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# Shattering the Glass Ceiling

*An Analytical Approach to Advancing Women into Leadership Roles*



The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 77 offices in 42 countries. For more information, please visit [bcg.com](http://bcg.com).



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# Shattering the Glass Ceiling

*An Analytical Approach to Advancing Women  
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**Susanne Dyrchs and Rainer Strack**

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## AT A GLANCE

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Companies still have a long way to go to ensure that the best talent—regardless of gender, ethnicity, or any other measure of diversity—makes it into leadership positions. A benchmark study by BCG explores the gap and shares best practices.

### **THERE IS STILL ROOM FOR IMPROVEMENT FOR WOMEN**

BCG's benchmark analyses of 44 multinational companies found that only 17 percent of participants surveyed worldwide said that their companies have specific, targeted efforts for recruiting more women.

### **THE BENEFITS OF GENDER DIVERSITY ARE CLEAR**

Fully 90 percent of the executives interviewed as part of our 2012 study reported seeing a connection between diversity and their companies' success.

### **THE VALUE OF A SYSTEMATIC APPROACH TO GENDER DIVERSITY**

BCG's study found that most companies are making some headway. Women's networks and diversity training are common. But these alone cannot turn gender diversity into a business advantage. BCG recommends a fact-based approach that starts with a "health check" of gender-diversity activities and their efficacy. The approach then sets quantifiable objectives for recruiting, promotion, and retention.

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**E**VERYONE KNOWS THE NAMES of powerful female executives such as Facebook’s chief operating officer Sheryl Sandberg in the U.S. In Australia, Westpac Group’s CEO Gail Kelly is a familiar name; in India, it’s the same story with ICICI Bank’s CEO Chanda Kochhar.

But why are these exceptional leaders still the exception? Why, in the second decade of the twenty-first century, do so few women make it to the top?

And what can be done to ensure that more women become experienced, capable leaders of corporations and other institutions?

That is the fundamental question that The Boston Consulting Group has sought to answer through recent surveys, benchmarking, interviews, and analysis.

It quickly became apparent early in our research that there is limited benefit to be gained by initiating yet more affirmative-action programs or by simply placing more women on boards of directors, for example. Fundamentally, the dearth of female leadership is a pipeline problem: overall, women are well represented in the workplace, but the pipeline breaks down somewhere between middle management and the C-suite.

In this report, our comprehensive benchmarking studies and project examples pinpoint the factors that perpetuate the underrepresentation of women in leadership roles. BCG’s long-term investigations of gender diversity, combining quantitative and qualitative case experience with newly conducted benchmarking based on interviews with senior executives in human resources from 44 multinational organizations worldwide, expose individual and social obstacles to women’s career progress—and reveal which barriers companies have the power to dismantle. (See Exhibit 1.)

Importantly, we have found that awareness of the gender diversity gap is not the primary challenge. Rather, the greatest obstacle is the need for each organization to identify its own glass ceiling and to develop—and promote—appropriate solutions that apply at every level throughout that organization.

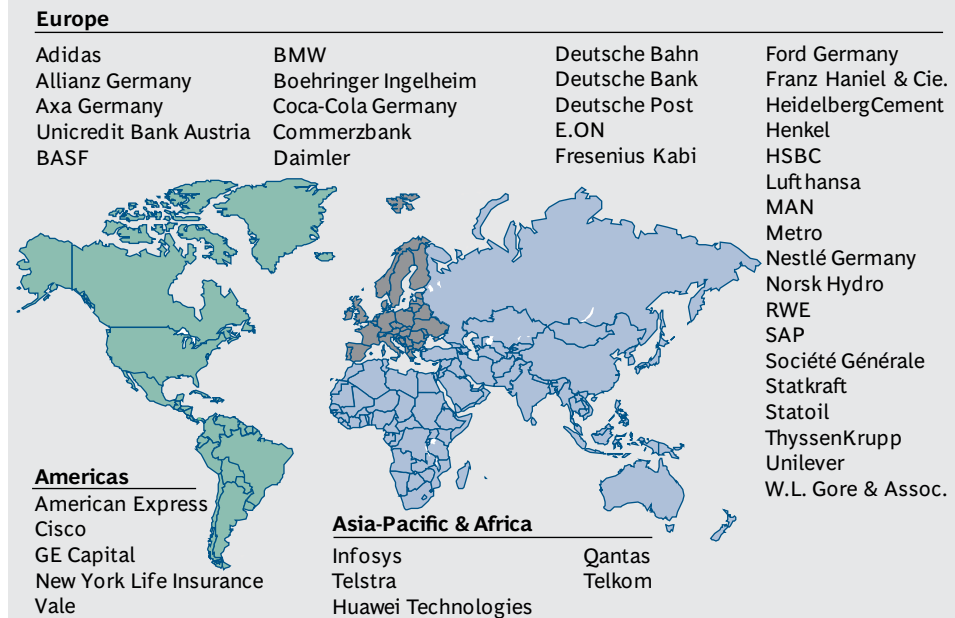
This report points to what businesses and other institutions must now do to redress the imbalances. Specifically, we describe BCG’s approach to fostering gender-balanced leadership and developing leadership pipelines that include more women.

