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Women step up drive to break into British boardrooms

Only 17% of new FTSE 100 directors are women.
Louise Armitstead reports on attempts to raise the number

MORE THAN 100 of Britain's top businesswomen, a smattering of male bigwigs and London's senior headhunters met at No11 Downing Street last Tuesday for breakfast.

After coffee and croissants, Patricia Hewitt, secretary of state for trade and industry, unveiled the fifth annual Female FTSE report on the number of women in British boardrooms, a study carried out by the Cranfield School of Management.

The guests applauded dutifully as the headline figures were read out: 17% of new FTSE 100 boardroom appointments were of women, up from 13% last year.

The number of companies with more than one woman on the board rose from 22 to 29 last year, and 69 companies now have women on the board, one more than last year.

But nobody, including the minister, was under the illusion that this was anything other than pathetic.

It has been more than 30 years since the government brought in a raft of legislation to stamp out sexual discrimination in the workplace. Waves of additional measures have followed, including extra maternity leave, rights to flexible working and equal-pay laws.

Yet women — like people who belong to ethnic minorities — are still failing to rise up the corporate ladder. Companies with a vast number of female customers and employees have few or no women directors. For instance, Next and the Daily Mail and General Trust have all-male boards, while Boots the chemist has just one. British boardrooms seem irredeemably pale, male and stale.

Attempts to pretend otherwise are met with cynicism. At first glance the statistics suggested that the companies with the best corporate-governance scores were those that had women on their boards. But women board members automatically give companies extra corporate-governance points.

Hewitt told the Downing Street gathering that the latest results were good news. "But we still have much further to go. It's not about putting women on boards for the sake of it. We want companies to promote the best people for the job. But with almost a third of companies without a single woman on the board, my concern is that companies are not drawing on all the available talent."

Hewitt also announced the launch of the new Building Better Boards guide, drawn up by the Department of Trade and Industry to ensure board diversity in response to suggestions made by Derek Higgs's corporate-governance review.

This new code includes ways of "developing the talent pool". It is only voluntary, but the threat of affirmative action was not lost on the group.

Anthony Saxton, a headhunting veteran and chairman of Moloney Search, rose to ask a panel selected to answer questions whether they believed company nomination committees ought to be forced to report on the process they have used to appoint directors, including revealing the number of women on their shortlists.

Some members of the panel, which included Laura Tyson, author of the Tyson report, and Baroness Jay, former leader of the House of Lords, agreed it would be a good idea. But Lord Stevenson, chairman of HBOS, did not.

He insisted that this would be tantamount to sliding down the slippery slope of tokenism that would lead to mediocre women directors and falling boardroom standards.

But Hewitt's next move certainly seemed to be in tune with Saxton's point. "I am announcing today that government headhunters, who recruit for most of the 4,000 vacancies a year across government, will have a new requirement to present more diverse fields of candidates." In other words, as one senior executive said: "Headhunters are going to have to work harder for the money to find appropriate candidates from a wider field. And other directors will have extra pressure to prove that they have considered all options before making appointments."

Last week headhunters were balking at the idea, calling it a forced audit. Others said they are already under significant pressure to find women directors for companies and often had to remind chairmen and chief executives not to sacrifice quality of directors just for the sake of image.

Samuel Johar, chief executive of Buchanan Harvey, the City headhunter, said: "The real problem is that not enough saplings were planted 20 years ago or have been nourished since. Yet everyone is out there trying to harvest mature trees."

Virginia Bottomley, former Tory cabinet minister and now headhunter at Odgers Ray & Berndtson, said: "Women will work hard, for long hours and produce top results. But mobility is a major issue if they are combining a career with family responsibilities. They can't easily move house. This causes problems when it comes to demanding board-level jobs."

Later DeAnne Julius, former member of the Bank of England's monetary policy committee and director of several companies, including Lloyds TSB, told The Sunday Times: "The burden of yet more government reports is not the way to solve this problem."

Others said the problem can be solved. Curly Moloney, who has set up a special division, Diverse Board Appointments, to build a database of capable potential directors, said: "Fears that all this will lead to mediocre women being put on boards are ridiculous. There are plenty of top-class women — it is just a question of finding them. We have interviewed lots of suitable, talented women for the database, most of whom say they have never been contacted by a headhunter before."