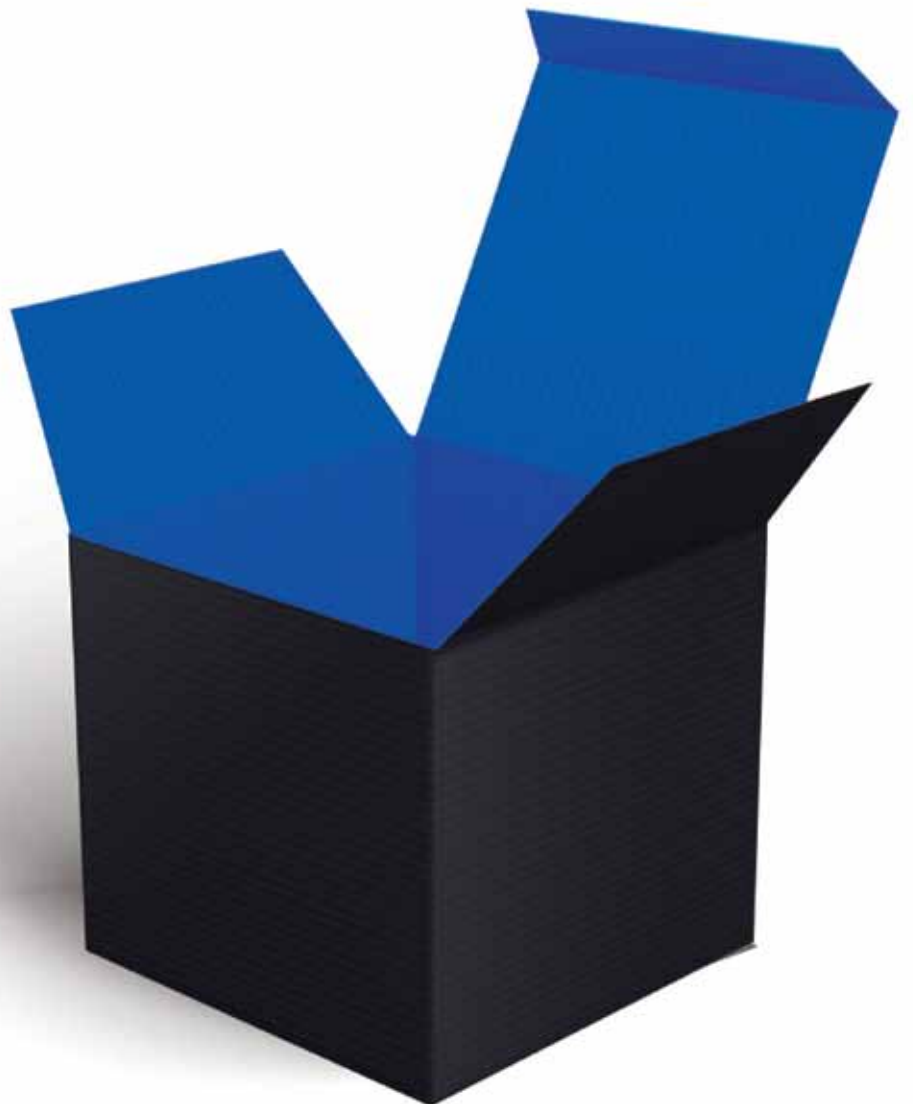


Opening the **Black Box** of Board Appointments

Women's and Men's Routes to the Boardroom

Scarlett Brown
Elisabeth Kelan
Anne Laure Humbert





Foreword

Research into corporate boards is abundant, but the focus is largely on those who already hold a seat around the boardroom table. What has been lacking is a more rigorous understanding of the myriad, yet often opaque, individual paths to the boardroom. Seeking to address this gap in knowledge, Sapphire Partners was delighted to initiate and co-sponsor with the Economic and Social Research Council this important research at King's College London. A survey and interviews were conducted over a multi-year period, with a carefully chosen cohort of exceptionally well-qualified women and men aspiring to achieve their first FTSE board appointments. This report captures the strategies and experiences of those men and women - the 'spadework', countless interviews, rejections, dead-ends and lucky breaks on their journeys to non-executive roles.

At Sapphire Partners, we are privileged to work with many successful executives who have built broad non-executive portfolios and we are proud of our reputation for presenting clients with shortlists of exceptional, diverse talent. Our decade of experience tells us there is an ever-increasing appetite for a broader cross-section of candidates, combined with a growing emphasis on rigorous, transparent selection processes. The UK is a world leader in corporate governance; robust boardrooms and board appointment processes are fundamental to this. We work with Chairmen and Heads of Nomination Committees intent on bringing new talent, experience and viewpoints to their boardrooms. We also help aspiring NEDs to navigate the labyrinth, and to find professional challenge and satisfaction in bringing their skills to the boardroom.

This pathfinding research would not have been possible without the engagement of our committed academics and hard-working NED candidates. We thank them wholeheartedly for their insightful contributions to our collective understanding of the complex journey to the boardroom.

Kate Grussing
Managing Director
Sapphire Partners

At **Sapphire Partners** we think smarter about executive search.

In our 10 year history we have brought a fresh approach to search. Our passion for diversity (we place 50% men and 50% women on average) and our caring approach to our clients and candidates enable us to present exceptional candidates who are aligned with our clients' values and cultures; who not only fit the industry, they change the industry. We pride ourselves on our thorough process and fundamental research that enable us to present not simply the 'usual suspects' but to find hidden gems in the marketplace.



Executive Summary

While there has been a steady increase in the number of women on FTSE100 and FTSE250 boards in the period September 2011 to February 2015, on average 77% of FTSE board seats are still held by men, and 70% of new FTSE board appointments go to men¹. This highlights the need for a better understanding of how men and women experience the search for Non-Executive Directorships (NEDs).

This research opens the black box of board appointments. To do so, thirty highly-qualified candidates aiming for FTSE100 or FTSE250 boards were interviewed three times² over an 18-month period. In addition, we conducted an online survey with 182 women and men seeking commercial board appointments.

