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Cover story: Numbers are increasing, but public companies still slow to bring women on board

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The numbers tell the story.

Ten years ago, a sampling of Pittsburgh public companies would find about one-third of the firms had no women on the board of directors, one-third had a single board member and one-third had two. The total: 22 directors at 24 companies.

Fast forward a decade, and those same companies have 40 women directors.

Numerous studies have shown that diverse boards lead to better company performance. But that fact alone was not enough to change corporate culture. Much of this progress happened due to shareholder insistence. Institutional investors now look closely at board makeup and hold public companies accountable for trying to have an effective board that can best manage the company.

Since then, the numbers have trended upward, albeit slowly. Among 35 public companies in the region today, including the largest banks by market share based locally, 17.5 percent of board members were women. That is up 16 percent since last year and up 57 percent over the past five years.

The 17.5 percent is higher than the national average. American City Business Journals, the parent to the Business Times and 40 other business journals around the country, looked at more than 3,000 public companies and their board makeups now, one year ago and five years ago.

In all, about 12 percent of board members nationwide were women. There was a 9 percent gain in women members over the last year and a 66 percent gain over the past five years.

Many studies show diversity on boards leads to better company performance. But evidence alone was not enough to change corporate culture. Much of this progress happened due to shareholders. Institutional investors now look closely at board makeup, holding public companies accountable for trying to have an effective board that can best manage the company.

“Diversity is something that the investors have agreed is important to increase corporate performance,” said Sarah Stewart, who heads the Pittsburgh office of Industrial Search Partners, is on the host committee of the 2020 Women on Boards campaign for the Pittsburgh region and has worked in board placement for about 25 years. “It really makes a difference once you have three or more women on the board in terms of performance.”

A study from financial planning firm MSCI published in March found measurable gains for a company’s performance once a third woman joins the board.

Eight public companies in the Pittsburgh region currently hit that magic number of three female board members. In addition, four other companies have women make up at least 25 percent of their boards.

Stewart pointed to common sense reasons diverse boards are a good idea.

“Excluding more than half of our population doesn’t make any sense in terms of understanding the economy or understanding your customers or tapping into the best talent,” said Stewart, adding that about a third of the people she helps place on boards these days are diversity hires.

Christine Koebley, president of the Executive Women’s Council of Greater Pittsburgh, put it simply: “Having women on boards is just smart business; it’s just good business.”

The four-year-old 2020 Women on Boards campaign is a national effort with a goal of having 20 percent of board members at Fortune 1000 companies be women. That was achieved last year, and the national organization is now looking at setting goals for the Russell 3000 companies.

Christy Uffelman, president of Align Leadership and chair of the Pittsburgh host committee for the 2020 initiative, said at the local level, the group is focusing on trying to place more women on private corporate boards.

“One of the [ways] to get on a public board is to have private board service,” Uffelman said. “In Pittsburgh, we’re focused with having more women on private boards to get board experience.”

Uffelman said smaller public companies and private boards often look to the Fortune 100 companies for best practices.

“The newest board members of Fortune 100 companies are challenging the status quo – they are women, are younger and are less likely to have first served as a CEO,” Uffelman said.

Uffelman, who is 41 and a member of Eat’n Park Hospitality Group’s board of directors, said bringing in millennials to the board, adding diversity of experience, and adding gender and racial diversity are all keys to improving board performance.

Once the women are on a board, the results can be plain to see if you are looking. Stewart said she has observed working boards and seen the impact.

“I often find it’s the women director who asks the question that is probably on everybody’s mind but nobody has said it yet,” Stewart said.