concern; they are less interested in their careers; they don't enjoy the hard work involved in Capital Markets; they are more likely than men to leave the firm.
- Use discussion groups, employee interviews, and reciprocal/cross-gender mentor or sponsor relationships.

2. Strengthen the meritocracy: Inject extra scrutiny at critical decision-making junctures to make sure unconscious stereotypes and assumptions don't get in the way.

Research shows that women are often subject to unconscious biases that associate "leader" with "male,"³⁹ and this likely occurs in an industry where nine out of ten Managing Directors are male.⁴⁰ Stereotypes are especially prevalent when members of a group fall below critical mass (typically, three or more women⁴¹). Increasing awareness of stereotypes and understanding of bias can help prevent negative consequences. In particular, addressing stereotypes at critical moments, such as during recruiting and promotions, can go a long way.

- **Build awareness about stereotypes and unconscious bias** through targeted training, dialogues, team discussions, and mentoring programs. Commonwealth Bank of Australia (CBA) has a mandatory unconscious bias training for all its senior leaders. Piloted in July 2010, but already demonstrating widespread positive effects, this mandatory in-depth program for General Managers and above was rolled out in February 2011 and designed to equip leaders with the skills to recognize and understand their internal biases, communicate about them with their teams, and take steps to overcome them. Integrated into CBA's broader diversity strategy, this program aims to change mindsets and behaviors and drive specific actions to counteract bias. The training includes an initial assessment, an hour-long one-on-one debrief session with a psychologist to explore the results of the assessment, and a half-day action-planning session with other leaders and members of the participant's business unit.⁴²
- **Use diverse evaluation panels or committees** at critical junctures, such as recruiting, promotion, and when high-profile accounts are delegated. The more diverse a panel, the less likely stereotypes will prevent candidates from being considered as too

“risky” or untested. At Commonwealth Bank of Australia, interview panels must be gender diverse. If this requirement is not met, the hiring recruitment agency and manager must outline the steps taken in an attempt to meet the requirement.

- **Create a formal “challenger” role to be played during decision-making.** It is not uncommon for the same “stars” to come up for opportunities over and over. The “challenger’s” role is to propose other individuals for consideration (e.g., to champion qualified people not receiving consideration) and to ask what experiences they need to get to the next level. We discuss this further in Part 4.
- **Perform a detailed review of Managing Director, Director, and VP-level women.** Subject women’s performance to critical and objective scrutiny to replace assumptions with facts. Rigorous assessment will provide an accurate picture of performance rather than conjectures about women’s commitment, work-life issues, and ambitions. For example, during Goldman Sachs’ Senior Women’s Review, business leaders complete an annual

assessment of promotion opportunities for every woman at the Partner and MD level globally, as well as high-potential women VPs. These assessments are reviewed by each division head and a committee of senior leaders. These leaders engage in thoughtful and timely career development planning ensuring that decisions are not based upon gender stereotyping.⁴³ For more details, see page 30.

- **Pay special attention at other important, but less formal choice points, such as assignments.** Consider adopting a program like Ernst & Young’s Career Watch. In this program, senior leaders act as “watchers” to employee “watchees,” and they track the career opportunities of high-performing women and minorities to examine how the firm is distributing plum assignments and promotions.⁴⁴
- **Identify and highlight successful women in Capital Markets,** using both internal and external media, to recognize women role models and counteract the typical association of “banker” with “male.”

3. Demonstrate your investment in high-potential women with formal sponsorship programs.

Sponsors act as powerful career accelerators, providing visibility, expanding networks, and actively advocating for opportunities for their protégés. Yet research shows that women have fewer sponsors than men.⁴⁵ While women often have numerous peer mentors, Catalyst research shows that they do not have as many mentors with clout who can act as powerful advocates for their protégés.⁴⁶ Although the support and advice received from mentors is very helpful, it is not enough if women do not also receive the opportunities that often come from sponsors to put the advice into action. Because women do not often have the same access to sponsors as men, active intervention with a more formal sponsorship program can help bridge the gap.

- **Consider implementing a formal sponsorship program that matches senior executives with high-potential women professionals.** Sponsorship is about ensuring that women’s achievements are recognized and visible across the division and bank, and that MDs and other influential leaders can advocate for advancement. See the Deutsche Bank ATLAS program later in this section.
- **Supplement formal sponsorship programs with informal opportunities for women to gain visibility** and recognition for their achievements, by, for example, assigning them high-profile accounts or presentations at major meetings. With limited access to informal networks, women’s milestones are less likely to be seen by influential leaders. It is imperative to increase the exposure of high-profile work that tests assumptions and demonstrates women’s performance. Programs do not have to be formal or take place in a particular cycle. Advocacy occurs throughout the year, not just at promotion time.

4. Bolster business-focused networks of women, both as a counterweight to the informal networks of men and to build relationships with women clients and employee candidates.

Ninety percent of MDs in Capital Markets are men, as are roughly four out of five professionals.⁴⁷ Because of these numbers, and the “like likes like” phenomenon⁴⁸ of unconsciously gravitating toward people similar to oneself, women can be excluded where relationships are formed. Given the importance of informal networks to the exchange of business information, learning unwritten rules, and hearing about career opportunities, it is imperative to develop women’s networks or employee resource groups (ERGs) that also involve men. The importance of involving men cannot be understated, given the demographics of the industry. It is not enough to increase opportunities for women to network with other women across the organization and the industry, although this may help increase women’s engagement and help them navigate through the formal and informal culture. A two-pronged approach should be employed to increase women’s interactions and relationships with other women as well as with men.

- **Create opportunities for groups of women to engage with other senior women** in the industry as well as with male business leaders. Keep the discussions business-focused to drive further insights and to provide opportunities for women to showcase their knowledge and skills. Create occasions for women to interact with women colleagues both within *and* across companies, perhaps leveraging external organizations such as WCM, Catalyst, and other associations. By coordinating such networking meetings with business objectives, these meetings will have maximum impact and undercut the perception of these activities as “for the girls.”
- Several Canadian banks have women’s networks. For example, ScotiaWomen’s Connection is open to women at the mid-to-senior manager level and above. Through networking events and activities, women connect with one another and gain visibility and access to senior leaders across the bank.⁴⁹ TD Bank’s Women in Leadership (WIL) network has 12 chapters representing 2,000 women in Canada and the United States.⁵⁰

CAPITAL MARKETS DIVERSITY & INCLUSION PRACTICE

RBC Capital Markets

RWomen

RBC Capital Markets’ RWomen is an employee-led forum dedicated to fostering women’s development and career aspirations and providing networking opportunities within the firm. The program is built upon one of RBC’s core values of supporting diversity, and is part of the firm’s commitment to cultivating an environment in which employees have opportunities to grow, succeed, and achieve their full potential. After initially launching in Canada in 2010, RWomen has grown to over 500 members in Canada, and it enjoys a strong connection with Women in Capital Markets and its programs and initiatives. An RWomen chapter launched in New York in 2011 has grown to over 280 members in a year’s time, and enjoys a strategic partnership with the Financial Women’s Association.

- **Integrate women clients into events** to increase the ties of women within the industry and promote opportunities for business development. Consider structured gatherings like Goldman Sachs’ *ascend*, which brings together women clients and the firm’s senior women and men to discuss topics such as governmental affairs, economics, and business.⁵¹ For external women’s network events, ask men to invite their women clients or potential clients to meet their female colleagues. At law firm Gibbons P.C., all

employees are expected to contribute the names and contact information of women clients and other women so that they may be added to invitation lists for events.⁵²

- **Create opportunities for senior women and men to discuss the business.** For example, Goldman Sachs' MD Women's Series connects senior women at the firm with executive leaders on subjects ranging from strategic business concerns to gender-related topics.⁵³
- **Maximize the effectiveness of network events by implementing training to develop women's leadership skills.** Consider programs that enable women to excel at internal meetings with business leaders and external events

that demonstrate their expertise to potential clients. For example, CIBC's *Taking the Stage*TM program has involved more than 200 women in CIBC Wholesale Banking in networking, mentoring, and development opportunities. Feedback from both participants and managers has been extremely positive.

- **Understand and address the impact of stereotypes and lack of full inclusion** in informal but influential networks. Invite women to activities outside of work, and be mindful of settings where women may not feel welcomed (e.g., off-sites, team building meetings, traditionally male activities, or outings with separate activities for female spouses).

5. Implement a variety of mentoring approaches to drive women's advancement and engagement.

Mentoring relationships can benefit both mentees, who receive career advice and coaching from mentors, and mentors, who develop a nuanced understanding of the career experiences of mentees.⁵⁴ Employ a variety of mentoring approaches to strengthen the networks of women, promote greater visibility and connectivity, and deepen commitment of senior professionals to diversity and inclusion.

