

Headhunters forced to fight for women

FTSE firms are being given a last chance to end male-dominated boardrooms. Otherwise they face female quotas

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We know about the fat cats, the pale males who rule British business, but a fresh initiative is paving the way for a generation of fat kittens.

This month will see the launch of a code for headhunters, those shadowy types who draw up shortlists of possible board members for the chairmen of Britain's biggest companies. As the key gatekeepers in the process, they are often blamed for the dire representation of women at the top.

Ordered by Lord Davies, the former banker who was charged by the government with setting a strategy to increase the number of women at the top of Britain's largest companies, the code sets out rules for headhunters.

First, longlists sent to FTSE chairmen must include at least three women. Second, there is a new duty for headhunters to raise the question of diversity of the company's board — particularly the paltry number of females — with the chairman.

There will also be a new focus on "skills", such as good judgment and the ability to ask the right questions, rather than just "experience", having been a chief executive or chief financial officer of a similar company. This will allow a wider selection of female applicants to be included.

Helen Alexander, deputy president of the CBI, says: "I've been sitting on boards for 15 years and there is a huge pool of female talent out there, no question. We're asking chairmen to take ownership of this issue. It is crucial that they work hard with headhunters on the specification for their new directors to broaden the range of talent."

The clock is ticking. If the fat cats will not let the kittens into the boardroom, soon they will have to. The rules are intended to break the Catch-22 situation whereby chairmen say they do not appoint women as nonexecutive directors because they are not offered any female choices, and headhunters say they do not suggest women because chairmen do not want them.

"The idea is to give headhunters an excuse to have a sticky conversation with the chairmen," said a source involved in drawing up the code with senior headhunters.

This matters because British bosses are in the last-chance saloon when it comes to female representation.

At present, women make up only 13.9% of directors on FTSE 100 boards and only 8.7% of the FTSE 250.

When he reported in February, Davies announced a target of at least 25% of board positions being filled by women by 2015 — and ordered bosses to show him their plans on how they were going to do it by September this year. The fat cats need to move quickly.

This is no idle threat. Davies decided — just — not to recommend legal quotas for the number of women required on the boards of British businesses, but he warned that if companies did not get some fat kittens, quick, then that would be the next step.

“In Europe, legal quotas are already widespread, they are a reality,” says Mirella Visser, founder of the Centre for Inclusive Leadership in the Netherlands and author of *The Female Leadership Paradox*.

“Spain, Italy, France, Belgium, Holland and Norway already have them, with targets for women on boards varying between 30% and 40% by 2015. The European Union is also seriously considering bringing in a Europe-wide 40% quota.”

But this is not just about diversity: research from America shows there is a business case for having more women at the top levels of management. A recent study by Catalyst found that “companies with a significant participation of women in top management achieve 34% higher returns”.

There has been some progress. Two of the three new non-executive directors announced by Royal Bank of Scotland last week are women — Alison Davis and Sheila Noakes.

Yet despite the good intentions and the ministrations of such organisations as the 30% Club, the most recent data from the Professional Boards Forum’s BoardWatch initiative shows that early progress this year has now gone backwards. Davies suggested that one-third of all new directors appointed to boards this year should be female, but only 21% of board appointments since March 2011 have been women. Most women agree that quotas are not the answer. But at a recent meeting of business leaders, Sly Bailey, chief executive of the Trinity Mirror group, expressed dismay at the lack of progress since she began her career. “In the 1970s, I thought the situation would have changed massively by now and would evolve more. But it hasn’t. And I’m afraid I’m now convinced that it won’t change naturally and quotas may be the way forward.”

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