

Apparel, Fashion & Luxury Group

Shattering the Glass Runway

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Authored by:

Pamela Brown
Stacey Haas
Sophie Marchessou
Cyrielle Villepelet



Shattering the Glass Runway

The fashion industry is propped up by women—they spend three times more on clothing than men¹ and fill a majority of the entry level jobs.

Even so, fashion has a gender inequality problem. Fewer than 50 percent of well-known womenswear brands are designed by women² and only 14 percent of major brands have a female executive in charge³.

The industry recognizes an urgent need to shatter the glass runway, and many companies have increased their commitment to gender diversity in the past few years. Why then, does progress remain slow?

To answer that question, McKinsey partnered with Glamour and the Council of Fashion Designers of America (CFDA) to survey 535 and interview 25 US-based professionals across the industry, both women and men at various tenure levels. The Glass Runway study explored both the sources of gender inequality and ways to overcome them.

AMBITION GAP?

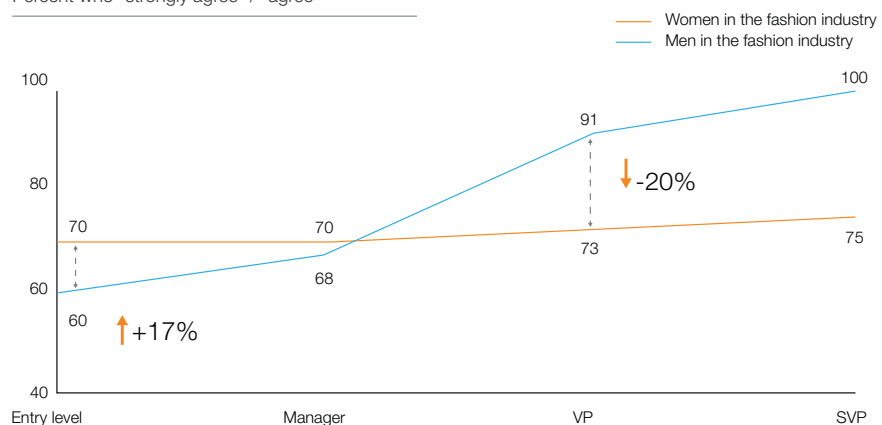
Women start their fashion careers with high ambitions—even higher than men. At entry level, 70 percent of women aspire to become top executives, versus 60 percent of men. Men’s ambitions continue to grow, reaching 91 percent by VP level, while women’s ambitions remain at 73 percent (Exhibit 1). This suggests women’s ambitions are not cultivated along the journey, and they become more frustrated and disenchanted with each barrier they meet.

Exhibit 1

Women are starting their careers with high aspirations

“I aspire to be a top executive”

Percent who “strongly agree” / “agree”



SOURCE: Glass Runway Survey

¹ Women spend an average of three times more than men on apparel annually, including items for themselves and others—amounting to \$159 billion in US sales in 2017. (Source: The NPD Group / Consumer Tracking Service)

² Of the 371 designers helming the 313 brands surveyed by BoF across the four fashion weeks, only 40.2 percent are female. (Source: Spring/Summer 2017 fashion week study, The Business of Fashion: BoF)

³ In 2017, a BoF survey of 50 major fashion brands revealed that just 14 percent were run by a woman. (Source: The Business of Fashion: BoF)

I see women in the 35- to 50-year range who feel grateful for having reached the VP level, and they feel that it would be greedy to want anything more.

—Female senior leader of a luxury retailer

As women, I think we sometimes limit ourselves in what we think is possible.