- **Improve women's relationships with their managers.** It is important for women to have respectful, honest relationships with their managers, and for the industry to support this goal. For example, PepsiCo's Power Pairs® program, described on page 31, builds authentic relationships and advancement opportunities for visible minority women through facilitated dialogues with immediate and skip-level managers.⁵⁵
- **Reciprocal mentoring is an investment in junior women and bolsters senior leaders' understanding.** For example, RBC's Diversity Dialogues is a reciprocal mentoring model that matches mid-level women and visible minority employees with senior leaders and executives for one year. The program accelerates the diversity and inclusion learning of the senior leaders, who get to know their talent better, and it helps diverse employees gain visibility in the organization.⁵⁶
- **Formal, matched mentoring programs** have also proved successful. A deliberate approach with structure, goals, and measurement can provide women with important career guidance and visibility.⁵⁷ In fact, Catalyst research demonstrates that women who found mentors through formal programs received more promotions than women who found

mentors on their own.⁵⁸ Use formal programs to:

- Build relationships and trust.
- Encourage honest feedback and forthright discussion of career opportunities.
- Enhance mentees' understanding of diverse perspectives and experiences.
- **Consider mentoring circles, where one or two senior professionals mentor a group of junior women.** Mentoring circle meetings can focus on specific career development topics, such as executive presence, communication skills, client development, and performance reviews. Consider mentoring circles led by a woman *and* a man senior leader.
- **Provide career development resources and coaching by creating a formal ombudsperson role.** Both women and men professionals discussed the importance of a third party—not one's manager—with whom to discuss career challenges and possibilities. Because women have less access to informal situations in which to ask their colleagues, they were more likely to stress the importance of this. BMO created the position of Vice President of Professional Development to provide coaching, training, and development to Analysts and Associates.

This VP also monitors placement and rotations of men and women professionals at these levels.

- The Women in Capital Markets Mentorship Program pairs women who have recently

entered the industry with seasoned mentors from other firms who can provide objective advice and information about interesting roles. Pairings are made carefully for the one-year program, and the mentor may be a man or a woman.⁵⁹

CAPITAL MARKETS DIVERSITY & INCLUSION PRACTICE

CIBC

Taking the Stage: Building the Leadership Presence of Women in Wholesale Banking

CIBC Wholesale Banking is committed to attracting and retaining women in professional roles and supporting their career advancement in the Capital Markets through competitive programs and practices. To help achieve these goals, CIBC conducted internal focus groups to discover what it could do to best support its women employees and better understand gender differences in employee experiences. As a result, CIBC discovered a need to support its women in Wholesale Banking by building their capabilities around communication, leadership presence, and presentation skills. To address this issue, CIBC partnered with the Humphrey Group to roll out a condensed version of its Taking the Stage® program.

In May 2011, 16 senior-level women in Wholesale Banking participated in a one-day “Train the Trainer” version of Taking the Stage® that was followed by a two-hour, one-on-one coaching session with the Humphrey Group. The program was officially rolled out across Canada in July.

Taking the Stage® has three goals:

1. In a series of four two-hour facilitator-led workshops, participants discover how to speak as leaders in all situations including board rooms, meeting rooms, conference halls, and informal encounters.
2. Four networking workshops—which may be “lunch-and-learns,” after-work gatherings, or day-time meetings—allow women to share their views on important issues and build strong ties as developing leaders.
3. Every workshop is conducted by a female employee who has chosen to mentor a group of 10 to 15 women. Some women may lead more than one group, and participants can become workshop leaders or co-leaders. As the program cascades down through the organization, virtually every woman will have the opportunity to mentor others.

To date, over 200 women in CIBC Wholesale Banking have completed the program with positive reviews. The program was launched in the United States in October 2011, and additional regional and global sessions are planned for 2012. Other businesses within CIBC are also considering this program for their women employees.

Since the launch of the program and other initiatives to improve the retention and advancement of women, CIBC has seen a decrease in turnover of women employees in Wholesale Banking by 4.7 percent. In addition, program participants have indicated that the workshops have had an impact on their overall confidence level with respect to their business communications and interactions.

6. Involve men.

Without men's active support and championship of greater inclusion for women, little will change in the Capital Markets work culture. Because men greatly influence male peers, direct reports, and the broader work environment, engaging them is critical. Organizations can start by building awareness throughout the organization about the importance of diversity and inclusion. Awareness can be deepened through mentoring relationships. Men can also make efforts to build informal mentoring relationships with women on their teams or in their divisions. We discuss these issues in depth in Part 4.

TIPS FOR INDIVIDUALS

- Become a member of a formal or informal professional network and leverage mentoring relationships.
- Discuss unwritten rules of advancement and success with colleagues, supervisors, and/or managers
- Seek out performance- and job-related information, both to improve skills and to develop a better understanding of workplace norms and expectations.
- Develop a long-term career plan, participate in career-related training, and proactively seek a variety of assignments to increase both knowledge and skills.
- Proactively seek to become more visible within your bank. This may involve seeking credit for work done, being outspoken about career goals and desired assignments, and asking to be considered for promotion.
- Understand and exceed performance expectations.
- Earn your sponsorship by managing your reputation, communicating effectively, and demonstrating ongoing commitment to your career.

Sources: Laura Sabattini, *User's Guide: Approaches to Learning the Unwritten Rules* (Catalyst, 2011); Heather Foust-Cummings, Sarah Dinolfo, and Jennifer Kohler, *Sponsoring Women to Success*, (Catalyst, 2011).

- **Set the tone at the top;** encourage senior leaders to visibly mentor and sponsor women and include women in important meetings. Catalyst research shows that men pay attention to what other men in their organization do.
- **Make sure the business case for gender diversity is well understood and communicated.** Most men who participated in our roundtables stated that diversity of thought would benefit the industry. Many organizations have gone one step further to link diverse, engaged employees with increased customer satisfaction.

- **Provide specific examples of how men should act.** Have male senior leaders talk about the actions they have personally taken to include women. Provide resources via your intranet, discussion groups, and organizations focused on these issues. For example, Catalyst has developed a virtual discussion group called MARC (Men Advocating Real Change) at www.onthemarc.org.

- In 2006, Ernst & Young decided to make a more conscious effort to engage men about gender equity via its *Cultivating Men as Allies* efforts. The Diversity team, along with a male coach, designed focus groups of about 300 male partners and senior managers that uncovered core attitudes related to the roles and styles of women in the workplace, women as successful mothers, and women as senior leaders. To start to modify these attitudes, a subset of men who had participated in the focus groups, as well as senior women managers and partners, participated in an "Engaging Men Design Session" in which they developed a new strategy, including a workshop called "Let's Talk," which fulfilled a need identified in the focus groups: open, rather than "politically correct," conversations. In the workshop, women and men candidly discussed the assumptions they make about each other and how to work through the challenges these assumptions can create. The session also described the costs of inequity for men, which helped them better appreciate how achieving gender equity is in their own interest. The workshop was rated highly by participants.⁶⁰

- **Women, mentor a man.** Catalyst research shows men who have been mentored by women are more likely to be aware of gender bias. These men develop greater awareness of the unique challenges women may face regarding relationships, recognition, and managing perceptions of their commitments and image. Awareness, along with a sense of fairness, is the first step to becoming a champion for gender diversity.⁶¹

DIVERSITY & INCLUSION PRACTICES

The Goldman Sachs Group, Inc.

Senior Women's Review⁶²

Goldman Sachs' Senior Women's Review, overseen by the CEO and Co-Presidents, assesses and tracks the current and future pipeline of women into executive management. The Senior Women's Review began in 2002, and is a thorough, cross-evaluation process that engages senior-level evaluators across the firm to conduct independent reviews on each candidate's commercial and leadership contributions. It is critically linked through its timing to annual reviews. The Review process ensures that female talent at the Managing Director, Partner, and high-potential VP levels are "known" and their accomplishments understood before key decisions are made.

Catalyst Compelling Change Factors

- The review process yields greater objectivity by replacing stereotyped judgments of women with new feedback and intense scrutiny of performance.
- The Senior Women's Review is integrated into the firm's overall people processes and owned by the Executive Office and the Diversity Committee.

Each division head nominates business leaders to take on the role of cross-evaluators. These individuals are then specifically trained to ensure that expected MD and Partner competencies are displayed—including those that are diversity-specific. The team of up to 100 cross-evaluators is chosen globally and represents multiple dimensions,

including gender, race, ethnicity, function, and nationality. The team is coordinated by captains who keep the cross-evaluators moving steadily through the timeline and present final results to a panel including the Co-Presidents. During the four-month review process, cross-evaluators formulate highly developed assessments based on conducting in-depth interviews with coworkers of the candidates. In 2006, over 9,400 interviews were held, resulting in 377 promotions. Development plans for women who are not promoted include next steps for development, leadership training, coaching, and mentoring, as well as feedback, increased exposure to key senior individuals, job mobility, and stretch assignments. All managers are held accountable for diversity and participation in the initiative's components. At more junior levels, a divisional Career Development Review identifies high-potential women who will eventually be part of the Senior Women's Review. Career Development Reviews are also a way of training managers at lower levels to recognize the capabilities and needs of junior women in the early stages of their careers.

From 2001 to 2006, globally, women's representation at the MD level has increased from 14 percent to 17 percent, and the percentage of women Partners doubled from 7 percent to 14 percent.

PepsiCo, Inc.