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Overall, women are well represented in the workplace, but the pipeline breaks down somewhere between middle management and the C-suite.



## EXHIBIT 1 | BCG's Gender Diversity Benchmarking Spanned More Than 40 Companies and All Continents



Source: BCG analysis.

Note: One of the 44 companies that participated in the benchmarking asked not to be named publicly.

## Women Remain Underrepresented in Leadership Positions

There is still a long way to go to ensure that the best talent—regardless of gender, ethnicity, or any other measure of diversity—makes it into leadership positions. (For further discussion about the state of diversity, see the report, *Hard-Wiring Diversity into Your Business*, published by The Boston Consulting Group and the European Association for People Management in June 2011.)

The gender gap in management is noticeable. The average share of senior management jobs held by women is just 21 percent globally; just 9 percent of CEO positions are held by women.<sup>1</sup> It's a worldwide pattern, but with a noticeable tilt toward women executives in the BRIC states and in Southeast Asia's economies: 26 percent and 32 percent of the senior management roles in these two regions, respectively, are held by women whereas in the G7 nations, only 18 percent of those positions are held by women. The G7 figures look less equitable at the country level: Grant Thornton's findings show that women occupy only about 13 percent of senior management jobs in Germany and 17 percent in the U.S. In Japan, the figures are cause for alarm: only 5 percent of top executives there are female.

The puzzle is why there is still such a lack of female leaders in the year 2012—particularly given the preponderance of women in higher-education courses and in workplaces today. (See the sidebar “Female Talent Is on the Rise.”) Data from the Organisation for Economic Development (OECD) show that on average, 44 percent of all civilian jobs in OECD countries are held by women; in the U.S. and Canada,

## FEMALE TALENT IS ON THE RISE

Never have so many women participated in the global workforce: in 2009, their share of the labor pool was around 44 percent, according to the Organisation for Economic Co-operation and Development (OECD).

And the upward trend will continue. The number of working women has been increasing at 2.2 percent a year, according to findings highlighted in *Global Talent Risk—Seven Responses*, a report compiled by the World Economic Forum working in collaboration with BCG. (See the exhibit “Women’s March on the Workplace.”)

All signs are that the total number of women in the world’s workforce is set to expand by about 90 million to top 1.1 billion by 2013, BCG’s Michael J. Silverstein and Kate Sayre reported in their book, *Women Want More: How to Capture Your Share of the World’s Largest, Fastest-Growing Market*.

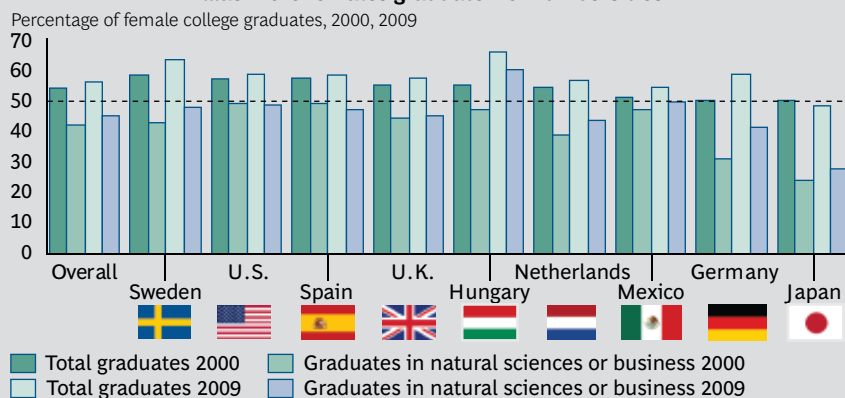
The trend is evident in the proliferation of double-earner couples seen in most developed and developing economies. And women already constitute 55 percent of college graduates worldwide.

### Women’s March on the Workplace

#### Male dominance in the workforce is declining further...



#### ...as more females graduate from universities



Sources: OECD Labor Force Survey; OECD Family Database; ILO; Unesco Institute for Statistics; BCG analysis.

Note: We defined Oceania as Australia and New Zealand.

the figures are 47 percent and 48 percent respectively; in Japan it is 42 percent. And companies are clearly alert to diversity issues: Fully 90 percent of those interviewed as part of our 2012 studies reported seeing a connection between diversity and their companies' success; 85 percent said they saw gender diversity as a top priority relative to other diversity topics.

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What has to be done if organizations are to develop a better gender balance in their executive ranks?

And what's the best order for these steps?