—Senior executive at a large retailer

UNDERSTANDING THE SOURCES OF INEQUALITY

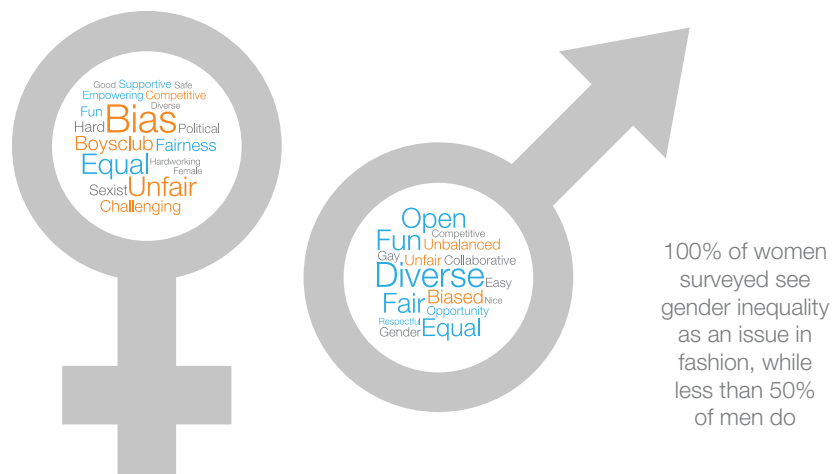
The Glass Runway found four primary sources of gender inequality: lacking awareness and commitment, ambiguous success criteria, disparity in sponsorship and mentorship, and constraints of work-life balance.

Lacking awareness and commitment

The sheer number of women working in fashion masks the problem for many. More than 50 percent of male survey participants see no gender inequality in the industry.

Exhibit 2

Top 3 words about the fashion industry as it relates to gender, as stated by women versus men



SOURCE: Glass Runway Survey

I think there are a ton of women designers. I don't think there's a problem.

—Male designer

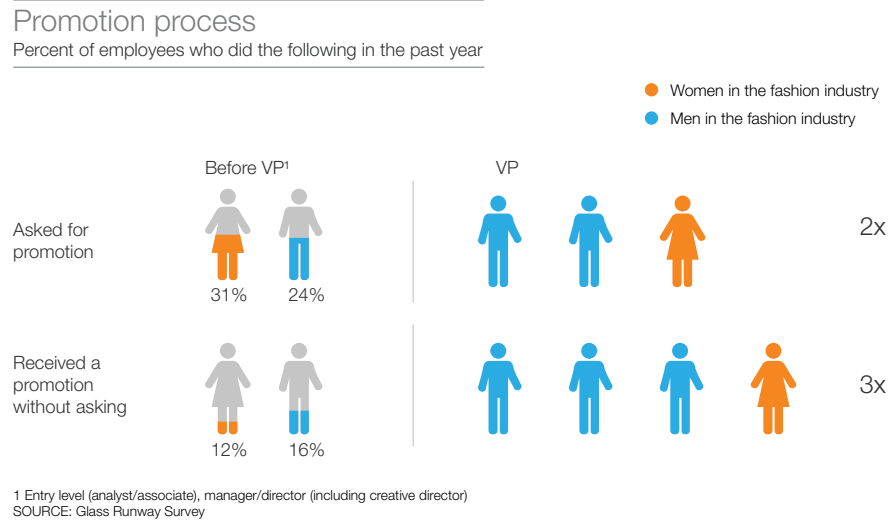
This lack of awareness translates into a lack of action. More than 80 percent of survey participants were unable to cite a concrete initiative their company had implemented to address gender inequality.

Ambiguous success criteria

Most male executives (80 percent of senior vice presidents and vice presidents) report that the criteria for advancement is clear; only 65 percent of their female counterparts agree. Many more men at that level also report getting promoted without asking, and they are twice as likely to ask for a promotion (Exhibit 3).

Exhibit 3

At the VP level, fewer women ask for and/or receive promotions



I always ask for concrete guidance on how to excel and be promoted. I do all those things and it makes no difference...it's very unclear to me how to continue growing at my company.