Power Pairs®⁶³

PepsiCo recognized that in order to fully capitalize on the strengths of all of its top talent, it needed a strategic initiative focused on its women of colour employees. One of the first elements put into place

was the Power Pairs® program. This customized coaching program for women of colour, their immediate managers, and their “skip-level” managers (second-level managers) uses facilitated dialogue to build personal and professional relationships, help participants better understand others’ work styles, professional interests, and career goals, and foster more authentic

and honest relationships. It also provides a unique opportunity for these pairs to spend time building more authentic relationships. Conversations should convey mutual expectations, identify gaps, and help participants collaboratively develop action plans for working together more effectively.

Power Pairs® at PepsiCo has helped bridge many gaps between managers and women of colour, including those between gender and race. These rare opportunities to spend quality time with managers have given participants the opportunity to voice their career plans and goals while receiving direct feedback. Power Pairs® has shown solid results: as of 2006, employee turnover among women of colour Power Pairs® participants was one-half that of executive women of colour employees not participating in Power Pairs®.

Catalyst Compelling Change Factors

- PepsiCo’s investment exposes women to their skip-level managers and allows senior leaders to gain an accurate image of the strengths and aspirations of these women.
- The program focuses on the very important relationship between a woman and her manager via an orchestrated dialogue.

Deutsche Bank

Accomplished Top Leaders Advancement Strategy (ATLAS)⁶⁴

The Accomplished Top Leaders Advancement Strategy (ATLAS) sponsorship program is based on a strong business case. In thinking about next steps for the firm and developing a program for women to succeed globally, Deutsche Bank realized that companies employing more women in leadership positions are better able to attract and retain women employees and serve a diverse customer base. Josef Ackermann, Deutsche Bank's CEO, is the ultimate sponsor of ATLAS. To initiate women into the program, he personally sends a letter inviting them to attend an opening event and dinner with himself and the Group Executive Committee (GEC), which provides high visibility for the group.

Catalyst Compelling Change Factors

- ATLAS is led by the firm's most senior business leaders.
- The firm integrates a "pay it forward" component to the program by having ATLAS women act as informal mentors to other women in the firm, helping to instill a culture of mentoring and sponsorship.

ATLAS participants include women who are already leaders at the firm but who, with the help of strategic sponsorship, have the potential to rise to even more senior, more visible positions. ATLAS women are diverse across various dimensions, including multiple ethnicities and different functions and business lines. Participants for this year-long program are identified and selected via a rigorous nomination process, typically a half- or full-day session held with Deutsche Bank's Global Head of Diversity, and region and business heads. The nomination committee comprising senior-level women and men from across the firm reviews each nominee's career history and aspirations, leadership qualifications, and future career goals. Approximately 10 to 20 women are selected each year.

ATLAS helps instill a strong sense of ownership in one's career. Participants learn that they must take risks and develop clear goals in order to advance at Deutsche Bank specifically and in their careers in general. ATLAS' structured nature and clear business

goals ensure that the program is strategically aligned within the firm's "social aspects" work and includes the following elements:

- **In-depth assessment:** Throughout the course of the program, ATLAS women undergo various assessments to help them and their sponsors identify specific goals and areas on which the pair should focus. Examples include gaining broader industry exposure and raising visibility. A career consultant is also assigned to each participant to assist with the assessment process.
- **Regular meetings:** Several times over the course of the year, ATLAS women are brought together to meet as a group. In addition to a kick-off session, these meetings focus on a variety of strategic topics, including the difference between management and leadership and the board of directors' decision-making process.
- **Group session:** Once per year, the entire ATLAS cohort (all past and current participants) meets in a joint session to network with and learn from one another. For example, one group session focused on building strategic networks. To prepare, ATLAS women examined their own networks to determine how strategic they are—that is, to what extent the network helps achieve career goals and how effective it is at bringing other Deutsche Bank women up through the ranks. The sessions also encourage participants to challenge men and managers in lower positions to give more thought to women's career aspirations.

To ensure that ATLAS women are giving back to the broader community of women at the firm, Deutsche Bank assigns ATLAS participants as informal mentors to new women MDs. This strategic alignment between executive leadership sponsoring and informal mentoring at the management level underscores the firm's commitment to women's leadership and employee development. Across the entire ATLAS cohort, 45 percent of women participating are now in new or expanded roles.

PART 3: WORK-LIFE EFFECTIVENESS



INSIGHTS FROM ROUNDTABLES

At a Glance:

- A work culture characterized by face-time and long hours continues to typify the industry; this is an outmoded approach. Instead of aiming to sustain its face-time culture, the industry must consider sustaining its people. There are opportunities to work smart and design results-focused work processes that meet both the bottom line needs of a high-performance industry and its people.
- Women hide family responsibilities more than men, and some report being fearful of revealing their pregnancies, indicating significant negative cultural biases and lost opportunities to retain and engage female talent.
- Women across all lines of the Capital Markets business experience inconsistent and often individually negotiated and manager-dependent maternity leaves. They rarely make use of full-year maternity leaves because of fears of losing their job, unfair bonus implications, and incorrect perceptions of commitment.
- Negative responses to career path flexibility options limit the potential for increasing employee retention, engagement, satisfaction, and commitment. Sustainable life quality is a challenge, resulting in many men and women exiting the industry to create career paths elsewhere. The cost of high turnover is unnecessary.
- A results-focused work environment combined with a long-term investment in people will better enable the industry to compete effectively in the global financial market.

The Capital Markets industry is fast-paced and intense, with high workloads and demands, challenging assignments, and hard-working and smart colleagues. It is an exciting environment, but its culture is steeped in tradition about how work gets done, and long hours by all at all times is seen as necessary. While there is no question that the industry is and must remain hard-driving, it is worth questioning whether long-held traditions, rather than a push for results, may be driving behaviour.

Based on our roundtable discussions, working continuously is prized over working smart, and any challenges to the way work gets done are thought to suggest weakness and lack of commitment. High turnover rates are treated as a necessary cost of productivity. However, a focus on effectiveness and work redesign can yield payoffs for the workplace as well as for employees, including increased client service, retention, and employee engagement, and decreased cost of recruitment, including training for new employees.⁶⁵ Although it is more hospitable

to women today than it was in the past, Capital Markets nonetheless remains challenged to define an employee value proposition that promotes effectiveness and a long-term investment in talent.

Investment Banking is perhaps the most challenging area of Capital Markets for work-life effectiveness, primarily because of extremely long hours, including

As one business leader said, the “negative stigmas and impact on one’s career is ‘the elephant in the room.’ Employees are fearful of suggesting work improvements.

late night and weekend work and its face-time culture that demands that all employees be present at all times to create deals. The result is a very high turnover rate among analysts and associates, many of whom work for less than three years before leaving the industry.

Those working in Sales and Trading have more limited hours, working very intensely during regular market hours yet having relatively dependable time off on evenings and weekends. The relatively structured start and stop times, along with limited travel requirements and seemingly less intense hours as one advances, can contribute to increased work-life integration. During market hours, however, informal flexibility is largely off-limits, which creates challenges when unexpected or unusual personal responsibilities come up.

More flexibility exists within Wealth Management, where Investment Advisors are not required to be available at all times. However, a leave of any period of time (e.g., maternity leave, family emergency, sabbatical) often leads to loss of carefully cultivated client relationships, negatively impacting the employee’s book of business.

Creating a work-life culture is not “soft stuff”; it makes good business sense. Research from Catalyst and others finds that both men and women seek a fit between their work and their lives, and the specifics of the fit fluctuate as life priorities change.⁶⁶ Employee fear of being punished for “having a life” is not a success strategy for the industry, nor is perpetuating an environment that may actually reduce peak performance and long-term employee well-being.⁶⁷ Ultimately, many employees who do not find advancement, sustainability, and life quality in Capital Markets leave to create careers in other industries or as entrepreneurs.

In this context, women’s concerns about taking maternity leave and managers’ concerns about how to deal with them are greater than typically heard in consulting, law, or other hard-driving, service-oriented industries. Some women report feeling “afraid” of telling their managers they are pregnant because they think it will increase incorrect perceptions about job commitment, their ability to manage personal and work responsibilities, and ultimately result in their leaving an industry they otherwise enjoy. Maternity leave was described as not standard in Capital Markets and largely negotiated with “side deals” on an individual basis. Inconsistent maternity leave arrangements are problematic, and some banks have made efforts to standardize maternity leave policies across businesses. However, the lean, competitive, male-dominated work environment makes stepping away from the business for any length of time risky and challenging. As one participant commented, people can receive “an earful for stepping away from their desk for five minutes, let alone leaving for three months.”

Loss of clients, advancement opportunities, and one’s job, as well as a seemingly punitive approach to bonuses, are real concerns in an environment where “you eat what you kill.” Several women spoke of “having to fight to get their job back,” after returning from leave to find that others had taken over their accounts without efforts to consider reasonable approaches to re-entry. This often causes women to take just three or four months of maternity leave instead of the one year they are legally entitled to. While there are exceptions, it is not uncommon for a woman Investment Advisor or Bond Trader to return to work only a few weeks after giving birth in fear of losing her book of business, clients, and bonus. Men also express concerns about not being able to take time off, and one told us that a man who took a parental leave “basically nuked his career.” The industry must plan for leaves and re-entry strategies that are fair to new parents, as well as individuals taking leaves for health and other purposes, as well as to their colleagues.