The research shows that the recent efforts to increase the participation of women on boards have had a significant effect, particularly on FTSE boards. Women are being encouraged by their networks to seek NED roles, and are targeting FTSE boards. Men, on the other hand, are targeting a wider set of boards including non-FTSE plc and private company boards. This is also reflected in their experience, where men more commonly hold a broader range of diverse board roles. The research also found that while women aspire to a seat on the board, men are more likely to aim to be the Chair.

The research finds that success in gaining a NED role is, unsurprisingly, influenced by personal networking and particularly sponsorship. For the men and women in the study who gained NED roles, being sponsored by others in their network was a consistent theme in their

success. More specifically, candidates need high-power advocates and sponsors who proactively put them forward for roles. Men are more likely than women to be sponsored by their networks, while women are more likely to receive encouragement and advice.

In other words, women tend to have advisers while men profit from sponsors who proactively help them to make headway into the boardroom. Unlike in executive roles, where sponsorship largely comes from people who are more senior and within organisations, sponsors in the NED world can be influential peers, headhunters, formal networks or existing NEDs; as well as Chairs and CEOs.

There has been progress in the years since the Davies³ report, both in increasing the participation of women on boards and in challenging often opaque appointment processes. However these processes remain informal, and even with the introduction of greater transparency and formality, having powerful sponsors remains crucial to success.

It is essential that powerbrokers in the NED world – most commonly headhunters, Chairs and current NEDs – continue to sponsor both women and men aspiring to achieve their first NED role. The appointment process must also continue to be scrutinised, and wider measures taken to achieve greater diversity of all types on boards, in organisations and the wider economy, to maintain the momentum once the target of 25% women's representation on FTSE boards is achieved.



Introduction

Since the Lord Davies report of 2011³ significant progress has been made in getting women onto boards. As of February 2015, women hold 23.1% of FTSE100 and 17.9% of FTSE250 board roles, with the Lord Davies' target of 25% women on FTSE100 boards projected to be met by December 2015¹. Despite this progress, both anecdotal and research evidence suggests that the appointment process remains opaque and difficult to navigate.



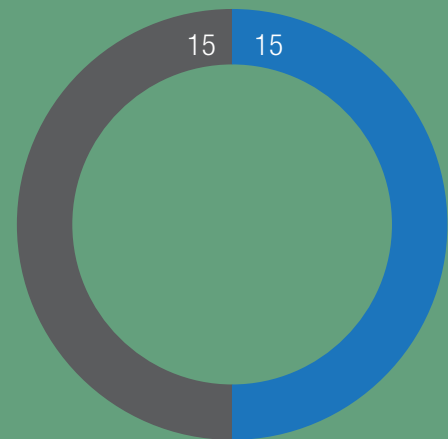
Research Design

This project set out to explore the experiences of women and men seeking NED roles, through an in-depth, longitudinal study of a cohort of board-ready candidates seeking FTSE board appointments. Existing research has looked at this issue from the perspective of the appointing Chairs or search firms, but very little attention has been paid to how prospective board candidates actually go about their search for their first board appointment.

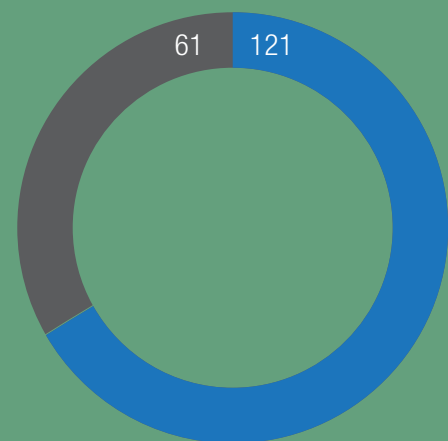
In-depth interviews were conducted with 30 board-ready candidates (15 women and 15 men), aspiring to become NEDs. The sample consisted of matched pairs of women and men with similar industry backgrounds, representing a broad range of sectors. We tracked their journeys by interviewing them three times over an 18-month period⁴. This allowed us to understand candidates' experiences of diverse aspects of the NED appointment process, recognising that even a single appointment can take many months. Each interview lasted between 30 and 90 minutes. They were recorded and transcribed verbatim, and then coded using qualitative data analysis software.

A wider cohort of aspirant NEDs was also surveyed about their motivations and aspirations for NED work, their strategies for gaining NED roles, and what had been most helpful in their search. All responses were given anonymously via an online survey, and analysed using statistical analysis tools. In total, 182 responses were collected from 121 women and 61 men⁵.

Interviews



Surveys



Who Did We Survey?

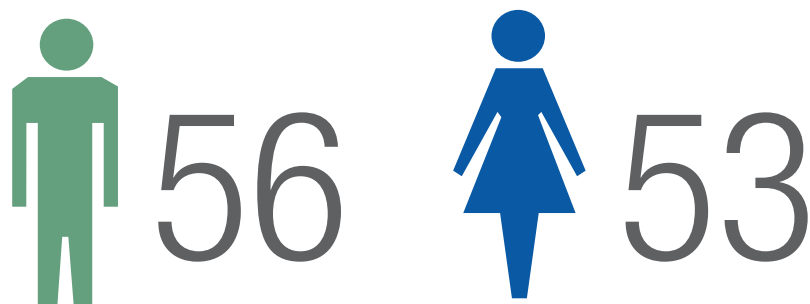
The average age of respondents in the survey was 54 years. Women's average age was slightly younger than men's (53 compared to 56), but the age gap is not as pronounced as previous research studies have found⁶.

Participants were overwhelmingly white (91% of survey respondents and 100% of interviewees), indicating an over-representation of white individuals seeking board roles. This is, however, fairly close to representative of the wider population of the UK (86% white⁷), and almost directly representative of the age bracket, as 92% of the UK population aged 50 – 64 are white.

Breaking this down into different backgrounds, women were more likely than men to come from non-British backgrounds. Over four in five men (84%) were white-British, compared to just two-thirds of women (65%). Similarly, of those we interviewed, four of the women were non-British, while all of the men were white-British. This suggests a tendency for non-British women to seek roles on British boards more so than non-British men.