—Mid-level female manager at a large fashion brand

Disparity in sponsorship and mentorship

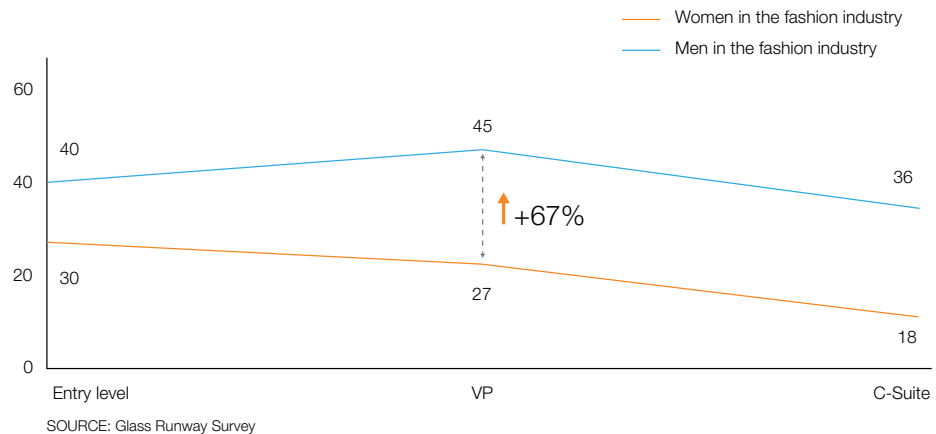
One reason women may be less clear on the path to success is because they receive less career advice than men do. Across all tenures, only 22 percent of women report getting advice to advance their careers, versus 33 percent of men. At the VP level, the gap widens markedly to 27 percent of women versus 45 percent of men (Exhibit 4).

Exhibit 4

Women may be less confident about what it takes to succeed because they are receiving less advice on how to advance their careers

“Outside of the formal review process, I regularly receive feedback on how to advance my career”

Percent of employees who “strongly agree” / “agree”



You can't sit back and wait for feedback, you have to be very proactive in asking for it...I think I was one of the few women doing this.

—Female president of a fashion brand

Constraints of work-life balance

Many more women than men (30 percent versus 7 percent) report that having young children has slowed their career, and half of female VPs say they have difficulty juggling work and parental responsibilities. In interviews, women consistently pointed to a lack of formal programs (for example, flexible work options) and to (unconscious) biases—about career motivation and the ambition of mothers—as sources of balance issues. Only 45 percent of women reported that their companies had paid maternity leave, and just 24 percent said they offered work-flexibility programs (Exhibit 5).

Women experience a higher level of both internal and external pressure to be present for their children.

—Female president of a fashion brand

If you make it to the C-Suite you've had to make a conscious choice between work and family life.

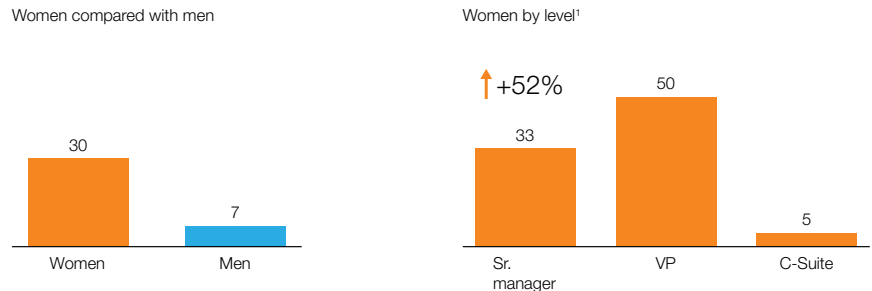
—Female president of a fashion brand

Exhibit 5

Across all levels, women report greater difficulty in juggling parental responsibilities — this is most pronounced with female VPs

“Having young children has slowed my career advancement”

Percent of employees who “strongly agree” / “agree”



¹ Number of men with kids is too small to split by level
SOURCE: Glass Runway Survey

ADDRESSING THE SOURCES OF INEQUALITY

Some companies in the fashion industry have managed to put cracks in the glass. But truly shattering the glass runway will require overcoming multiple sources of gender inequality. Here are some actions that could help.

Driving awareness

The business case for gender equality already exists: Gender diverse companies are 22 percent more likely to outperform their peers (Exhibit 6). Companies in the fashion industry need to articulate this link to performance and ensure understanding among male and female employees.

Companies should also commit to track and share gender-related key performance indicators, holding one another accountable to progress. One industry leader has set the target of filling 50 percent of top management positions with women by 2020— and is openly tracking and sharing progress along the way. The number increased from 23 percent in 2007 to 40 percent in 2017.