Several women spoke of “having to fight to get their job back,” after returning from leave to find that others had taken over their accounts without efforts to consider reasonable approaches to re-entry.

In a competitive business with entrenched work practices, it is perhaps not surprising to find limited knowledge and uptake of

ways to work differently. In our conversations, we heard of no examples of teams working smart and working differently. While examples likely exist, they are not being championed. More effective work processes can increase employee focus and energy, resulting in more optimal performance at work and home.

In addition, uptake for informal flexibility is perceived to be more accepted for men than for women, who feel their commitment will be questioned and therefore tend to conceal their family responsibilities. In this male-dominated work culture, a few report that it is more acceptable for men to take time to attend the hockey practice than for women to care for a sick child. As one talent manager observed, “women stick pictures of kids away; men bring them to work.”

In this context, the uptake up of formal flexible work arrangements (FWAs) is limited. While examples of job shares, telecommuting, reduced work schedules, and sabbaticals exist in the industry, they are not highly visible and are most prevalent in non-revenue generating roles, with the exception of a few senior leaders and high performers. Although some leaders speak favourably of job shares and see “no excuse today with technology” not to come up with some alternative approaches, this message is not widely shared or communicated to employees.

Even when policies exist, they are perceived as worthless without senior leadership championing them. When implemented, they are primarily manager-dependent, widely varying between businesses and departments. Without strong support or structure, they can also become detrimental to careers. For example, telecommuters can lose out on prime assignments, negatively affecting their career advancement; job shares can be seen as challenging and off-putting for clients; and individuals often work full-time hours despite being on a reduced-hours schedule. Nevertheless, FWAs including predictable time off should be encouraged as they offer an important safety net for employees.

Rather than using formal and informal flexibility and leaves, employees may simply leave. In an industry committed to aggressive financial growth that is dependent on talent and continuity of client services, the acceptance of turnover rather than time off is short-sighted. The cost of lost expertise, disruption in client service, and time and money devoted to recruitment and training has a significant, negative impact on the industry’s bottom line. Competitive industries such law and consulting are beginning to plan for the long term and to understand the value of career path flexibility (see D&I Practices at the end of this section). These workplace challenges require a long-range view to creating a results-focused work environment, moving away from traditional work practices of inefficient long hours and high turnover to working more effectively in fewer well-coordinated hours with a goal of increasing retention rates.

There is great opportunity for Capital Markets to better attract, advance, and retain women—and men—by first understanding the complex forces affecting the work-life environment and then challenging the status quo to develop new approaches for better business results. The potential benefits are substantial. Creating a stronger work-life culture focused on effectiveness attracts top talent, decreases high turnover costs, and increases employee engagement, commitment, and satisfaction.

The competitive, intense, and fast-paced nature of the business will pose a challenge to making these changes. The goal is not to take away from the industry’s productivity, but to enhance it by confronting outmoded views of how work gets done and investing in people over the long term. Solutions for a more effective work-life culture require commitment and visible involvement by senior leadership and a system that rewards working productively and efficiently.

RECOMMENDATIONS

1. Deepen your organization's understanding of work-life realities for both men and women.

Commit to developing a true understanding of the work-life realities for women and men in Capital Markets.

TIPS FOR INDIVIDUALS

When developing a request for an FWA:

- Consider career goals, impact on clients and colleagues, and your work style.
- Focus on win-win solutions for you, colleagues, clients, and the firm.
- Be explicit about business rationale. How will you meet business objectives and maintain communication and availability?
- Be flexible and, when possible and appropriate, change plans to meet business needs.

- **Create internal mechanisms for open dialogue**, by, for example, conducting interviews and focus groups with men and women at varying levels and life stages across business lines to understand what work-life fit means to employees and what detracts from it.

- **Test assumptions as to why women and men leave the industry** and challenge perceptions that women are less committed to careers or unable to effectively manage their work and personal responsibilities.
- Conduct exit interviews. Catalyst research found that among talented managers in Europe and North America, there was virtually no difference between the career paths of women and men, with 80 percent of women and 84 percent of men planning to stay in the workforce after leaving their companies. Only 2 percent of women and 3 percent of men planned to leave the workforce entirely after leaving their companies.⁶⁸ Test hypotheses that women leave sooner or more often than men or that maternity is the reason. Use workforce statistics results for interventions and to bust myths.

2. Engage senior leaders to act as role models of work-life effectiveness.

The need to be present just for the sake of “presenteeism” is in direct opposition to the business goals of increasing agility in a global economy, capitalizing on work efficiencies to promote client service, and creating a system that promotes retention of key talent. The face-time culture has far-reaching negative consequences, and moving away from it requires a commitment from senior leaders to uproot established norms and create more effective work environments based on the principle that the work environment can be *both* hard-working *and* smart-working.⁶⁹

- **Encourage new ways of thinking about client service and how to get the work done.** While all hands may be needed at some times, think in terms of teams and coverage.
- **Challenge ideals of the “workplace hero” as the one who works most.** Reward those

who work best. Value agility and focus, and champion work effectiveness, not the same old staid rules.

- Challenge disparaging comments, such as “Leaving early today?” when in fact the person leaving early has worked smartly.

3. Shift from working more to working smart.

Rethink how work gets done in this fast-paced, demanding, and intense work environment. The question to ask is “Is this the best way to get the work done?” Critically examine work processes and take advantage of new technologies to increase the coordination and coverage needed to deliver exceptional results and service, while spending less time on low-value work.

- **Rethink the work for increased effectiveness.**

- Define work needs that must be fulfilled and use these as a compass. Make sure teams define and meet deadlines, deliverables, and results. For example, in response to employee survey data in which employees indicated that greater trust and flexibility would make Best Buy an employer of choice, Best Buy created “Results-Only Work Environment” (ROWE), which allows employees to do “whatever they want whenever they want as long as the work gets done.” ROWE is not a program put in place, but rather a complete cultural transformation that permeates the entire workplace.⁷⁰
- Analyze current processes, prioritization of work, division of labour, quality of teamwork, and work culture to eliminate low-value work and inefficiencies. This can be done within a team and does not have to be a large-scale initiative. Consider the impediments to work effectiveness and consider and test process improvements.
- Challenge the “always on” work culture by examining how work currently gets done when employees work on more than one deal, are on vacation, at external client meetings, ill, or otherwise unavailable. Consider how team coverage and technology might work to reduce the “all hands on deck” approach.
- Examine “naturally occurring pilots”—teams that have worked differently for whatever reason. Treat successes as important to the business and share them as you would other business successes.
- Test solutions and talk about what did and did not work.

- **Identify team-driven flexible work options.**

- Instead of considering flexibility an accommodation for individuals, think

of it as part of a team-based approach to attract and retain top talent. For example, PricewaterhouseCoopers LLP created Client Portfolio Teams (CPT), or groups of partners that serve a portfolio of clients and share responsibility for developing and retaining staff. This new structure was created to improve quality, reduce administrative burdens, and decrease the workload of client professionals. CPT has altered the way work gets done, resulting in greater satisfaction and lower turnover rates.⁷¹

- Except in cases of health or other life emergencies, expect that employees will propose “win-win” solutions that work for clients and the team and that they will be flexible and transparent about their flexibility. Leverage FWA programs and policies from other areas of the bank and industry best practices.⁷²

TIPS FOR INDIVIDUALS

The importance of role modeling work-life effectiveness cannot be understated. We know that each and every senior leader employs strategies to be effective in their demanding work and personal lives. Leaders can share some of these strategies with employees, creating a resonant personal connection that allows others to be more effective, rather than burning out.

- Share your work effectiveness strategies. How do you focus on multiple clients, deal with time zones, and stay focused under stress and competing deadlines?
- Talk about how you prioritize and how you make time for what is important to you.

4. Invest in people and build strong teams.

The foundation of an effective work-life culture is a high-functioning team that operates with coordination, open communication, transparency, and trust. The transition to a more sustainable, results-focused work environment demands commitment to people over culture, strong manager behaviour, and active senior leadership involvement. Ultimately, well-managed teamwork will likely lead not only to a more engaged workforce but also to stronger producers and business results.

- **Get to know your people.**
 - Understand each team member's career and personal goals and peak performance needs.
 - Think long-term about careers and short-term about life contexts; do not accept turnover of talented employees as a given.
 - Coach the entire team; realize that employee engagement and visibility of talent is important to leadership and to the bank.
 - Allow and help individuals to suggest solutions that meet workplace and life needs. For example:
 - Focus on continuing and actually enhancing strong performance.
 - Manage work proactively, monitoring effectiveness and impact on the team.
 - Coordinate and communicate availability, coverage, and contact plans.
- **Train and expect managers to effectively manage teams.**
 - Communicate shifting client and bank priorities.
 - Focus on results; monitor effectiveness.
 - Provide feedback to employees.
 - Require transparency and coordination.
 - Deal with performance issues as they arise.

