

Women Who “Aim High” Reveal Pipeline for Board Service

Annual Legal Momentum awards showcase executive achievers.

The pressure on U.S. public companies to diversify their boards continues to mount. In just one example, the Thirty Percent Coalition, a group comprising major corporations, state government officials, and institutional investors, advocates for 30 percent women representation on U.S. corporate boards by 2015, which is nearly double the current rate.

Despite the 2009 proxy advisory rule mandated by the Securities and Exchange Commission (SEC) that requires boards to disclose their consideration of diversity in director selections, and Catalyst research data that indicate that boards that have more women members are more profitable, the percentage of women serving in America’s boardrooms has not changed significantly in recent years. One reason is that board seats are hard to come by: Heidrick & Struggles Board Monitor reports that the average number of open board seats among the Fortune 500 in a five-year period was only 317.

The prominent women’s civil rights organization Legal Momentum has honored 90 women business leaders with its Aiming High Award since 2001. (*NACD Directorship* has served as the media partner for the Aiming High Awards since 2012.) Recipients include such luminaries as Ellen Kullman, chairman and CEO of DuPont; Maggie Wilderotter, chairman and CEO of Frontier Communications; Heidi G. Miller, former president of JPMorgan International; Lois Juliber, former COO of Colgate-Palmolive; Denise M. Morrison, president and CEO of Campbell Soup Co.; Patricia Woertz, CEO of Archer Dan-

iel Midlands; and Shelly Lazarus, chairman emeritus of Ogilvy & Mather. (*This year’s recipients are listed on page 51.*)

How do women seeking board seats stand out? In advance of this year’s awards ceremony, *NACD Directorship* Editor-in-Chief Judy Warner asked a group of executives who have been recognized for their leadership by Legal Momentum to share their pathways to board service and their advice to other women seeking board roles. They include **Debra Cafaro**, chairman and CEO of Ventas Inc. and a member of the board of Weyerhaeuser Co. (WY); **Bonnie Howard**, retired chief auditor and global head, control and emerging risk, for Citigroup and a member of the boards of BMO Financial Corp. and Assured Guaranty Ltd.; **Deborah P. Majoras**, chief legal officer and secretary of Procter & Gamble (P&G) and a member of the board of Valero Energy; and **Deborah D. McWhinney**, retired CEO of Citigroup’s Global Enterprise Payments business and a member of the board of Fluor Corp.

How did you begin your board service? Did you make a conscious strategic decision to join a board, or did you respond to an invitation?

DEBRA CAFARO In 2007 I joined the board of Weyerhaeuser, the world’s leading forest products company. I had made a conscious strategic decision to join a board with certain important characteristics, including integrity, high-quality board members, businesses that I could understand, and areas where I could contribute. When I made that desire known, I was fortunate

that an invitation from a company I respected materialized, after a large shareholder recommended my name to the company’s nominating committee.

BONNIE HOWARD I worked closely with boards throughout the first chapter of my career as a senior financial services executive, and my goal has long been to build a portfolio of independent board roles in the second chapter of my career. I retired from Citigroup in 2011. Many financial services firms limit corporate board service, so I joined the board of directors of the YWCA of New York City, a 150-plus-year-old non-profit organization, from 2007 to 2013. My directorship evolved to leadership roles: I chaired the Y’s investment committee, co-chaired the finance committee, and was a member of the executive committee. This experience was extremely valuable in developing my ability to lead board functions, and facilitated the next step as an independent public company director.

DEBORAH P. MAJORAS I joined the board of Valero Energy in July 2012. I had made a conscious choice to try to join a board, but this opportunity came to me through a former colleague before I started an active pursuit of a board position.

DEBORAH D. MCWHINNEY I have been on more than 20 different for-profit and not-for-profit boards. My first board was for a company called MoneyQuik; I was Bank of America’s representative. Other companies represented on the board included EDS and Southland Corp. My first public company board was Novadigm, a software and services company that we sold to Hewlett-Packard in 2004. A major shareholder

of Novadigm put my name forward for election.

What motivated you to serve on corporate boards, and what have you gained?

CAFARO I believed that joining the board of a great company would help me become a better CEO for Ventas because I would learn another business, see best practices, get a broader lens on the economy, and watch another CEO do his job. And in fact, this has been the case.

HOWARD After over 30 years of leadership in global financial services businesses and strategic risk management, being an independent director lets me continue to keep pace with the rapid evolution of the business and regulatory environments. It also allows me to offer my experience and contribute to CEOs and management as they navigate challenges to make their own businesses competitive and successful.

