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Glass ceilings may be glass boxes when it comes to CEO jobs

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The number of female chief executives among Canada's largest public companies has tripled over the past 14 years, according to the latest annual Rosenzweig Report on women in leadership. Unfortunately, that represents an increase of only two female CEOs and the prognosis for material near-term improvement is poor.

Let's be clear – this is a problem that has been decades in the making. But it is now time to change the trajectory for Canada's business leaders of the future.

Beyond the obvious moral imperatives of diversity and equality, all the data tell us that more women in leadership leads to higher profits and better performance. Esteemed business schools, think tanks and governments have made this case for years now. But year in and year out, the number of female CEOs and named executive officers (NEOs) has crept up slowly, from less than 5 per cent in 2006 to just shy of 10 per cent in 2018.

The picture is no better in the United States, which showed a decline in female CEOs last year. The most recent survey of Fortune 500 companies found that 24 CEO positions (or 4.8 per cent) are held by women, as compared with 32 (6.4 per cent) the previous year.

As bad a picture as the data paint, the likelihood of significantly more women moving into CEO positions – in the near term at least – is low. That's because even when women do achieve senior executive roles, they are often disproportionately concentrated in non-operational roles where there is more limited opportunity for movement to the CEO position. While women occupy many senior roles in mission-critical functions such as human resources, marketing, communications, finance

and legal, these positions are rarely a launch pad to the top job when they lack profit-and-loss responsibility. The latest data indicate that there are 53 female NEOs at Canada's 100 largest publicly traded companies, and only 15 of them are in operational roles.

In other words, women have not only been underrepresented in NEO roles, they have been further underrepresented in P&L roles. A McKinsey study confirmed this as endemic to business generally. It found that, by the time women reach the senior-vice-president level, women hold only 21 per cent of the business line leadership positions that could put them on the CEO succession list.

It's our experience, through board-level work and recruiting and developing for CEO positions, that for candidates to be considered seriously for a CEO role, they typically must have experience managing profit and loss in a line of business. Boards want to see a demonstrated ability to deliver bottom-line results when they are searching for their next CEO.

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According to Celia Swanson, a former Walmart executive vicepresident who consults on the topic, part of the problem is that women have not proactively sought out P&L jobs. "This dramatically hurts women's odds of reaching the top," she says. "It actually lowers the glass ceiling."

If corporate Canada is to improve its track record on women in leadership,

and reap the benefits that come with greater female representation among senior leaders – including in the top jobs – it must modernize systems that currently promote men, overwhelmingly more often than women, onto the CEO career path.

This requires boards to make a thoughtful examination of which roles are currently held by the organization's female executives, and how female leaders are being prepared for top operational positions.

Senior corporate management – still predominately male – must actively encourage women to take on these P&L roles and foster the right leadership culture, including mentorship, to pave the way for an increase in the number of women in C-suite operational roles and eventually in the CEO's office.

There are many approaches organizations can take to reduce bias in the later career stages of the promotion process and to motivate high-quality, diverse candidates to take on big operational roles once they have been identified as ready. Diverse candidates must feel they have a strong opportunity for success within organizations.

Promoting and recruiting for gender or other forms of diversity demands a substantially more intensive approach, focused on identifying and targeting pools of candidates far beyond self-selecting networks. It also requires active management of the high-performance talent pools – as well as the roles they are offered – to ensure a clear and continuous line of sight to the top operational roles.

In all of this, we firmly believe in targets and tracking. We owe it to our sisters, daughters and future generations – male and female – to get this right. So let's get going.



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