5. Reduce the perceived career cost of maternity leave through progressive and standard leave policies.

In all areas of Capital Markets, maternity leave must be acknowledged as a normal part of the career and life cycle and handled accordingly. Recognizing the incredibly short span of time maternity leave represents over the course of a talented woman's full career should help put this into perspective. Strengthening and standardizing maternity leave policies, along with implementing the recommended team-based approach to work, will permit women to take maternity leaves without as much of the extensive stress and guilt described in the roundtables. Changing the culture so that women feel they can advance and reach their full potential while having children is certainly a challenge, but fears of career suicide must be eradicated.

- **Understand the long-range impact of losing talented woman** as a consequence of a year (or less) of leave time, over the course of a full, productive career.
- **Develop progressive, equitable, and standardized leave policies**, in terms of time off, job guarantees, and career opportunities.
- **Develop a fair and transparent plan for compensation and bonuses.**
- **Openly allow women to determine a management plan for their leave**, and offer services to make transition and re-entry plans and stay connected with teams and the business. For example, PwC's Mentor Moms program⁷³ connects new mothers or mothers-to-be with another PwC mom at the firm who has already managed the integration of parenthood and career. These Mentor Moms listen, provide guidance, and act as a sounding board as the new moms make important career choices. See also McCarthy Tétrault's program on page 43.
- **Realize that one person's leave can be another person's opportunity** for cross-training or stretch assignments. Consider ways to support both individuals and address re-entry coordination within an overall team structure.

6. Treat career path flexibility as a people investment strategy for the long-term success of the organization.

Career path flexibility acknowledges various life stages and the changing interests and needs of employees and allows employees to pace their careers accordingly. Organizations that have asked leaders to map their own careers find that both men and women have varied the intensity of their work over the years due to work opportunities and demands as well as personal opportunities, philanthropic and community service, family and other personal interests, illness, and transition to retirement. Opening the door to career path flexibility is win-win scenario that increases employee engagement, satisfaction, and commitment while allowing organizations to retain top talent.⁷⁴

- Recognize that men and women employees are creating their own career path flexibility by leaving the bank.
- Consider a vehicle for career-pacing conversations with employees, such as a confidential service offered by HR.
- Consider returnship programs for great employees who have left your workplace and are now ready to return. See page 15 for more details.

DIVERSITY & INCLUSION PRACTICES

Boston Consulting Group

*Turning Off and Speaking Up for Better Work and Better Life*⁷⁵

The professional services industry is characterized by a 24/7 on-call culture, in which the ethic of being “always on” is seen as necessary for success. Consultants therefore experience a high-intensity culture of expected continuous (physical or digital) presence. Beginning in 2005, The Boston Consulting Group (BCG) took part in a project led by Professor Leslie Perlow of the Harvard Business School to challenge the notion that improving individuals’ work-life balance was at odds with maximizing the firm’s productivity. Over the past seven years, the program has been continually tested and refined. BCG continues its commitment to work-life effectiveness through this program called PTO, now known for increasing Predictability, Teaming and Open communication.

Strategy of Activity, Program, or Policy

The program is in the process of being rolled out globally and is practiced in all of BCG’s North American locations, Australia, many European locations including London, Moscow, Brussels, Zurich, and Italy, and Sao Paolo. Pilot programs are also being launched in Spain, Germany, Dubai, India, China, and Korea. Other areas of the world will follow.

- **Predictability:** During projects consultants on a team all take what is referred to as “protected time,” or time to turn off. It is defined as any unit of time agreed upon by team members as feasible and realistic while also aspirational enough to challenge assumptions about the way work is done. These units of scheduled time off are spread out between team members to ensure coverage for the client at all times. This helps to establish the value and feasibility of taking time off, thereby breaking the 24/7 mentality.
- **Teaming:** In order to meet time-off goals, individuals on work teams revisit the work process to develop new ways to collaborate. Teaming allows consultants to better balance spikes in workload, increase knowledge exchange, and build support within the team.

- **Open Communication:** Regular check-ins are built into the PTO structure to ensure teams adhere to a critical tenet of PTO—speaking up. These structured and facilitated meetings establish teamwork norms from the outset of new projects, and provide opportunity to regularly discuss how the team is working and the implications for their lives outside of work. Teams often work with a dedicated PTO facilitator, whose role is to ensure that key issues are brought up in discussion, adequately addressed, and that solutions are then integrated real time into the project. The facilitator’s role is critical for success, and as such, PTO facilitators are selected from among BCG’s high-potential consultants and are redirected from client work to serve for a given period of time as resources for PTO teams.

Success Factors

- **Client Value:** BCG is keenly focused on its delivery of the highest quality client value. PTO fosters superior case team performance in prioritization, client coverage, clarity, and communication, which leads to better value for their clients.
- **Leadership Support:** Team leaders exhibit strong and visible support for PTO, driving consultant engagement and setting the tone for open dialogue about work-life needs. Partners and project managers at BCG are expected to model desired behaviors through transparency when they take personal time themselves, thereby helping to legitimize the initiative and promoting sustainable, firm-wide culture change.
- **Experimental Mindset:** As the program grows over the years, across project teams, and into new geographies, PTO is continually evolving. PTO maintains its strong foundational structure by driving a collective goal through individual action, allowing for customization

and adaptation from one team to the next. Part of PTO's strength lies in the experimental mindset team members are expected to take on. Throughout the project, they continue to experiment with new ways of working to best fit individuals' personal needs and priorities and the team's work goals.

Impact

Internal analysis has shown that the program has led to 10 to 50 percent improvements in all elements of job satisfaction, like team efficiency, job satisfaction, and work-life balance which in turn has led to a 75 percent increase in intention to stay at BCG for the long term. Ninety-four percent feel that PTO creates

a competitive advantage for the firm with regards to recruiting and retaining top talent. Through its efforts, the firm has successfully challenged the prevailing industry norms around work-life effectiveness, developing an innovative approach to case team management that benefits both employees and clients, and solidifying its place as a firm of choice in the process.

Catalyst Compelling Change Factors

- In an industry that prizes excellence and client service, BCG powerfully communicates how much it values flexibility and its employees. Senior leaders reflect these values by role modeling and championing planned time off; as managers follow their lead, the values cascade down to all levels.
- This practice demonstrates the link between engaged employees and high-quality, efficient work.

McCarthy Tétrault LLP

Increasing Retention of Women Lawyers: The Parental Leave Program⁷⁶

In the fast-paced client-driven atmosphere typical of law firms, achieving work-life effectiveness often proves challenging. For decades, McCarthy Tétrault, a top Canadian law firm with a global impact, had maternity and parental leave policies which met or surpassed legal requirements, but such policies proved insufficient to retain mid- to senior-level women lawyers. Since 2004, McCarthy Tétrault's senior leadership has identified gender diversity as one of the firm's highest priorities and has transformed the various regional parental leave policies into a firm-wide supportive and comprehensive Parental Leave Program, accessible to both men and women associates and income partners in all regions, thereby reducing a key barrier to advancement.

Catalyst Compelling Change Factors

- The firm communicates the program in several ways, such as virtually, in orientations, and via senior leaders. Regional Managing Partners and national Practice Group Leaders are well versed in the specifics of the program, and act as excellent sources of information and support.
- Each firm office collects feedback about the initiative from lawyers who have participated in the program as well as from fellow lawyers in their practice group, allowing for continuous adaptations and improvements to the program.

The Parental Leave Program helps lawyers achieve greater effectiveness on the job and at home by offering assistance before, during, and after parental leave through coaching sessions, a buddy system to maintain contact while on leave, reintegration supports, and an easily accessible information toolkit. Support for the Parental Leave Program cascades from the CEO down; the Diversity Task Force, a sub-group composed of men and women equity partners, is responsible for implementation.

The program includes:

- **Parental Support:** Coaching is available before the leave starts and through the lawyer's return to work, during and after leave. Both

the lawyer and his or her life partner can participate in six paid confidential sessions with an outside coach to process personal life transitions, and lawyers can also discuss professional development concerns with an internal coach, such as career path trajectories, timing to partnership, length of leave, or reintegration challenges.

- **Paid Parental Leave:** Employees in Canada contribute through payroll deductions to an Employee Insurance Fund (EIF); employees on parental leave receive a percentage of their regular wages from this fund. The firm supplements this for up to 17 to 18 weeks, based on provincial regulations, to ensure that primary caregivers, regardless of gender, earn a full salary while on leave.
- **Buddy System to Maintain Contact During Leaves:** Each lawyer planning a parental leave works with the regional Professional Resources Director to select a "buddy." Typically, buddies are parents within the lawyer's practice group who have taken parental leave and successfully returned to the firm. Buddies may communicate firm updates, and/or serve as mentors, but all buddy relationships address three aspects: preparation for leave, maintaining contact during leave, and reintegration upon return.
- **Toolkit:** The firm's Parental Leave Toolkit assists lawyers with the transition to parenthood and includes: "Tips from the Trenches," advice from fellow lawyers who have taken leaves; a firm-wide list of lawyers with young children; various Work-Life Program articles; Parental Leave and Flexible Work Arrangement policies, and answers to frequently asked questions.
- **Flexibility Options:** Employees returning from leave have the option to work on a flexible schedule. Generally, any lawyer with at least three years of full-time practice experience is eligible to request a flexible schedule for dependent care or personal health reasons.

