

Championing gender equality in Australia

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A group of business leaders is redefining the role of men in the promotion of gender equality—and improving the environment for women leaders in their own organizations.

Everyone's business

Elizabeth Broderick

For a long time I was firmly of the view that increasing the number of women leaders was a matter of women's activism, and women working together. Yet while women's activism remains critical to making progress, if you look at the levers of power in nations and in organizations, they rest in the hands of men. And to continue to rely on women alone to disrupt the status quo is really an illogical approach. I realized that unless we worked with the men in power—and helped them move from being merely interested in this subject to taking action—we wouldn't see the transformative change we need.

This is not about men speaking for women or “saving” them. This is about men standing up beside women and saying, “The promotion of gender equality in Australia, and the world, is everyone's business.” It should not sit on the shoulders of women alone. It's about men accepting responsibility to create change.

So we started the group, the Male Champions of Change, by identifying a dozen powerful men in some of Australia's most prominent organizations. I picked up the phone and rang them. The group formed from there, ultimately reaching 25, its current size.¹

¹ The Male Champions of Change receive pro bono support from McKinsey & Company. For more about the group, including its latest report, *Accelerating the advancement of women's leadership: Listening, Learning, Leading*, visit humanrights.gov.au/male-champions-change.

From the beginning, we were quite strict about participation in meetings and told the men they couldn't send delegates. My rule was: "This is you I'm inviting, not your organization."

The first couple of meetings were a bit awkward, as the tendency—human nature, really—was for people to talk about all the good things they were doing. Relatively quickly, though, the tone of the discussion became much more authentic and honest. "This is hard," several admitted. "In fact, it's the hardest thing I do as a CEO. I don't know what the answers are; I'm trying everything but nothing seems to be working." They all recognized that no one had the answers, but at the same time everyone agreed these were leadership issues that started with them, and that collectively, we could change things.

Actions, not talk

The group meets in person once a quarter (more often in smaller, topic-focused, "action groups"), and is a source of rich discussion, particularly at the intersection of disciplines or sectors. Putting the Chief of Army beside the head of a bank, for example, results in thought-provoking conversations about job flexibility and leadership. The fact that these men would not ordinarily come together is part of the group's appeal, and I've seen a great openness to learning and curiosity there.

Besides allowing for the sharing of stories, the face-to-face meetings are critical, I think, in empowering the Male Champions to be bolder.² Disrupting the status quo requires courageous leadership. For example, David Thodey's initiative to make all roles flexible at Telstra is very bold. By treating flexibility as the starting point, and not the exception, he's changing the whole nature of the conversation at his company and others. Similarly, the group took the lead on gender reporting, and because of the efforts of Elmer Funke Küpper, head of the Australian Securities Exchange and one of our Male Champions, a new reporting regime was adopted for publicly listed companies in Australia.

² Behind the individual Male Champions is an organization designed to enable and support the Male Champions in their efforts to take bold actions. For example, we have a funded Secretariat, headed by a senior leader who has the credibility to work with the Champions and other stakeholders. Furthermore, each Champion designates an implementation leader in their organization to directly drive change.

Recently, we've started looking further down the supply chain—at the idea that the group could ensure that its supply-chain partners also care about gender equality. This effort has huge potential because of the massive collective buying power of the group.

The Male Champions also demonstrate strong and visible leadership outside their organizations. They speak at more than 1,000 events a year, and they recognize that women's voices are often poorly represented. The practical action they have all taken is a “panel pledge” to ask a simple question of conference organizers: “What are you doing to ensure gender balance at your event?” Some have declined events if women speakers aren't well represented. Sometimes, they can make a lesson of it. For example, one of our members, Martin Parkinson, former secretary to the Treasury, was listed as a speaker at a large conference on global growth opportunities. He realized beforehand that there were very few women speakers on the agenda, and prompted the organizers to do something about it. When little was done, he opened his talk that day by identifying himself as a Male Champion of Change, highlighting his disappointment at the lack of gender balance, and spoke to the importance of the visibility of women in important national discussions. *Then* he delivered his speech. He received huge applause.