MAJORAS Making a contribution is the most important thing. I have been devoted to promoting free markets and healthy competition, and as a director I can continue to contribute in that arena, by really living it. At P&G, being involved in making strategic decisions is what separates in-house roles from other legal roles. I hoped that serving on a board would further sharpen those skills, though at a higher, less executional level, and would improve my ability to assist the P&G directors as the corporate secretary, because I would better understand their role and their needs. Both expectations have proven to be true.

MCWHINNEY Before joining my first two public boards, I had been involved in buying companies but had not sold companies, which is a very different experience. We sold Novadigm to HP after the Compaq/HP merger, so issues around the voting shares of insiders and management team members were particularly sensitive. The Montana Power Corp. was going through



Clockwise from top left: Debra Cafaro, Bonnie Howard, Deborah P. Majoras, and Deborah D. McWhinney.

a major business model change during a very difficult business cycle.

Did you personally encounter barriers to board service?

CAFARO The barriers to board service have included finding the right kind of company—one with integrity, with high-quality board members, whose business I could understand, and where I could make a contribution. Also, geography—Weyerhaeuser is headquartered in Seattle—and time were potential barriers because I spend 110 percent of my time leading Ventas.

HOWARD My main challenge, one that

all first-time director candidates face, was that boards tend to prefer candidates who are already serving as directors. This is understandable since it is often essential for new directors to hit the ground running. My approach was to emphasize my past experience with boards as a C-level executive and chief auditor, and build a list of CEO contacts that could provide meaningful references.

MAJORAS It was critical to me to find the right board, in an industry I could feel passion for, in a company that cares about acting responsibly and ethically, and with other directors and a management team whom I respected and would “click” with. Plus,

P&G allows executives to serve on only one for-profit board, so it was important to choose wisely. Valero has been a great choice. Directors have to be willing to put in the time, and that includes unexpected issues that may arise outside of the regular meeting schedule.

If you continued in a senior executive role after you started board service, how did your board service enhance your executive leadership role?

CAFARO I have learned a great deal from being on the WY board that has helped me become a better executive at Ventas. First, my fellow board members possess a wealth of executive experience at large, complex organizations, and they have generously given me insights into some specific business challenges I have faced. Also, watching the WY management team address strategic issues and execute a portfolio rationalization process has given me an enhanced and highly sophisticated framework for analyzing Ventas's own strategy. There are many best practices WY follows that I have adopted, including clearly written plans for emergencies (e.g., plane crash situation), talent development, and sustainability practices. Finally, the experts who have advised WY have been top-notch—I have benefitted from presentations made about capital markets and business transactions. In short, service on the WY board has been a rich experience that has helped me improve as a CEO at Ventas.

MAJORAS I have continued as the chief legal officer and corporate secretary of P&G, and there is no question that board service is making me better in my job, especially with respect to understanding what information is most important to P&G directors and in what level of detail.

MCWHINNEY I learned a tremendous amount from my board service about financial accounting, reporting, and investor relations, which helped me do a much better job in my executive roles. When you have a good feel for who is investing in a company and why, you have a better sense of what shareholders expect and how to manage given those expectations.

For those who joined boards after their executive careers, how did your career experience prepare you for board service?

HOWARD If senior executives determine, as I did, that their next chapter will involve board service, it is important that their professional careers involve leadership of a complex function (preferably as president or CEO) and as much work with a company's board as possible. For me, working with boards was an excellent way to see how great directors can add value both in and outside the boardroom. Nonprofit board experience was another good way to develop as a board director and take meaningful board committee leadership roles.

How many other women have been on your boards?

CAFARO Sheli Rosenberg, a leading executive who has served on many boards, was on Ventas's board for 13 years; this year she decided not to stand for reelection.

HOWARD The YWCA has an all-woman board, which was an interesting change of pace! I am fortunate to work with women on the BMO Financial Corp. board and the board of its parent, Bank of Montreal. I was the first woman director for Assured Guaranty, and an additional woman was proposed for election to the board at the annual meeting in May.

MAJORAS The Valero board has one other woman. P&G has five women on its board. [Two of them—Woertz of ADM and Wilderrotter of Frontier Communications—are former Legal Momentum honorees.]

MCWHINNEY Most of the time I was the only woman and was often younger than the other members by 15-plus years. This was an interesting dynamic. I certainly went to meetings prepared and often was the facilitator on the board to get people to move on decisions. I do not believe I have ever been selected solely because I am a woman.

Has gender diversity been a priority for any of the boards on which you serve, and if so, why? Have there been specific areas in which gender diversity has enriched the board's ability to address a particular issue?