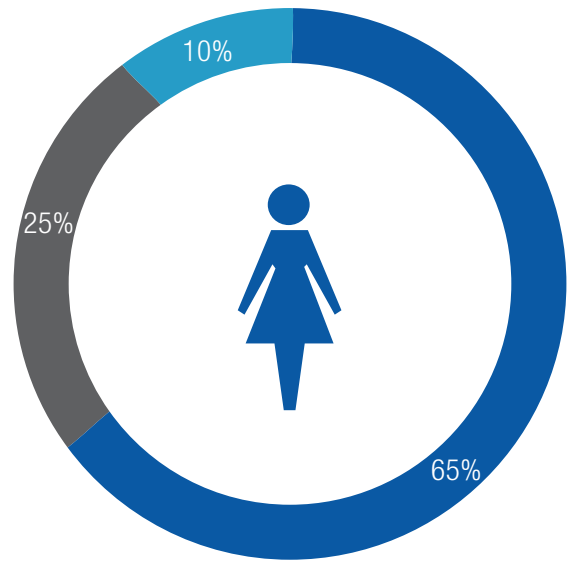
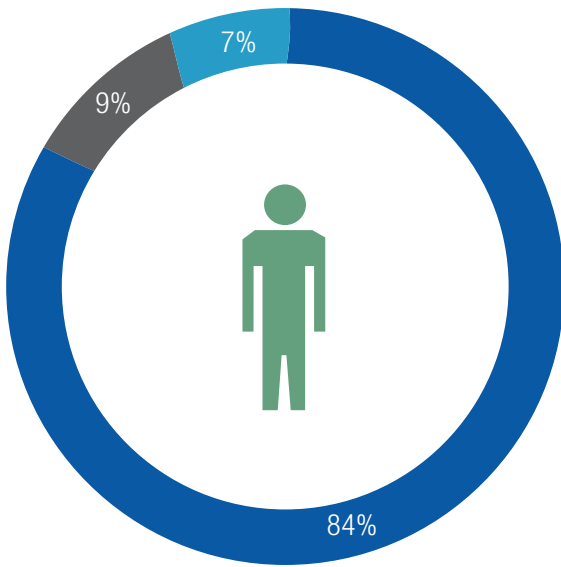
In line with the current make-up of the FTSE250, the highest percentage of respondents in the sample came from finance, financial services and insurance⁸. Women were slightly over-represented in the public sector, advertising and marketing, risk, education and research, while men are over-represented in telecommunications, technology and informational technology. This reflects patterns of sex-segregation in the labour force.