An arrow in the quiver

As part of my role, I have the opportunity to speak to many people about gender equality, and I've learned there are a lot of well-intentioned men out there who just don't know what to do. Not only that, many are scared that if they stand up and speak out on these issues they'll be seen as part of the problem rather than the solution.

Initially, some were. I remember the first conference I went to with one of the Male Champions—a panel discussion—where a woman got up at the end and said, “Look, it's all very well for you to say that, but the fact is you've got a full-time wife at home. You can gallivant around the world and you know that everything's OK at home. So don't try to talk to me about gender equality.”

He was deeply hurt, as you'd expect—she knew nothing about his life—and I asked if I could speak first. He agreed, and I said: “I know where you're at. I've been where you're at—deeply angry about where we are and the lack of progress, and knowing that men are part of the problem. But can I say to you, don't dump on the good men who are prepared to stand up and take action, because there's another 10 million doing very little.”

We hear much less of that now. Today, if anything, there's a tendency to expect the Male Champions of Change to do too much—I think it's a sign that we have changed the nature of the conversation around how to progress gender equality in Australia.

Another way I know we're making progress is that the model is spreading. We're seeing similar groups in most Australian states and territories, and even at the sector level in some cases. Shinzō Abe, prime minister of Japan, has started a group that we're in contact with. We applaud these efforts, and we are also creating a guide and other support materials to share what we've learned and help other groups get started. In this way, I see the Male Champions as an open-source model and one that has real potential to form a global coalition, a social movement for men actively promoting change on gender equality within their spheres of influence.

With that said, we certainly don't view ourselves as the solution—just an arrow in the quiver. It's not about the Male Champions doing everything. It's about them leading by example, and it's about every one of us reaching out to the men in our lives, helping them understand where the areas of inequality continue to exist, and giving them some practical examples about what they can do to move this agenda forward. Each of the Male Champions has a unique and powerful story to tell. Here are just three of them.

Elizabeth Broderick is the sex discrimination commissioner of the Australian Human Rights Commission.

Make it personal

David Thodey

I didn't need to think too much when Liz rang and asked me to join the group. I've known and respected her for years, and it was a great opportunity to talk about the challenges we all face in trying to create gender equity in large organizations. And I've learned a lot—and adopted a lot—from my colleagues. For example, we now have a “Plus One” initiative at Telstra that asks every manager to increase their female direct reports by one over an 18-month period, and that's been really good. We also adopted the “50-50: If not, why not?” approach to graduate recruiting and leadership development, meaning that we want half of these roles filled by women and if they aren't, we expect to know why. Both of these efforts came out of working with the group.

All roles flex

One endeavor I worked on with Ian Narev, CEO of the Commonwealth Bank of Australia, was about job flexibility. I strongly believe that to get true gender balance in a large company, or a society, you need the right culture. And job flexibility has always been a cultural challenge for many companies, because as you go through your life as an employee, your needs change but the company's response doesn't. You go to your manager and see if you can work out a different arrangement and typically the answer is, “You're a key member of the team and I really like you a lot, but gee, I really need you here for these hours.”

So at Telstra we said: “No, this isn't a manager's decision. Every role can be done flexibly and that's the starting point.” In fact, a manager has to be able to demonstrate that a job can't be done flexibly, not the other way round. In 2013 we piloted the approach, “All Roles Flex,” in one of our larger business units with about 9,000 people. After it was successful there, we brought the other business units onboard

earlier this year. We wanted to stop tinkering around the edges of this issue and do something disruptive that would send a clear message.