FWA are highly personalized and can take a variety of forms, such as reduced work hours or shifting daily start and end times. The needs of the firm and its lawyers are harmonized so that lawyers can serve clients effectively and profitably contribute when using FWAs. Associates and income partners can use FWAs without being taken off the partnership track.

Impact

- **Return to work:** A significant majority of parents return to work after taking maternity leave: nearly 100 percent from 2005 to 2009.
- **Retention:** Women senior associate retention increased from 42 percent in 2003 to 57 percent in 2008. McCarthy Tétrault attributes this significant improvement to the leadership and commitment of its partners who support gender diversity through policies and initiatives such as the Parental Leave Program and FWA.

PART 4: **LEADERSHIP AND ACCOUNTABILITY**



INSIGHTS FROM ROUNDTABLES

At a Glance:

- In the Canadian Capital Markets industry, revenue drives behaviour, and poor people management may be overlooked.
- The industry has not successfully capitalized on the benefits of diversity; leaders and others must communicate the vital link between diversity and business success.
- Inclusive leadership requires stewardship of diversity of all types within the bank. Inclusive leaders are unafraid to challenge stereotypes and preconceptions, communicate honestly and transparently, role model expected behaviors, and actively champion diversity.
- Intentional leaders deliberately break through barriers, see sponsorship as a leadership behaviour, and invest time in getting to know all of their talent. They tie inclusion to leadership, diversity and people performance to overall performance, and set “hard targets” that keep managers and others accountable.
- While leaders in Canadian Capital Markets understand the value of employee engagement, there are gaps in their understanding of the business case and in how they hold others accountable for inclusion. Also, some leaders question women’s ambition, risk-taking propensity, and desire for a career, though they recognize the need to challenge myths and assumptions by getting to know their female talent.

At the top of any organization are its leaders, the cultural torchbearers who set the standards against which progress is measured. The number of inclusive leaders within the leadership ranks is growing. These leaders are unafraid to challenge stereotypes and assumptions, communicate honestly and transparently, role model expected behaviours, and actively advocate for diversity. They recognize that to sustain an organization through downturns, upticks, global expansion and more, they need to create opportunities to leverage all of their talent. In other words, they fully recognize the business case for diversity and that the high performance⁷⁷ of their teams is a direct result of their leadership.

In the Canadian Capital Markets, roundtable participants described a culture in which revenue drives behaviour. Professionals do not perceive much, if any, emphasis placed on people management and furthermore, many believe that poor people management is often overlooked. Roundtable participants felt that there is “no value placed on management,” and that “management won’t care about turnover if results are strong.” Many HR professionals agreed, and one shared that “with people management in Capital Markets there hasn’t been much structure, because it’s all about revenue.” Generating the greatest profit or the highest return for a client is one measure of success, but it is not the only one, nor is it the sole indicator of sustainability.

Data from the roundtables also suggest a lack of emphasis on performance management and the type of development necessary for a diverse population to advance. It was clear that the fall-offs in women's representation demand greater attention from leaders and managers. Some leaders question women's ambition ("women are less likely than men to ask for opportunities"), risk-taking propensity ("women are less inclined to step forward and ask for a meeting"), and desire for a career (as discussed in Part 2). While women's departures are poorly understood and often questioned, men's departures are viewed very differently, again highlighting the need for better understanding female talent.

"Leaders need to practice what they preach."

Leaders are intrigued by the notion of employee engagement as a critical success factor, and understand the importance of decision-making that doesn't allow high-quality women to "slip through the cracks." They want to know and do more: one leader stated, "we need to reflect on whether [when giving stretch assignments and critical development opportunities] we're doing it enough for women." Another noted that "we need to get over our assumptions about women not being right for the job [and stop making] assumptions about people's family life and their ability to do a job."

Many leaders acknowledge their responsibility in identifying talented women and providing stretch opportunities, visibility, and other pathways to advancement. But most professionals agree that the exclusive focus on profits sends a mixed message; some felt that "leaders need to practice what they preach." For example, while some leaders recommend formal programs and greater visibility for women, the means by which informal sponsorship is attained and the factors that weigh into advancement decisions were less clearly identified, as discussed in Part 2. Men and women VPs and Directors also expressed a concern that formal sponsorship might "single out" women, creating a scenario in which men are concerned for their future prospects and, at the same time, sceptical that women have earned the right to advance.

Upholding a meritocracy is important to the Capital Markets industry. And yet, roundtable participants described an imbalance between men and women in the types of high-profile career opportunities, informal sponsorship, and visibility they are offered. As one human resources professional noted, some leaders "think they have the best people, [that] nothing's wrong with their talent process." However, it is clear that revenue producers with

poor management skills are both commonplace and condoned. Demanding strong people management *and* revenue production among leaders and others is essential to capturing even greater levels of success and sustainability—and far from unreasonable. Capitalizing on a foundation of diverse high performers and leveling a playing field that has been askew requires leaders in Capital Markets to tie benefits of diversity and inclusion to strategic business goals and business success. Setting a goal for more women in leadership requires the same identification and implementation of targets and accountability that leaders use when setting any business goal.

Being an inclusive leader means leading with intention.⁷⁸ It involves being proactive and attuned to people management as not just a human capital issue, but a sustainability issue. Intentional leaders deliberately take actions needed to break through barriers because they are committed to building fairness into their organization and fostering long-term employee engagement, innovation, and financial success. They understand that sponsorship is a key leadership behaviour and means of identifying excellence and growing the pipeline. They invest time in getting to know high-potential women and provide them with the same kinds of plum assignments and stretch opportunities that high-potential men are offered. They also tie inclusion to leadership, and diversity and people performance to overall performance ratings. They set "hard targets" that keep managers and others in the organization accountable, and they see challenges as learning experiences and successes as opportunities that can be leveraged more broadly. In short, intentional leaders mean business when it comes to diversity and inclusion.

For example, Ed Clark, CEO of TD Bank, established the CEO's Assistant Program, allowing participants, half of whom have been women, to shadow him in his role, thereby gaining both experience and visibility.⁷⁹ At Campbell Soup Company, former President and CEO Doug Conant, along with his leadership team and the Diversity Advisory Board, embarked on changing the company culture by focusing on

Demanding strong people management and revenue production among leaders and others is essential to capturing even greater levels of success and sustainability—and far from unreasonable.

employee engagement, diversity and inclusion, and the values of trust, honesty, and integrity. This helped revitalize stagnant sales, replace some of the lowest Gallup engagement scores of any *Fortune* 500 company with world-class employee engagement and the achievement of Gallup's "Great Workplace Award" in 2008 and 2009. Campbell has made women integral to its business success by advancing them in critical positions, showcasing their strength as business leaders, and ensuring their contributions are embedded in every stage of product development. The company's strategy is also aligned with business objectives designed to ensure the makeup of Campbell's workforce mirrors its diverse audience of consumers.⁸⁰

The Capital Markets industry as a whole has not successfully capitalized on the benefits of diversity and some business leaders, as well as some professional men and women, do not clearly understand the link between diversity and business success. Diversity of thought, and in particular gender diversity on teams, is directly tied to increased profitability, creativity, team performance, and innovation. A focus on

employee engagement, particularly in downturns, represents another untapped area of enhanced profitability and sustainability for the industry.⁸¹ Leaders who ignore the diversity and inclusion of their workforce tend to reproduce leaders with the same profile, year after year.⁸² This profile reflects neither the demographics of the countries in which they do business, nor the emerging markets where they seek to expand. Without intentional, inclusive leadership in the Canadian Capital Markets industry, innovation and employee engagement are sacrificed, the benefits of diversity of thought are squandered, and the opportunity for even greater profits and sustainable success in the future is at risk.

In short, intentional leaders mean business when it comes to diversity and inclusion.

The following recommendations complement those in Part 2, but are intended specifically for leaders and managers to advocate and enforce inclusive leadership.

RECOMMENDATIONS

1. Educate your women and men on the business case for gender diversity.

Diversity goes beyond doing the right thing. Promoting women and ensuring that they have a seat at the decision-making table is the smart thing to do, both in terms of fair opportunity and in terms of improving the bottom line. While the industry has largely fared well from a profit standpoint, failing to leverage all talent has a negative impact on earnings potential, employee engagement, client service, and innovation. Furthermore, a lack of gender diversity in senior leadership suggests less diversity of thought at the top, where decisions made have the most far-reaching impacts.

Leaders working to create diverse and inclusive workplaces in which women can advance must make the connection between diversity and business goals and communicate this widely to ensure it is understood by all and incorporated into the fabric of the bank. An effective business case links directly to business strategies for greater success.

