

STRAIGHT TALK ABOUT GENDER DIVERSITY IN THE BOARDROOM AND BEYOND

In these interview excerpts, leaders describe their efforts at promoting gender equality on boards and explore the challenges that still linger.

Much of the discussion around gender diversity on boards focuses on how far we still have to go to achieve parity in the United States. While important, this conversation can sometimes overshadow the progress that individual companies are making to drive change across their organizations. We decided that highlighting some of their experiences could prove useful for companies eager to learn how to make change happen. In the fall of 2016, we conducted an analysis of companies in the S&P 500 that had the highest percentage of women on their boards. We then spoke to leaders at some of those companies, as well as to a few European leaders who are making similar progress in their organizations. (For more on our analysis and best practices, see “How to accelerate gender diversity on boards,” on McKinsey.com.) What follows are selected commentaries from leaders at the Estée Lauder Companies, Frontier Communications, and Kering, in which they discuss everything from the benefits they’ve reaped to the remaining obstacles that must be tackled.

Driving sustainable change



Fabrizio Freda,
president and CEO,
The Estée Lauder
Companies



William P. Lauder,
executive chairman,
The Estée Lauder
Companies

William P. Lauder: Our company was founded by my grandparents, Estée and Joseph Lauder, based on my grandmother’s vision, so the idea of women in leadership is deep in its DNA. Today, 85 percent of our employees are women, and it’s estimated that 90 percent of our consumers are women. So it’s important for us to make sure that we have very capable women executives not only at all levels of the organization but also at the board level. It took an explicit effort to make sure that we had women directors

on the board, and then from there it became a natural process, as those members advocated for more women to join them. You come to realize that it's a self-fulfilling thing when you start by setting an example. It's about putting a stake in the ground, as a leader, on something you believe in and then working hard to make sure that the organization takes it up and moves it forward.

Fabrizio Freda: It really is about intentionality of leadership—continuing to drive diversity across the company, even if you have already achieved many of your objectives. You can't take progress for granted. Leaders must make sure that everyone understands the benefits to the organization, the results these decisions bring, and the power of talented women and all that they have achieved for the company. This will ensure that a model is sustainable in the long term, independent from the company's value system and the strategic priority to represent consumers.

We expect leadership initiative and participation from every person in the company, what I call "leadership from every chair." For example, in a practical sense, this means we require managers to have a slate of candidates for any new position that's 50-50 men and women at the start. Broadly speaking, it's about making inclusion a job for everyone at the company. Sometimes I meet CEOs who believe they need to convince their direct reports to exercise inclusion. I believe they need to first convince the people who entered the company yesterday, because that's how you make sure it permeates the culture. Often young people will be most active if you give them the responsibility to drive change.

For example, we decided that our senior leaders, both men and women, were not familiar enough with the big transformation of the consumer-engagement model via social media and the new digital landscape. So our company has taken the most talented young women in the organization and matched them with a senior leader on my executive team. They become a reverse mentor to that executive, teaching my team and me the latest trends and innovation in the social-media landscape today—in short, keeping us modern.

As a result, my senior leadership group has better ideas on how to modernize certain aspects of the business. Further, our millennial women around the world are growing their skills at the speed of light, because they feel that senior managers look at them as leaders and not just junior employees. We have many women who participate in the program; today, it's an important element of our company culture.

Benefits go both ways between management and the board



Dan McCarthy,
president and
CEO, Frontier
Communications

I've seen the benefits firsthand of having a more diverse board tackling tough issues. Here's an example: At one point, we were reviewing a strategic direction around opportunities for products to bring to market. The management was in favor of moving in a direction that would have been not completely off strategy, but more like a near-adjacent technology for us.

Even though the strategy had been vetted and moved forward, the board, as they discussed it, really challenged management. Had they thought through these different risks and opportunities? The women on the board challenged management the most by drawing on their understanding of how more than half of the country would feel about these new products. It really changed the entire direction of the discussion. Having previous experience with a board that was not very diverse in any way, I think that we would have wound up in a very different place. Ultimately, we scrapped that idea and didn't move forward with it.

The benefits really go both ways between the boardroom and the management side. I would say that in the beginning, management evolved a little quicker on diversity and in doing so had a very positive influence on the board. About seven or eight years ago, we started a unique program where we pair a top senior executive with a board member. The board member gets a much more intimate understanding of the industry, the business, and its challenges; the senior leader gets a mentor who can advise them on their relationship with the board and how they could be a more effective leader. When I look at the board, I can see that they are totally engaged when we do succession planning; they understand the individuals and their needs and desires. When I talk to my team about what they're getting from the mentorship, it's everything from opportunities to join a board at a different company to a sounding board for ideas on their career. It's created a kind of symbiosis between both sides.

It takes more than a nudge




François-Henri Pinault, CEO and chairman, Kering

Every company has a social responsibility beyond the economic sphere, as a part of society. When I transformed our company to the luxury group that it is today, I wanted to make a commitment to women that was consistent with the changing profile of our company, where roughly 60 percent of our workforce and 75 to 80 percent of our customers are women.

My first move was to establish the Kering Foundation to combat violence against women. Thanks to my wife, I became aware of the reality of the situation in our country and throughout the world. This was, as we call it, our commitment to the external world. Around the same time, we decided to work on the internal dimension—including equal representation, remuneration, and career-path development for women across the group.

I wanted to show our determination early on through quick action and chose to set an example with our board. I was not forced to do it at the time. Of course, now we have a law in France requiring us to have at least 40 percent women at the board level. We anticipated that and went even further; 64 percent of our board is now women. The law in France created a lot of debate on quotas, with even some women being against the idea. But pragmatically speaking, if you don't ignite the process through that constraint, nothing will ever happen. Recommendations are not enough. Even if the consequences for not complying are not all that terrible, it increases visibility on where companies stand and forces many to move in that direction.

The board is more of a symbol than a catalyst for change. The real work begins at the executive level and below, as you try to understand and diagnose very precisely the many reasons why change doesn't happen. For example, corporate policies (or a lack thereof) on maternity and paternity leave continue to create unfair situations for women, often resulting in a loss of talented women in the pipeline. Ideally, they should have a free choice to make that doesn't require a personal or professional sacrifice, but most of the time there is no choice—companies have to start allowing men more flexibility in their working schedules to contribute. In a country like the United States, one of the least advanced countries in the world on this issue, the consequence is that gender parity at the executive level is very difficult to reach. 

These commentaries are adapted from interviews conducted by **Celia Huber**, a senior partner in McKinsey's Silicon Valley office; **Holly Lawson**, a member of McKinsey Publishing who is based in the Chicago office; and **Sara O'Rourke**, a consultant in the Washington, DC, office.