Average Age



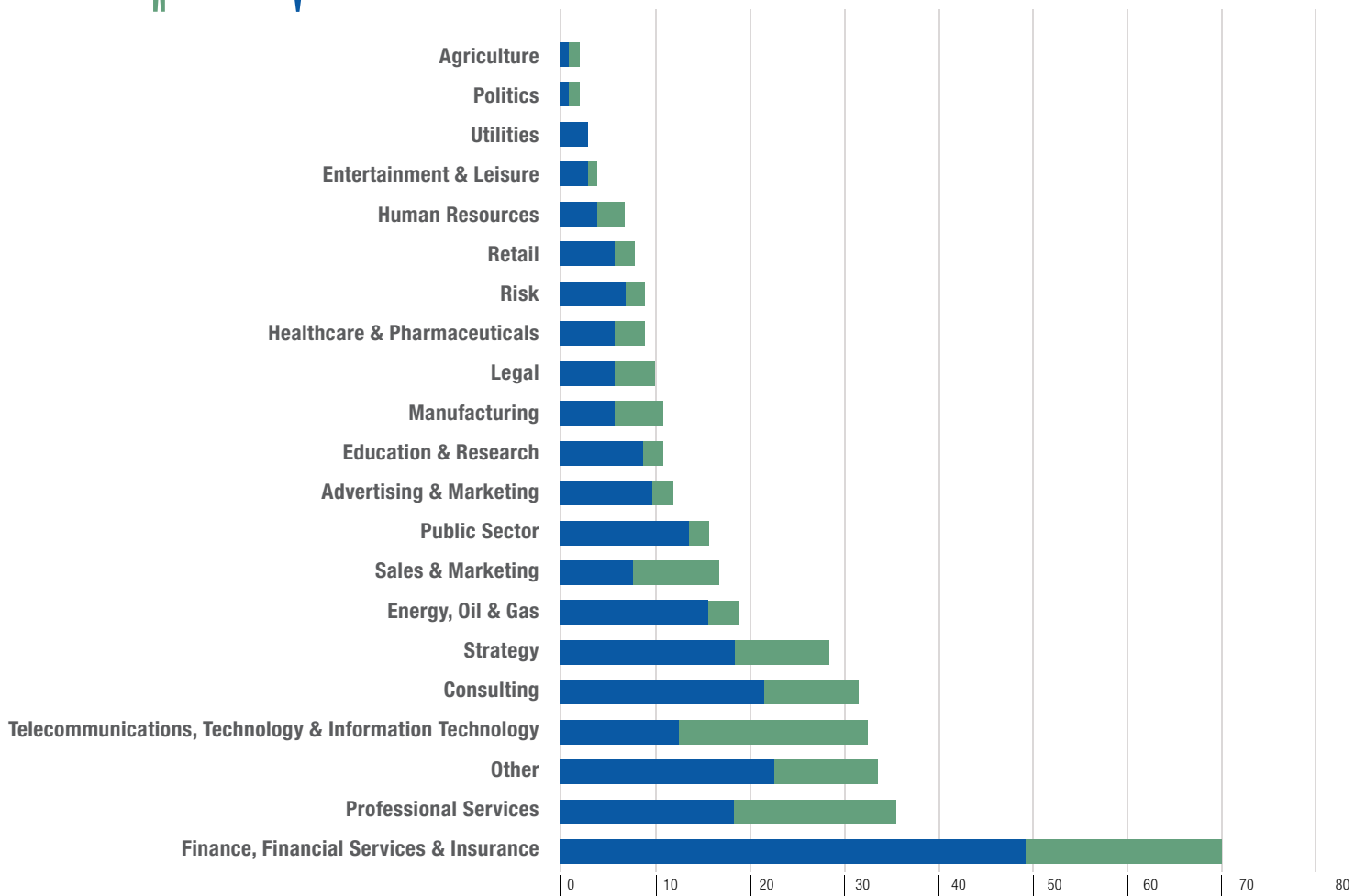
Ethnicity

White British White Other Other



Survey: Industry Backgrounds

Men Women

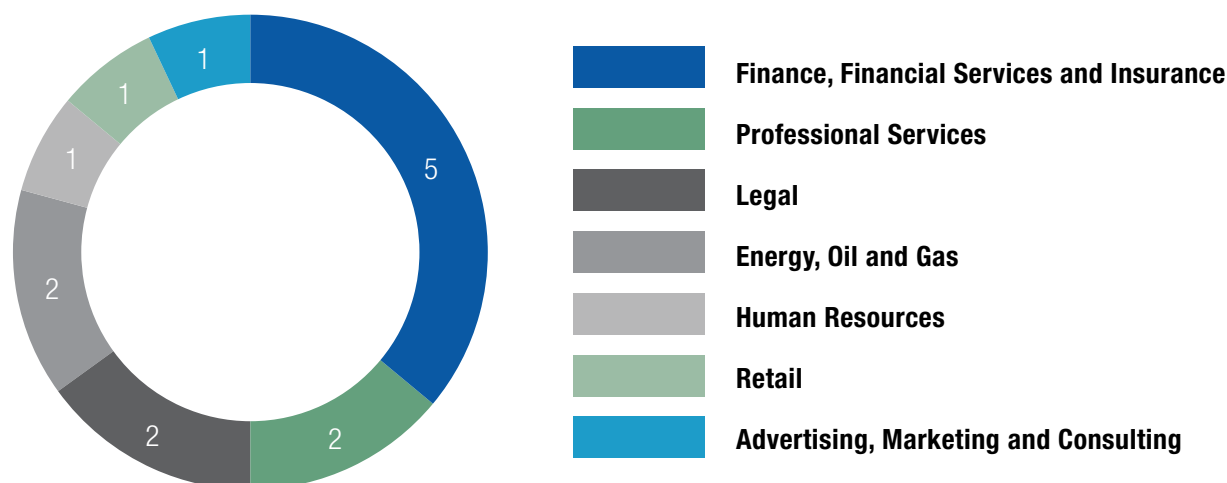


Who Did We Interview?

In-depth interviews were conducted with 30 board-ready candidates (15 women and 15 men), aspiring to become NEDs on corporate boards. The sample consisted of matched pairs of women and men with similar industry backgrounds, representing a broad range of sectors. Five matched pairs came from finance, financial services and insurance, two from professional services, two from legal, two from energy, oil and gas and one each from human resources, retail, advertising and marketing and consulting.

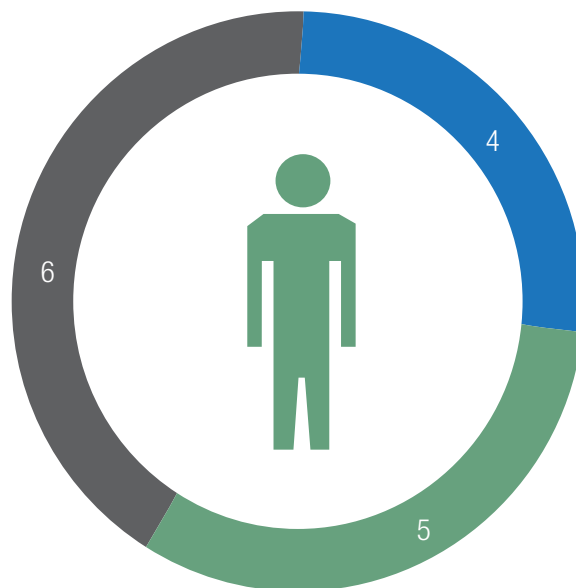
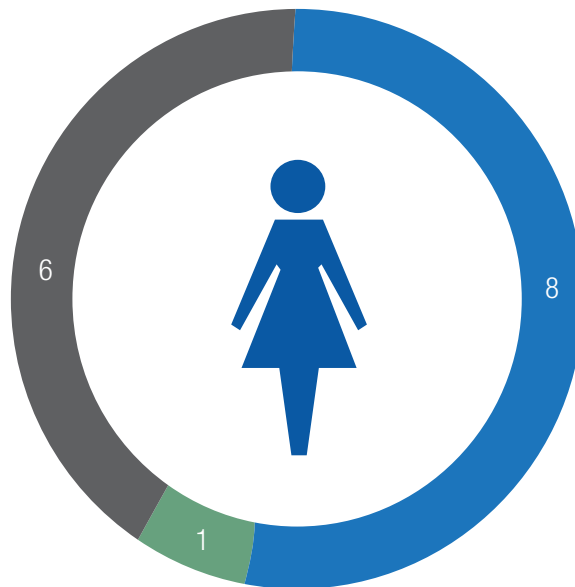
Of the 30 candidates who we interviewed, 12 (4 men, 8 women) had been successful in gaining FTSE250 or FTSE100 NED roles. Six people (5 men, 1 woman) had stopped actively seeking FTSE NEDs, due to having portfolios of other roles. The remaining 12 people (6 men, 6 women) were still searching for FTSE NED roles.

Interviews: Industry Background



NED Success

- Gained a FTSE NED role
- Stopped seeking FTSE NED role
- Still seeking FTSE NED role



What Motivates Women and Men to Seek Non-Executive Directorships?

As relatively little research has been conducted on why women and men want to join boards, we aimed to find out what motivates them. We discovered men's and women's motivations for seeking NED roles are generally similar, often reflecting a wish to move out of corporate roles and gain a better work-life balance, by moving into portfolio careers. However, women were more likely than men to be encouraged by others in their network to seek NED roles.