- **Share a clear and compelling business rationale** for what an inclusive workplace offers the bank, as well as individuals.
 - Scotiabank, a 2007 Catalyst Award winner, found that women were less satisfied than men and that they were underrepresented at senior levels. An innovative internal research project focused on a “share of wallet” calculation that helped solidify the business case by indicating that the level of employee satisfaction was directly related to the level of customer satisfaction and overall customer loyalty. Scotiabank began communicating this innovative business case through Advancement of Women (AoW) roadshows in which executives presented the strategy and business case and reported all-bank and business line-specific results. Once senior leaders and employees began to understand the business case and the link to the bottom line, the initiative quickly gained momentum.⁸³
- **Create a vision for your bank that treats talent as an invaluable asset** and demands high levels of engagement across your entire workforce.
- PricewaterhouseCoopers’ Unique People Experience (UPE) is integrated into PwC’s business strategy through its strategic business priority: People. A major impetus for developing UPE was the understanding that high turnover is costly (the firm estimates that it is approximately \$80,000 per staff member) and untenable (a high rate prevents the firm from developing a robust pipeline). In addition, market pressures made it necessary for the firm to compete for top talent. PwC staff recognized the necessity—rather than choice—of focusing on all staff and creating an inclusive environment where diverse talent can thrive.⁸⁴
- **Talk openly about norms and unwritten rules⁸⁵** that prevent diversity from being leveraged, and hold accountable those who continue to enforce them.
- **Use various vehicles to share your commitment to diversity and inclusion**, including agenda items in meetings, town halls, organizational report-outs, and networking events.

2. Be an intentional champion for diversity. Put money where it matters.

The tone at the top makes the difference between a business-focused strategy with impact versus perceptions of diversity and inclusion as the “flavour of the month,” or mere window-dressing. Strong leadership is *intentional*, a term echoed by CEOs of companies making significant strides in advancing diversity and inclusion to indicate the attention and deliberate acts required by senior leaders to make change.⁸⁶

We highly recommend that leaders are charged with figuring out what needs to be done differently. What is the bank—and its leaders—willing to hold itself accountable for in terms of diversity outcomes? What are the deliberate and intentional actions they will take in direct support of these goals? For example, explore commitments that will ensure that the career velocity of all high-potential talent is roughly similar.

- **Position diversity and inclusion as a business imperative.** Be sure to talk about your progress, plans, and performance against diversity and inclusion goals as a first-level strategic business priority.
- **Insist that all executives come prepared** to business update meetings with reports on their area’s progress on diversity and inclusion.
- **Develop and publicize leadership pledges of action, targets, and/or consequences for performance** with respect to diversity and inclusion. Many organizations, including Coca Cola,⁸⁷ Shell,⁸⁸ and others, publicly report their inclusion goals online and in annual reports.
- **Don’t allow “slate sitters”**—high potential talent that makes it to consideration, but never secures the opportunity or promotion. Probe and challenge these decisions and come up with granular answers as to why they are not ready. Go one step further to demand plans for developing readiness so they do secure the next appropriate opportunity. As mentioned

in Part 2, Deutsche Bank creates readiness plans for all women identified as high-potential protégées in its ATLAS program.⁸⁹

- **Shake up the status quo and lead by asking, “What if we went a different way?”** or “Who/what else haven’t we thought of?”
- **Challenge assumptions about women’s abilities or willingness to take on new assignments** and call out others when they make false or unchecked decisions.

TIPS FOR INDIVIDUALS

Seek to understand any unconscious or implicit biases that may influence your own judgments, decisions, or relationships with others. Hold yourself accountable for challenging stereotypes and testing assumptions.

3. Be both inclusive and intentional when making decisions about talent.

When managers have submitted review scores and rankings, it is then up to leaders to determine exactly who moves into key roles and who receives high-profile assignments. Therefore, one of the most direct points of impact is decision-making by leaders. This is not just about who is placed on the shortlist; it is about who is ultimately selected. Our experience and research suggest that many factors beyond an individual's performance contribute to these decisions, including leadership team composition and the power of high level sponsors or informal networks.⁹⁰

Decisions are often affected by who in the room has power; how agreements are reached; how promotions and other talent decisions are made; standard processes that inadvertently and negatively impact certain candidates; and untested assumptions. Leaders should pay attention to these factors and ensure that decisions are made with consideration of overall team diversity.

- Make sure there are **clear criteria for senior roles**.
- **Ensure there are advocates in the room** who can speak first-hand about **all talent** under consideration.
- **Avoid group-think** by testing assumptions, probing, and challenging the decision-making process. Nominate a “challenger” who can question group-think.
- **Assess whether the current process fosters diversity**. If it does not, consider why and revise the process accordingly. Be sure to include diversity as an important filter for consideration.
- Note whose words carry the most weight and be sure to **get key influencers directly invested in diversity**.
- At the meeting's end, recap and review how decisions were reached. See WellPoint's practice on page 54.

4. Hold your people accountable for inclusive talent management, track the results, and develop a “zero tolerance” policy for poor people performance.

In the Canadian Capital Markets industry, money talks as the most valued commodity. However, this is not at odds with an environment that leverages all talent. Presently, managers are not held accountable for strong people management and therefore have little incentive to leverage diverse talent.

To drive accountability for strong people management, weak people management must be a deal breaker for advancement, and it must impact compensation and bonus incentives. To do this successfully, employees must have a clear understanding of the business case and meaningful supports to develop people management skills. Firms must mete out real consequences for those that fail to perform well in this area and recognize those who excel.

- **Leadership must implement accountability mechanisms that drive behaviour change.**
 - Commonwealth Bank of Australia (CBA) CEO Ian Narev serves as Chair of the Diversity Council, which comprises the Executive Committee. He also reports to the Board on progress relative to targets with metrics published in CBA's Annual Sustainability Report. Members of CBA's Executive Committee, as well as all senior leaders, are responsible for meeting or exceeding diversity-related Key Performance Indicators (KPIs) in their performance reviews, and their bonuses are affected as a result.⁹¹

- CBA’s diversity KPIs include Trust and Team Spirit and Talent Management, with Trust and Team Spirit as a strategic pillar for CBA. These KPIs measure actual contributions to achieving diversity goals through the implementation of specific actions, making the KPIs more than mere numeric ratings.
- Leaders are also responsible for embedding diversity objectives into business plans, implementing supporting programs, and ensuring divisional contributions in support of the diversity target.
- **Set workforce goals and “hard targets” for diversity and inclusion** with a focus on merit-based advancement. Specific targets or proportional targets (based on representation at the level below) are critical to holding individuals accountable for making change.
 - Desjardins Group’s Chair of the Board, President and CEO, Monique Leroux focused on making the recruitment and talent management processes more transparent and fair by insisting that candidate pools for every position contain at least 30 percent female representation at the executive, management, and branch levels.⁹²
 - At Commonwealth Bank of Australia, both female and male candidates are required on slates for all open Executive Manager and above roles. If this requirement is not met, the manager must elaborate the steps taken to meet this objective.⁹³
 - ING US Financial Services business units are evaluated on human capital and employee engagement results through the Incentive Compensation Plan (ICP). An “acceleration” or “deceleration” of up to 10 percent of each business unit’s bonus pool is linked to performance on diversity metrics. CEO Tom McInerney reviews diversity data with each business unit leader to determine the acceleration or deceleration.⁹⁴
- **Insist that talent stewardship, sponsorship, and mentoring are key leadership competencies** for all leaders, with direct links to goals, as well as compensation and promotion decisions.
 - Establish a “zero tolerance” policy for poor turnover rates, poor employee engagement scores, and behaviours that detract from inclusion. Leadership positions must be filled by people who are committed to diversity and inclusion.
- **Create a learning vehicle appropriate for the culture.** Team discussions, coaching, and tip sheets can be helpful. Determine what progress looks like and how you will measure it (via engagement scores, qualitative feedback, etc.). Communicate consistently and be sure to provide on-going support and direction.
- Publicly showcase successes and **be prepared with real consequences for those that fail to deliver.**
 - No manager should be promoted without demonstrating inclusive people management, and managers who are resistant to fostering an inclusive culture should be considered for replacement.

TIPS FOR INDIVIDUALS

Sponsorship has rewards not only for protégés, but also for you as an advocate. Being a sponsor rewards you with feedback, enhanced leadership skills, increased knowledge of company needs and opportunities, and personal and professional satisfaction.

Source: Heather Foust-Cummings, Sarah Dinolfo, and Jennifer Kohler, *Sponsoring Women to Success* (Catalyst, 2011).

5. Personally invest in women and get to know your female talent pool.

Some leaders and others are sceptical of women's "fit" with the Canadian Capital Markets industry. Some leaders also question women's ambitions, while others are unconvinced that women's capabilities align with the industry's demands. Overall, women are perceived as inherently "riskier" investments than men, and, as a consequence, they are offered fewer growth opportunities and chances to prove themselves.

In truth, the real risk comes from not paying attention to any portion of your workforce. As has already been outlined, diversity is valuable and can lead to positive gains in engagement. Leaders must be role models, taking the same calculated "chances" on women with demonstrated potential as they do with men. They must also communicate the goal of achieving a meritocracy in which everyone is offered the opportunity to excel without being held back by untested assumptions.