We've been delighted at how people have stepped up, and how creative they are in making this work. While it's still early on, our engagement scores have increased four percentage points in relation to flexibility, with 84 percent of our people saying they have the flexibility they need in their roles. That still leaves 16 percent, but it's heading in the right direction. We have also seen a strong increase in our ability to bring women into Telstra at mid-to-senior levels, just by inviting applicants to talk to us about flexible work. And the stories we hear about the policy are encouraging. For example, we have a talented employee with a disability that gives her trouble in crowded environments. Coming into work each day at the regular time on a full tram was very stressful. Now, she's moved her day slightly and her whole world has changed.

Crack the code

While the meetings with the Male Champions are always open and honest, I think that more recently there's been an even greater degree of candor about confronting the challenges. The reality is that for most companies out there, including ours, the needle hasn't moved enormously. At Telstra, we're running around the 25 percent mark of women at the executive-management level, a little higher than our industry average but also pretty flat for the last couple of years. It's frustrating because we're doing well in our female graduate intake—41 percent are now women—but they're 10 years away from meeting our targets at the executive level. We're taking direct interventions, we're prioritizing the need to push women through the ranks, but it's very slow going.

I know I haven't got the magic formula, and the level of progress is very frustrating. Yet we cannot become despondent. Solving this requires perseverance and optimism. About 18 months ago, we had a senior-team dinner where we discussed gender representation and each of the executives spoke about why this was important to them personally. It was probably one of the more meaningful moments we've had. I think it proved to me the power of making this personal. It gives me hope that we can crack the code.

David Thodey is the CEO of Telstra.

Relentless execution

Ian Narev

I wasn't a founding member of the group—my predecessor was—but when I became CEO in late 2011 it was an easy decision to join. I thought Elizabeth's vision was right—to move this forward we've got to engage men—and the business benefits of diversity are obviously strong. I was also motivated by the moral reason: I want my company to stand for the principle that no matter who you are, you will not only be tolerated (a word I hate) but celebrated. At the same time, the group had interesting people within it doing interesting things. It was a huge opportunity to learn.

A benefit of the meetings, for me, is that I think about diversity as part of my day-to-day job. We meet four times a year and hold other meetings and panels—and it takes time—but there are economies of scope in this, and I'd argue that it's making me more efficient. We're in there talking about things like mainstreaming flexibility, the promotion of talented women, supplier management, and these are all part of my job anyway.

Recognizing unconscious bias

One area we've discussed is unconscious bias—a topic we've thought a lot about at the Commonwealth Bank of Australia (CBA). In general, companies have gotten to the point, luckily, where it's rare to find outright misogynists, homophobes, and racists. But that's not a very high bar! The problem we struggled with at CBA was more subtle: If a manager wasn't getting good outcomes on gender targets—but like most people, wasn't a misogynist—then the message we were effectively sending was, “You're probably OK.” And that's not OK.

The bias training we gave to our top 2,000 people gave them permission to say: “I can be a good human being but recognize that I still unconsciously make judgments that may favor certain groups in promotions.” It was a big first step and has helped us improve our hiring processes, particularly when it comes to the classic “just like me” bias in hiring decisions.

I like focusing on processes because it helps us get past any “warm and fuzzy” elements of diversity and into action levers. For example, we discovered we had an anachronistic process that classified women on maternity leave as “over quota, unattached,” which, among other things, essentially meant they couldn't keep their cell phones or laptops. This policy may not have been initiated by anyone still at the bank, but it had gone unexamined and was preventing us from staying in contact with parents on leave, and therefore allowing us to work with them to create more flexible return options. Fixing it was easy; spotting it was harder.

The numbers are the numbers

All the Male Champions would agree our numbers are moving too slowly, even though we see progress. At CBA, I'm pleased that three of our seven big P&L jobs are run by women. And we have set a target of 35 percent women in leadership roles by 2015; currently we are at 33 percent, up from 26 percent in 2010. At each level we face challenges: Among our top team, we went from 18 to 27 percent women last year; one level below, from 22 to 28; two levels below,

from 23 to 24. But further down—where the number of people is larger and the averages harder to move—we’ve only moved from 33 to 34. It’s not enough, and is a long way from our ambitions of having 50 percent women in leadership.