Traditionally, NED roles were seen as the preserve of retiring executives⁹ as a way of winding down a career, but the recent focus on NED work has opened it up to a wider pool of candidates. Very few see it just as retirement (only 10% men and 4% of women in the survey), and the large majority (59% of women and 60% of men in the survey) seek NED work as part of a

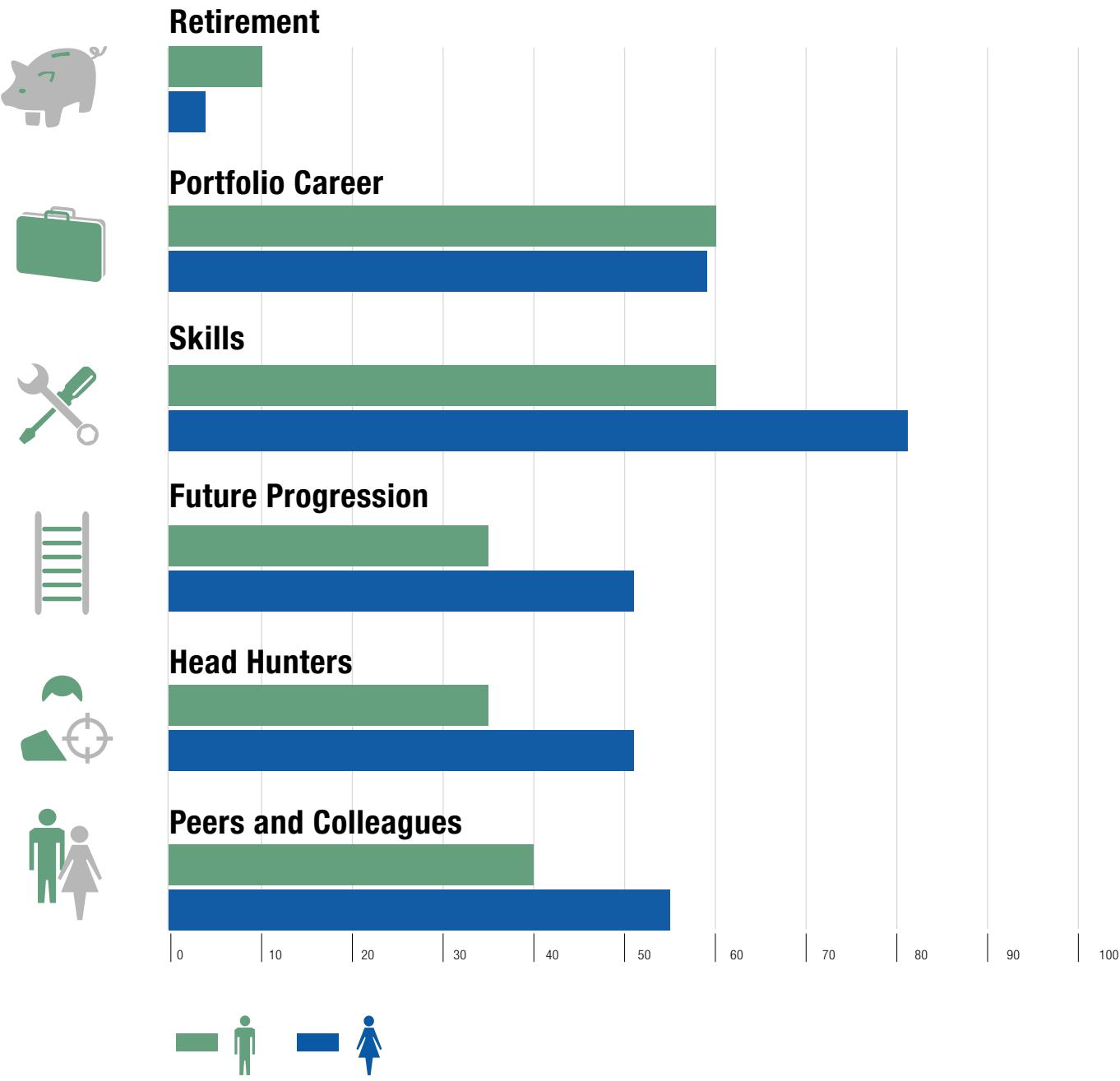
'portfolio career'. Men and women talk about wanting more variety in their working life and being able to focus on other activities or their families.

Women were also more likely to see board roles as a way of developing their skills, or as a way of furthering their careers. 81% of women (compared to 60% of men) saw it as a way of developing skills, and 51% of women (compared to 35% of men) saw NED work as essential for their future progression'. In the interviews, women more commonly talked about seeking greater challenges and wanting to develop themselves by taking on NED work. This may suggest that the corporate pipeline is blocked to these women, who see NED roles as a way of gaining experience and moving further up the ladder, due to a lack of challenge in their current roles.

Encouragement

Women, more than men, receive encouragement from others to seek NED roles, and list this as a motivating factor. Over half (51%) of the women in the survey said they had been encouraged by a headhunter to seek board roles, compared with 35% of men. Similarly, 55% of women said they had been encouraged by their peers or colleagues to seek board roles, compared with 40% of men. In the interviews, many of the women candidates said that they had been encouraged to seek NED roles by their network. They felt it was an opportune time for them to do so, as Chairs are looking for women directors to diversify their boards.

Motivations



Women, more than men, receive encouragement from others to seek NED roles, and list this as a motivating factor

Women Aim for a FTSE Board Seat, Men Aim for the Chair

Both women and men are highly ambitious in their aims for NED roles. The research showed a slight difference between men and women in their aspirations, with women more likely to target a seat on a FTSE board, while men aim for the Chair and a broader range of boards.

Men in the study aspired to hold a range of roles in diverse and smaller companies. Women, in contrast, more commonly talked about targeting FTSE boards.

For many women this reflected a pragmatic decision to target these boards specifically, as they are seen to be under greater scrutiny to appoint women and are more viable targets. However this narrowing may affect their likelihood of success. Over the course of the research many of the successful candidates had secured NED roles on smaller company boards, as a stepping stone to FTSE roles.