Gender diversity is a strategic priority for our group, as it is a source of creativity, innovation, and performance.

—Jean-Paul Agon, chairman and CEO, L’Oréal

Clarifying success criteria

Companies should increase transparency when it comes to evaluations, promotions, and compensation. To do so, they first need to define objective criteria and develop end-to-end processes that reduce bias. One industry player involves HR in every step of the review process to ensure a fair assessment. Another worked to uncover pay gaps and ended up adjusting 150 compensation plans across North America. And a third requires all managers (male and female) to take formal unconscious bias trainings.

Increasing sponsorship and mentorship opportunities

Companies should offer mentorship programs for women, providing them with an opportunity to forge meaningful professional connections and preparing them to assume top management positions. One industry leader matches women with mentors from the get-go, so that female employees are supported and coached at every point in their career. Others use formal group sessions to help women hone professional skills needed for career advancement, like negotiations.

Allowing women to fit work into their lives

To address the constraints of work-life balance, companies should create policies and programs that help employees fit work into their lives. Women—and men—need family-friendly policies that provide adequate parental leave and smooth the transition back into the workplace. Increasingly, companies in and beyond the fashion industry are recognizing the importance of flexible work programs and child-care support (dedicated on-site care or emergency back-up support). One industry leader has implemented work-flexibility programs so that parents can work from home once a week. Another created panels for returning mothers, providing them with a forum to share experiences and advice, and act as role models for one another.

It's true, there are financial costs to offering on-site child care, but the benefits—financial and otherwise—pay for themselves every year. As a CEO, it's not even a question in my mind. Business leaders should take note.

—Rose Marcario, CEO of Patagonia

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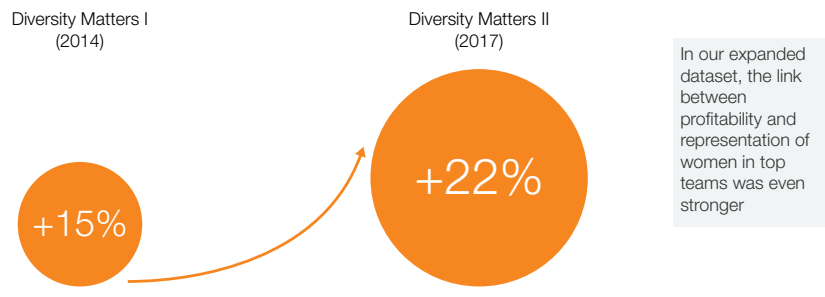
A concerted effort to improve gender equality in the fashion industry is both socially and economically imperative. Across industries, gender-diverse companies outperform their peers; companies in the top quartile for gender diversity are likely to enjoy financial performance above the national industry median (55 percent higher than the average earnings-before-interest-and-taxes margin)⁴. Taking the actions outlined above could put companies in the fashion industry on the path to such performance (Exhibit 6).

Exhibit 6

Gender diversity has positive outcomes for business

Gender-diverse companies outperform

Likelihood of having financial performance above national industry median for companies in top quartile for gender diversity



SOURCE: McKinsey Diversity Matters Database, 2017

Diversity is a tremendous source of complementary skills and wealth, making it a key success factor for LVMH and its Maisons.

—Chantal Gaemperle, EVP human resources, LVMH

⁴ Source: Delivering through Diversity, 2018 McKinsey report

Authors



Pamela Brown

Associate Partner, New Jersey
Member of the Apparel, Fashion & Luxury Group
Pamela_Brown@mckinsey.com



Stacey Haas

Partner, Detroit
Leader in Consumer and Marketing & Sales practices
Stacey_Haas@mckinsey.com



Sophie Marchessou

Partner, New Jersey
Leader in the Apparel, Fashion & Luxury Group
Sophie_Marchessou@mckinsey.com



Cyrielle Villepelet

Consultant, New Jersey
Member of the Apparel, Fashion & Luxury Group
Cyrielle_Villepelet@mckinsey.com

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