- **Serve as a sponsor for talent outside the mould.** Look around and sponsor talented women who are not the "usual suspects."
- Consider whether you advocate for and coach men and women in the same ways.
- Sponsor emerging female leaders with potential. Put your "skin in the game" and advocate for the opportunities and visibility they need to advance.
- Initiate reciprocal mentoring relationships with women to understand their daily realities and help disprove assumptions. Review recommendations from Part 2 for examples.
- **Conduct exit interviews** with both women and men to understand the real reasons behind departures.

6. Monitor advancement and fall-offs to create a true meritocracy.

Present norms in the Capital Markets industry favour men through narrow leadership profiles, male-dominated informal networks, and the replication of the existing leaders to fill senior roles. To create a true meritocracy, leaders first need a baseline understanding of exactly who is advancing and how rapidly, and who is selected for plum assignments and how often. They can then make change to ensure that all talent is given the opportunity to compete by defining exactly what is expected of leaders and others when they are filling high-profile roles and opportunities. Leaders need to be able to pinpoint where women's representation falls off and understand why this happens without relying on assumptions about women's goals and experiences.⁹⁵

- **Treat workforce statistics as vital signs of pipeline health.** Consider creating a scorecard to monitor success.
 - Watch for fall-offs in women's representation, as well as differences between men and women in time-in-position, hiring, and voluntary attrition rates.
- **Examine the bank's criteria for "high-potential employees."** Understand exactly how they are identified and why they are considered "stars." Ensure that high-potential women get the same opportunities as men.
- **Make a list of plum assignments and visibility opportunities.** Determine how many women are currently working on high-profile projects, with major clients, and in other plum development activities.
- **Make monitoring of development plans for key female talent a leadership expectation** and follow through with accountability measures for those who don't comply with this expectation.

DIVERSITY & INCLUSION PRACTICES

WellPoint

Challenge Sessions⁹⁶

WellPoint has implemented a formal framework for discussion and debate to ensure that the system works. Challenge sessions hold the managers at every level accountable. Group supervisors review each other's staff evaluations and look for viable promotion candidates who may have been overlooked or underestimated by an immediate supervisor.

Managers, from the CEO (reporting to the Board of Directors) to director level, are held accountable in their annual performance evaluations for participating in challenge sessions and achieving internal promotion goals.

Women have been able to move to very senior positions without following a traditional career path. In addition, it appears to be acceptable to pause one's career and then to start it up again. There are numerous examples of women who have done so—including the President of one of the major businesses. The system tracks "risk of separation" for key individuals. When a talented employee is identified as at risk of separation, senior leaders—including the CEO—are called upon to talk to the individual, assuring the employee of his or her value to the organization and providing guidance about moving ahead at WellPoint.

There is a formal calendar for completion of each aspect of the information in the system each year (individuals in January, raters/supervisors in February, challenge sessions in March, senior challenge session in April, Board challenge sessions in May).

Catalyst Compelling Change Factors

- The sessions enable greater objectivity in talent-related decisions through a higher level of scrutiny and attention.
- Challenge sessions ensure that everyone is accountable and views talent through an organizational lens for which everyone has responsibility.

The day-long sessions occur annually and "cascade up," starting at the division level and moving up to senior management. The discussion starts with a look at the demographics of those in the pipeline. In the final stage, the Board of Directors conducts a challenge session with the senior management team about potential successors and the plans for developing them. Cross-rotational assignments are expected and encouraged. Managers are able to offer developmental assignments to staff members from other

departments. Employees do not advance through a silo, within a function or a department.

Baxter International Inc.

*Building Talent Edge*⁹⁷

In 2005, Baxter in Asia Pacific developed *Building Talent Edge*, a talent management initiative to cultivate a more effective, diverse, and sustainable organization.

Catalyst Compelling Change Factors

- The initiative is led by a coalition of influential leaders, all function heads in the region.
- The approach is rooted in the business case that diversity of thought and experience matters.
- There is fairness to increasing women in leadership by bringing women in, developing them at least in proportion to their representation at each level, and then being rigorous about promoting when ready.

The Asia Pacific Leadership Team (APLT) was created by appointing leaders of each function for the new region. Other leaders who shared this perspective on the importance of gender balance to business success were recruited. The composition of the APLT reinforces the value of diversity: its 19 members come from 13 nations, and seven of them are women. Members of the APLT show commitment

and responsibility to the initiative by participating in talent development programs. They act as program sponsors and select women to participate in these programs. Senior leaders also take part in the Organizational Inventory meeting, a major component of the talent management system that ensures women's representation in succession planning.

Each country general manager also sponsors Fitness training (which aims to improve the clinical, product, and marketing knowledge of Asia Pacific teams), which is necessary for advancement to leadership. Senior leaders mentor women, another activity supported by Baxter's strong learning culture and team orientation. Baxter's Asia Pacific President, Gerald Lema, commits significant time to the initiative and participates in Baxter's Leadership Acceleration Program (LEAP) by teaching courses and personally reviewing team projects.

Kimberly-Clark Corporation

Fostering Talent Development Through Sponsorship⁹⁸

Kimberly Clark's CEO, Thomas Falk, is committed to leadership development and knows that risk-taking is as integral to successful sponsor-protégé relationships as it is to success in the business world. He has said:

The difference between sponsorship and mentoring is who took a risk on you. At a recent leadership meeting, I asked the top 100 leaders in my company, "Who took a chance on you?" I had each of them write the name of that person on a large white board. I then challenged them to model the same behaviors so someone writes their name down in the future.

At K-C, the rationale for valuing sponsorship comes down to talent development. When the company crafted its five-year business plan in 2010, it focused on both business strategy and people strategy, with an emphasis on building a strong, well-prepared internal pipeline of leadership candidates. The company recognized an internal gender gap when creating the business plan, and has taken steps to close it. Yet K-C does not explicitly focus on women's sponsorship or talent development. Rather, K-C emphasizes the importance of a workforce that looks, acts, and behaves like its customer base, which is incredibly diverse.

To help ensure that leaders actively sponsor talent, sponsorship is often discussed in the company's

annual leadership forums. During the 2009 forum, Mr. Falk's challenge for the company's top 100 leaders—all of whom are either direct reports or one reporting level from the CEO, and approximately 25 percent of whom are women—was to set an example for sponsorship behaviors and integrate this goal into each of their individual development plans. With input from their managers, leaders are expected to specify *what* they plan to do to model sponsorship and *when* they plan to do it. Examples of actions that may be incorporated include coaching, providing education, shadowing opportunities, and new job experiences; exposing protégés to new business units, functions and leaders; and visible career advancement on the part of protégés.

During annual performance reviews, leaders are evaluated on whether they met their goals, and the results have implications for merit increases and promotional opportunities. In fact, in order for leaders to receive the highest overall performance rating, they must receive the highest rating on people development competencies.

Catalyst Compelling Change Factors:

- The CEO views sponsorship as a key leadership behaviour.
- Leaders are evaluated and held accountable for meeting people development-related goals.

AB Volvo

Walk the Talk⁹⁹

For nearly ten years, AB Volvo has been working to engage men more fully in the development and advancement of women through its *Walk the Talk* program. The program seeks to promote greater awareness and understanding of gender and leadership issues and their impact on Volvo's business development, managers, and the organization as a whole.

Volvo focuses its training and development efforts in *Walk the Talk* on senior male managers. Selected managers gather at an offsite location about six times over the course of one year. The program itself is process-oriented and features both practical and theoretical components in leadership development, and reverse mentoring with women managers. The program:

- Addresses stereotyping directly by asking participants to reflect on how gender is discussed in the press, in relation to child rearing, in religion, and the like.
- Encourages alternate role models through a session called "Meeting Men with Power," in which powerful men are defined as those with power over themselves, which gives them the ability to go against the mainstream, demonstrate courage, and think in unconventional ways.
- Explores cross-cultural leadership issues. For example, how does an American lead a team of seven people, each from a different nation?
- Requires contemplation. Managers keep journals over the course of the program to encourage self-examination and to reflect on how their attitudes have changed over time.
- Requires active participation. Discussions are an important aspect of the program, as are role plays designed to stimulate discussion.

After the conclusion of each *Walk the Talk* class, Volvo provides support to men in the form of a *Walk the Talk* network, which includes almost 50 graduates of the program who meet formally twice a year. The network supports graduates by addressing gender-related issues on teams, educating managers and coworkers, and working actively to spread the knowledge acquired by the group.

Metrics are tracked by the CEO, and indicators show improvement on retention and a more positive work environment. The Volvo Group also implemented two policy changes that directly affect women's likelihood of gaining managerial positions. These policies stipulate that 1) a woman shall always be among the final candidates for a managerial position; and 2) there shall always be a female representative on the recruitment team.

The combination of knowledge gained through *Walk the Talk*, a changed mindset enacted in policy changes, and a firm commitment on the part of leaders has produced a substantial increase in the representation of women.

Catalyst Compelling Change Factors:

- The training objectives and support go beyond awareness to equip managers with skills to enact change on the job.
- Training allows managers to explore material with peers in-depth and over the course of a full year.

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