Men aspire to a wide range of roles. They are more likely to seek AIM-listed, plc and private company boards



Women aspire to FTSE boards, which are highly visible and seen as needing female directors

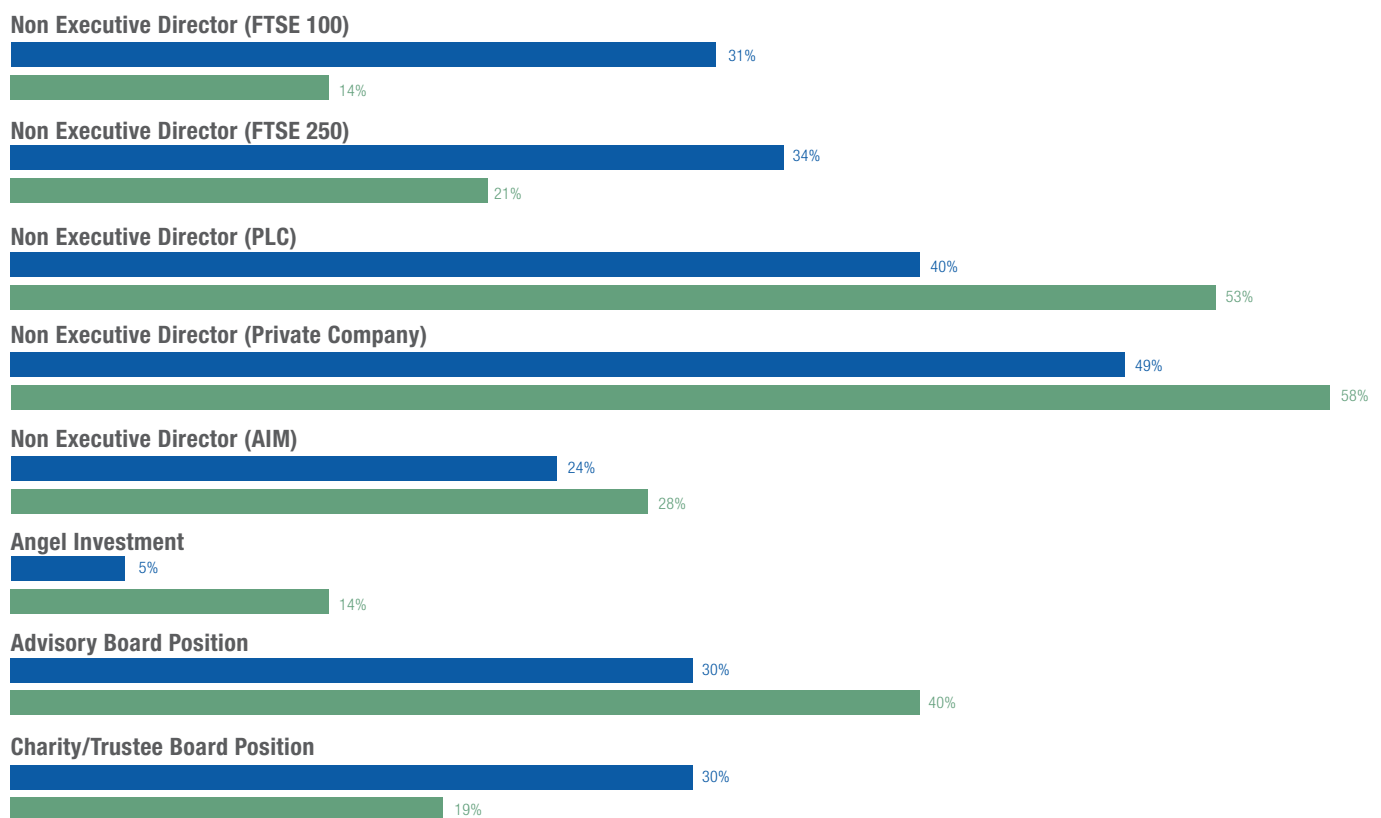
Aspirations

The survey also shows that 31% of women aspired to hold a FTSE100 NED role compared with just 14% of men. Similarly, 34% of women aspired to FTSE250, compared with 21% of men. This demonstrates that women do not lack ambition, but they are seeking NED roles on boards that are more visible, are perceived as having more transparent appointment processes, and wanting women directors. Men were more likely to aim for NEDs on private company boards (58%, compared to 49% of women), plc boards out of the FTSE (53%,

compared to 40% of women) or angel investment in small companies (14%, compared to 5% of women), suggesting that they are spreading their net wider to a broader range of boards.

In the interviews, men often talked about their aspirations in terms of the power and status conferred by the roles they could gain. In the survey they were also significantly more likely to aspire to be a Chair: nearly half of the men (46%) aspired to hold a Chair role, compared with only 28% of women. Given that increasing the number of women on boards is also associated with increased numbers of women Chairs and CEOs¹⁰, it is important women also aim for Chair roles.

What Roles do Candidates Aspire to Hold?



46% of men aspire to be Chair compared to **28%** of women

What Experience do Candidates Need?

There is much discussion about what experience board candidates need, and we looked at their career histories to explore this.

Although directors will, clearly, need experience that is relevant to the board, we found no clear connection between a particular career background and likelihood of success in seeking a NED role. There is a preference for those with previous board experience, and the first role can act as a catalyst for more roles, particularly for women. Overall, candidates' previous experience was most helpful when it had given them access to NED networks.