In part, I see the challenge as an issue of basic line management and relentless execution. The numbers are the numbers and when we miss a diversity target, it’s no different than if we missed a customer-satisfaction target or any other target. We ask, “What more can we be doing? What are the reasons? How can we make sure we get there as quickly as we can?” To me, it’s about the visibility and transparency of the goal and the trust we create internally by showing our accountability for meeting it.

Ian Narev, an alumnus of McKinsey’s New York and New Zealand offices, is the managing director and CEO of the Commonwealth Bank of Australia.

Irreversible change

Elmer Funke Küpper

What I like about the Male Champions of Change is that it’s a highly practical approach to diversity. If this change was easy, it would have been done. It turns out it’s hard. By sharing ideas, each of us can learn things that we take back to our companies and try. For my part, I freely beg, borrow, and steal from my colleagues in order to make changes at the Australian Securities Exchange (ASX) that will make a difference. I think we all do: our goal is to learn how to change, get results, and then spread the word.

One idea we took from Telstra’s David Thodey was rethinking flexible work. We recently announced that all jobs at ASX can be made flexible in some way—no excuses. This way of thinking forced us to invest in the infrastructure and technology that will allow our staff to work flexible hours and from home.

My conversations with other Male Champions have been valuable in helping me think through how to implement change. The conversations can seem like a form of personal coaching by your peers.

Governance guidelines

Once a year we look at our forward agenda to see what we should work on. The work then progresses in smaller groups. For example, we did some work on target setting with Martin Parkinson, former secretary to the Treasury. We wanted to see where the number of women dropped off in our organizations and what could be done to shine a light on this.

What we saw will be familiar to many companies: the numbers are usually strong at the lower levels of the organization and in the talent pipeline, and they're OK or improving at the board level because you can recruit for that. It is in the senior-management layers in-between where there are challenges. At these levels, the numbers drop sharply, which suggests the career-progression processes are not working the way they should. So we proposed to the Male Champions that we should publicly report, and set targets, down to four layers in our organizations to put real focus on career progression. The feedback from the group led us to modify the proposal so that companies could differentiate by the type of job and not just by layers. Several of the Champions took the lead and adopted the new way of reporting and target setting.

From there, we approached the ASX Corporate Governance Council, which sets the governance principles for the 2,000 public companies in Australia. We asked the Council to adopt the reporting approach from the Male Champions. The governance principles work on an "if not, why not?" basis—companies do not have to follow the guidelines but they have to explain why they don't. In our experience, large companies tend to comply. After about 12 months, the Council decided to update its guidelines based on our suggestions. They came into effect on July 1 this year.

Walk the talk

From our work, it was clear that we struggle with the flow-through of women to more senior levels of the organization. We know that our overall numbers for female leaders are somewhere between 40 and 45 percent at lower levels, and 40 to 50 percent amongst our top talent pool—but our promotion rates into senior management run well below this level.

I've recently started to change my view on how we might address this. When we started out, I felt that gender targets for managers were more about potential than performance—in other words, if a manager repeatedly misses the staff engagement and diversity objectives we set, it should affect our assessment of his or her potential to lead larger numbers of people. I'm now coming to the view that these goals should be part of management's short-term objectives and incentives as well. I think it has to have more bite—the same way we treat other business objectives.

I guess my attitude is that I don't want to take no for an answer. We want to create an organization that makes automatic use of 100 percent of the available talent pool without having to rely on the CEO, the Male Champions, the governance principles, or *McKinsey Quarterly* articles to drive this. To me, success is irreversible change. Nothing less will do.

Elmer Funke Küpper, an alumnus of McKinsey's Amsterdam office, is the managing director and CEO of the Australian Securities Exchange.

This commentary is adapted from interviews conducted by **Natalie Davis**, a principal in McKinsey's Sydney office; **Angus Dawson**, a director in the Sydney office; and **Thomas Fleming**, a former member of McKinsey Publishing.