CAFARO At WY, 30 percent of the board is composed of women, and WY has been recognized for its commitment to diversity at all levels. I believe that WY's three female board members, together with our male colleagues, bring a diversity of thought and experience that have helped the company succeed. The backgrounds of WY's three female board members are investor/industry research/forest products, aerospace, and real estate.

HOWARD Gender diversity is important to both boards on which I serve. Both boards assess the total portfolio of director skills to ensure a diverse, collaborative group. Rather than specific instances in which gender diversity has enriched discussions, I believe that diversity—including ethnicity, gender, tenure, and industry expertise—is essential in adding depth to the board's interactions with CEOs and management teams. Diverse perspectives enable boards to better understand risks and how the company is managing them.

MAJORAS I think gender diversity—as well as all forms of diversity—is important to the Valero board because it is a company that values and incorporates input from directors, and therefore wants to have diversity in thinking.

MCWHINNEY Diversity is an issue for virtually all boards. However, it goes beyond gender—e.g., skills, experience, and geographi-

cal perspective. The very good news is that women can bring the other qualities boards need too.

Can you offer any guidance to women on how to initiate or accelerate board service?

CAFARO The opportunities for being appointed to a public company board are not very encouraging—there are many more qualified individuals of all backgrounds who want to serve on public boards compared to the number of board seats filled in any given year. That said, if you are interested in serving on a board, you must first candidly assess whether you possess the type of profile for which most boards seek, i.e., have you served as C-level executive in a public company or as a high-ranking professional in government, and/or do you have other significant experience that is attractive to companies? If so, make your interest known to the major board search firms so that you are in their database, and communicate your general interest to colleagues who know you and who currently serve on boards, as they are often asked for recommendations when board seats become available. Also, it is generally best not to promote yourself as a candidate for a particular board, as that approach can put people in an awkward position.

HOWARD Until I launched my director career, I was unaware that there are exceptionally strong networks—formal and informal—of women directors and women who aspire to be directors. Strong women in these networks have helped me to develop my board-level CV and résumé and to understand the board recruitment process. It's common for us to share board opportunities that might not be a good fit with our personal portfolios. Women should actively seek out these networks—Women Corporate Directors, Legal Momentum, Big 4 Alumni, and the NACD—and similar groups to link into new networks.

It is important to connect with recruiting firms that have major board practices, as boards often work with these recruiters to seek candidates in terms of diversity and business and financial expertise. I also found the book *Into the Boardroom* by D.K. Light to be helpful. It provides a framework to assess skills, develop strong networks and references, and ask the right questions when evaluating board opportunities.

MAJORAS I would work on seeking board opportunities in both formal and informal ways. By formal, I mean that I would reach out to search firms and organizations that promote women on boards or, in my case, lawyers on boards—whatever help you can get—to make your interest known. And I would work it more informally, letting colleagues, friends, and others in your networks know that you have an interest. Many people, including myself, still end up in board positions because someone on a board was asking around in their networks; eventually, those networks are bound to intersect. I would also make sure that you are prepared to talk about why you want to be on a board and what you would contribute, and to know and understand what you want from the experience.

MCWHINNEY Women should look for opportunities to get a broad governance background. Often there are industry boards or subsidiary boards which align with your job that can provide this experience. Additionally, being on high-quality not-for-profit boards is a way to use your skills, gain new ones, and meet other talented people.

Has the recognition you received from being honored by Legal Momentum been helpful in securing board seats, and if so, how?

HOWARD Absolutely. I am very proud of the “Aiming High” award, which I received in 2008, and it is included in my CV and bio. Although women may not always be comfortable self-promoters, awards and professional recognition should be an integral part of every CV and bio to give potential boards additional perspective on a candidate's drive and accomplishments.

MAJORAS I don't think it hurt. While I don't think one could point to that particular recognition as helping in and of itself, the totality of one's career and experiences to date and the recognitions that may result lead to being a serious candidate for board service.

MCWHINNEY Yes. The Aiming High Award is a prestigious award and there are very few women who have received it. There are probably more Fortune 500 board members in the ranks of Aiming High honorees than any other award. **D**

The 2014 Legal Momentum Aiming High Recipients

Doris Meister

President, U.S. Markets – Tri-State
BNY Mellon Wealth Management

Amy Olli

Executive Vice President, General Counsel
CA Technologies

Beatriz R. Perez

Chief Sustainability Officer
The Coca-Cola Co.
Director, HSBC Finance Corp.

Ilene Wachs

President, Horizon Casualty Services
Horizon Blue Cross Blue Shield of New Jersey

Linda Zukauckas

Executive Vice President, Corporate Controller
American Express Co.