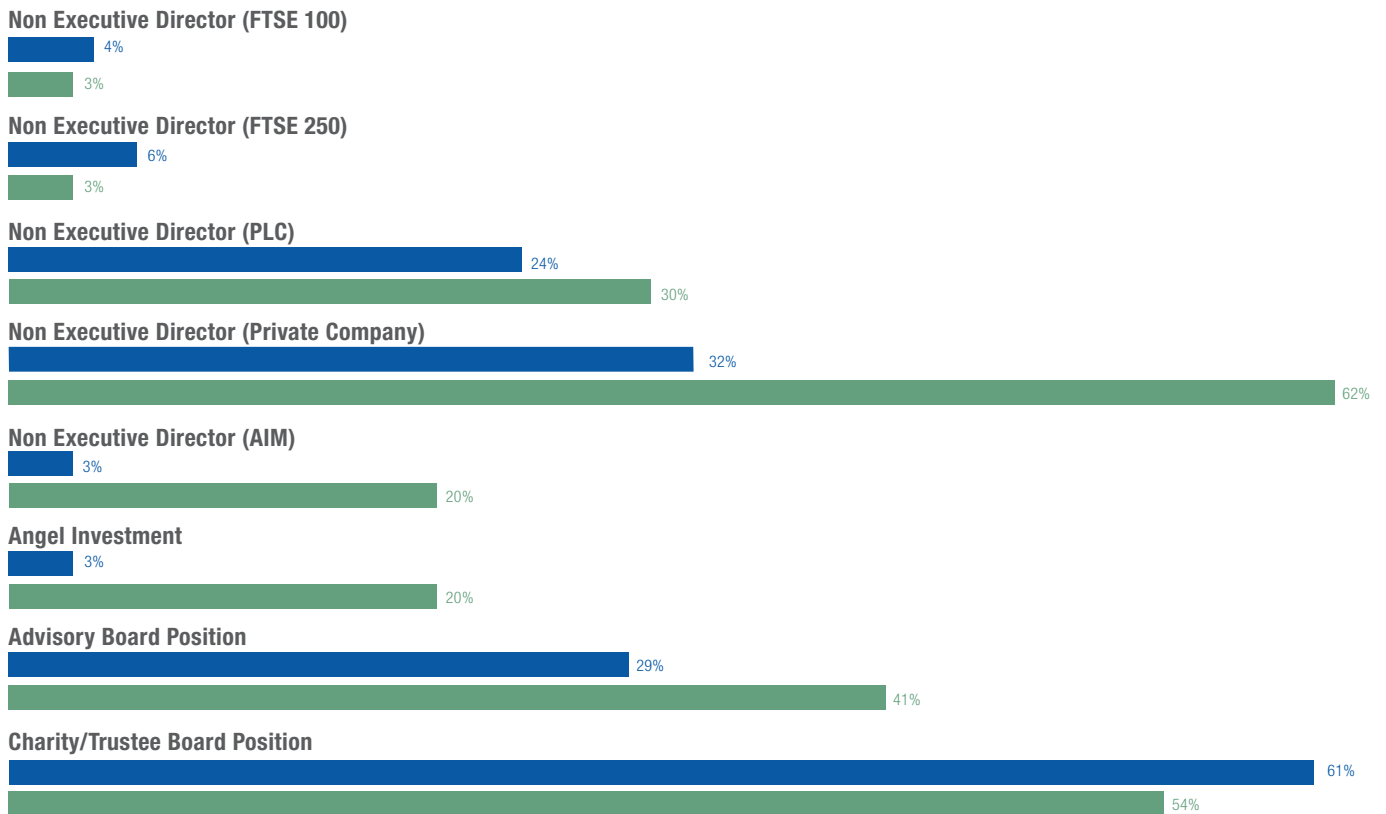
Much is said about the importance of the right experience for NED success, and we looked at how candidates' industry background affected their likelihood of success. We found no clear evidence that coming from a certain career background made it easier to gain a NED role. However, a candidate's career background could contribute to their success if it meant they had access to a strong network of current NEDs and Chairs. This is more commonly the case for those with similar career backgrounds to current board members, such as those coming from finance.

One kind of experience that can be a significant success factor is having previous board experience. This creates a paradoxical loop where candidates struggle to get board experience because they do not already have it¹¹. Once candidates gain their first NED role it often leads to them being offered more roles, particularly for women¹². Of the 15 women interviewed, seven were successful in gaining a NED and six said this resulted in a 'flurry' of further NED offers. Candidates felt that this was particularly important for headhunters: gaining a NED role acts as a 'seal of approval', prompting headhunters to put them forward for many subsequent roles.

Previous board experience is essential

Women get offered more roles after their first - suggesting previous board experience is a more important credibility factor for women than men

What Experience do Candidates Have?



To gain board experience, many candidates sought not-for-profit (NFP) or charity board roles. 61% of women and 54% of men we surveyed hold charity board roles, and almost all of the interviewees hold a NFP or charity role. However, charity board roles rarely translated into commercial board roles. Like other kinds of experience, these roles only acted as leverage when they gave candidates contact with commercial NEDs and networks.

When looking at experience as a whole, men hold a wider range of board roles. 20% of men (compared with just 3% of women) sit on AIM-listed company boards, 62% of men (32% of women) sit on private company boards, and 41% of men (29% of women) sit on advisory boards. This range of roles may afford men access to a wider variety of different possibilities and networks, which sets them up for gaining NEDs more easily.

Women Get Advice, Men Get Sponsored

This research finds that personal networking with Chairs, current NEDs and headhunters is fundamental to success in gaining a NED role. In particular, success relies on candidates having powerful sponsors and advocates who can put them forward for roles, not just offer them advice. Women are more likely to receive advice from their networks, while men are more likely to have sponsors.

Women and men use similar strategies when seeking their first board roles, with personal networking playing a key role. Personal networking was cited by 73% of men and 68% of women in the survey as the primary search method, and all of the interviewees discussed this. When asked in more detail, networking meant nurturing relations with key individuals that could help them get into NED roles, primarily focusing on Chairs, headhunters and current NEDs. There were no significant differences between women and men in the way they network, nor in their ability to meet with key individuals. In the survey we asked candidates to estimate how many times they had met with Chairs, headhunters and other NEDs, and there was very little difference between men's and women's responses. Women and men use similar networking strategies, but get different things from their networks.

Men and women focus on personal networking to get NED roles. **73%** of men and **68%** of women cited it as their primary strategy

Advice vs. Sponsors

Put forward by NED Contact



Put forward by Headhunter



Given advice from NED Contact



Given advice from Headhunter



Of the 30 candidates who we interviewed, 12 were successful in gaining FTSE100 or FTSE250 NED roles over the course of the research. When we looked at the success factors, the clear commonality between them was the role played by networking, specifically having well-placed sponsors or advocates. Even when the search was being conducted by a headhunter or had been publicly advertised, success was dependent on the candidate having a high-powered advocate or sponsor to recommend them for the role, or being known to the board.

Unlike in executive roles, where sponsorship largely comes from people who are more senior and within organisations, sponsors in the NED world can be influential peers, headhunters, formal networks or existing NEDs; as well as Chairs and CEOs. In the survey, two in five men said a NED contact had put them forward for a NED role, compared to just over one in ten of women. This was also the case with headhunters: 43% men (compared with 30% of women) said a headhunter had put them forward for roles. Women more commonly reported being offered advice from headhunters (40% compared to 30% of men) and from other NEDs (30% of women compared to 18% of men). It appears that, as in executive roles, women lack sponsors but have an abundance of people providing advice¹³.

Key Insights and Recommendations

The report shows that with the current focus on board diversity, women are being highly encouraged to seek NED roles. They are focusing primarily on FTSE board roles, while men target a wider range of roles, in AIM-listed, non-FTSE plc, and private companies. This difference in ambition may affect candidates' likelihood of success, as FTSE boards are more visible, higher profile and attract women, but are also have higher competition. This is a concern if it means that increasing the number of women on FTSE boards will not necessarily have a knock-on effect on other boards or the economy in general.

We recommend that women widen their search to include board roles in a variety of companies, while continuing to aim for FTSE-listed companies. Women are also less likely to aim for Chair roles, and it is important that they are being encouraged and sponsored to become Chairs of committees when they get to the board.

There is much discussion about what kinds of career experience NEDs need to have, but this research finds no clear connection between industry sectors and success in securing a NED role. Instead the 'right' experience is most useful when it affords candidates access to the right networks. A key strategy for gaining NED roles is personal networking and there is a strong connection between success and being known or recommended to the board.

Candidates need well-placed sponsors to achieve NED roles, and this research shows that women are less commonly sponsored for these positions. Unlike in executive roles, where sponsorship largely comes from people who are more senior and within organisations, sponsors in the NED world can be influential peers, headhunters, formal networks or existing NEDs; as well as Chairs and CEOs. It is essential that those individuals with the power to leverage their own networks and recommend new NEDs are doing so, and not just encouraging and offering advice to aspirant men and women. This places the focus on those who are able to sponsor, not just on the individual to network.

Overall this research shows that while the climate is conducive to increasing the number of women on boards, the key mechanisms of board appointments have not changed, and networks and sponsors play a significant role. While women are being encouraged and advised on how to get NED roles, their networks often do not contain as many high-powered sponsors willing to act as advocates. This raises concerns that the momentum of women on boards will not be sustained if external pressure is not upheld, and if women are not receiving the same sponsorship as men.

Women aim for FTSE boards, while men seek a broader range of NED roles

31% of women and **14%** of men aim for FTSE100

53% of men and **40%** of women aim for non-FTSE plc

34% of women and **21%** of men aim for FTSE250

58% of men and **49%** of women aim for private companies

Women get advice, men get sponsored

40% of men and **11%** of women are put forward by a NED contact

30% of women and **18%** of men get advice from a NED contact

43% of men and **30%** of women are put forward by a headhunter

40% of women and **30%** of men get advice from a headhunter

Acknowledgments

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We are also grateful to Cranfield School of Management for their support in writing the report and to the 30% Club and KPMG for their support of the report launch.

We would like to thank all those who participated in the survey and interviews, without whom the research would not have been possible.

Author Biographies



Scarlett Brown is a PhD scholar in the Department of Management at King's College London, where she is undertaking an ESRC-funded CASE studentship with Sapphire Partners. Her research explores the experiences of women and men who seek non-executive directorships on corporate boards, examining how the concept of the 'ideal' board member is socially constructed, how candidates' relationships with others facilitate their appointment, and how gender structures the way they make sense of success and failure. Previous to this she completed an MSc in Sociology at the London School of Economics, where her research examined the effects of maternity coaching on women in a professional services firm. Her PhD thesis will be completed in Autumn 2015.



Elisabeth Kelan, PhD, is a Chaired Professor of Leadership and the Director Designate of the Cranfield International Centre for Women Leaders at Cranfield School of Management. She currently holds a British Academy mid-career fellowship to explore the role of mid-level managers in gender change processes. Her research focuses on women and leadership, generations in organisations, leadership and diversity and inclusion. She has published two books (*Rising Stars - Developing Millennial Women as Leaders* and *Performing Gender at Work*, both with Palgrave) and numerous peer-reviewed articles in academic journals. She is an associate editor of the journal *Gender, Work and Organization* and is on the editorial board of the *British Journal of Management*. The *Times* featured her as one of the management thinkers to watch and her research is regularly reported in the media. She sits on the advisory boards of the Women's Empowerment Principles, a partnership initiative of UN Women and the UN Global Compact, as well as the National Society of High School Scholars Foundation. She has provided thought-leadership to businesses and international organisations, and has worked at King's College London, London Business School, the London School of Economics and Political Science and Zurich University. She holds a PhD from the London School of Economics and Political Science.



Anne Laure Humbert, PhD, has been a Gender Expert (Research, Statistics, Indices) at the European Institute for Gender Equality since 2012, where she works on the development of the Gender Equality Index and on the research reports monitoring selected critical areas of the Beijing Platform for Action. She will be joining the Cranfield International Centre for Women Leaders as a Senior Research Fellow in July 2015. She initially studied Mathematics and Statistics at the National University of Ireland Maynooth, followed by a PhD in Statistics, Gender and Entrepreneurship at Trinity College Dublin. She has been a Senior Lecturer at Middlesex University London and Visiting Scholar in several European universities. She is a member of the advisory board of the OECD's Social Institutions and Gender Index, the European Women's Lobby's WEstart project on mapping social entrepreneurship in Europe and Council of European Municipalities and Regions' (CEMR) monitoring of the European Charter for Equality of Women and Men in Local Life. She has done extensive work in the area of women and/or gender within the economy and society, with particular attention to work and organisations, entrepreneurship, and the integration of work and life. She is particularly interested in the applications of advanced quantitative methods applied to comparative social and economic analysis.

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