Breaking down the responses to diversity challenges into four levels—fundamental, intuitive, inclusive, and strategic—we find that quite a few companies are still wrestling with basic issues such as addressing historic discrimination. Most of the benchmarked companies fall between the intuitive and inclusive levels; they tend to view diversity as the right thing to do from an ethical standpoint. And a handful of the organizations are close to achieving the fourth, strategic level; these companies are actively using diversity to accelerate innovation, engage new markets and customers, and thus create competitive advantage. Even in companies that are proactively working on diversity challenges, however, the efforts to include women in senior roles leave room for improvement. The tendency is to concentrate on qualitative measures such as mentoring and networking forums for women; there are very few examples of quantitative reporting or monitoring, or of setting targets for the numbers of women in particular roles.

Therefore, the big questions that remain unanswered are: What has to be done if organizations are to develop a better gender balance in their executive ranks? And what's the best order for these steps? We will return to those questions later in this report. First, though, it is important to examine the causes of women's limited representation in senior management roles.

## Why Are Women Poorly Represented in the Leadership Ranks?

BCG's benchmarking identified several factors that act as big barriers to women becoming top leaders. It was important to try to segregate the societal and individual reasons from the institutional reasons, since the latter factors are primarily ones that employers are able to do something about. So we asked respondents to rate the relevance of issues ranging from women's perceived "lack of career mindedness" and "missing technical know-how" to "male-oriented selection criteria" and "absence of role models."

Our analysis of the opinions expressed by the respondents (who were split almost evenly between men and women), reveals that relatively few respondents blamed the stereotypical "female persona"—less assertive leaders who are less willing to fight for power—for a lack of progress by female managers. Instead, many participants cited as impediments factors such as a lack of commitment from the chief executive and so-called male-oriented selection criteria (i.e., "self-cloning").

Separate research by BCG, spanning more than 1,700 executives, found that entrenched old-boy networks still stunt women's careers: twice as many women as men perceived career roadblocks. Specifically, 74 percent of female executives reported that the most significant barrier to career progress is the male-dominated culture in top management levels; by contrast, only 28 percent of male executives agreed. (See the sidebar "A Male-Dominated Culture Remains Deeply Entrenched.")



## A MALE-DOMINATED CULTURE REMAINS DEEPLY ENTRENCHED

Among executives in most industries, myths about gender diversity—and hard facts are scarce. Indeed, many companies can be quite self-congratulatory in their public statements about their approaches to diversity overall, and their sensitivity to women’s career issues in particular.

BCG’s research exposes the gap between perception and reality in many organizations. We found that it is quite typical for top management teams to see their organizations through rose-tinted glasses—believing that they are ahead of their competitors in terms of the percentages of female managers in their senior

ranks. But in one leading company that we examined, its share of women in management was 7 percentage points below the global average.

Many other business leaders tend to shrug their shoulders, believing that the gender diversity challenge is one of supply and demand and that there is little that their organizations can do to change the demographic trends. Again, facts trump fables: at the large European company we examined, its rate of hiring female engineers was far lower than the rate at which female engineering college students were graduating. (See the exhibit “Top Five Myths About Gender Diversity.”)

### Top Five Myths About Gender Diversity

*Illustrative Example: At One European Company, Executives’ Views and Reality Often Diverge*

Widespread stereotype	Reality
✗ “By comparison, our company is very well positioned in terms of the share of women in management.”	The share of women in management is 7 percentage points below average, gauged by international benchmarking ✓
✗ “Our company has no cultural problem in terms of women in management.”	Only about 10 percent of all women and men surveyed report that there is no cultural problem ✓
✗ “Our promotion processes are transparent and neutral.”	Female managerial candidates are promoted only about half as frequently as male ones. Only 18 percent of women and 40 percent of men believe their employer’s staffing processes are gender-neutral ✓
✗ “There are simply too few qualified women, especially in the technical professions.”	Rates of hiring female engineers (~10 percent) are far below college graduation rates for female engineering students (23 percent) ✓
✗ “Our company already does enough to support women.”	The company’s gender-diversity measures were classified as in need of considerable improvement by an average of 40 percent of executives <sup>1</sup> ✓

**Sources:** Web survey conducted by a corporation; BCG.

<sup>1</sup>The survey sample included more than 1,700 executives who are familiar with the corporation’s measure of gender diversity and have experience with it.

Many companies still prize a “culture of presence”—preferring that employees be physically present in the workplace as opposed to telecommuting or other forms of remote working.

Our benchmarking also found that it remains difficult for all workers to reconcile family and career—and even more so for women who aspire to leadership positions. Independent research shows that at-work child care facilities are not the attractive features that many HR and line managers think they are. For female senior executives, the secret to work-life balance is not found in the free or low-cost provision of day care—it’s about having a supportive employer and flexible work schemes, respondents told us. Indeed, some companies run innovative programs that are especially “family friendly.” For example, railroad company Deutsche Bahn offers a three-week vacation camp for workers’ children aged 5 to 14, enabling those employees to stay focused on workplace issues when schools are not in session.

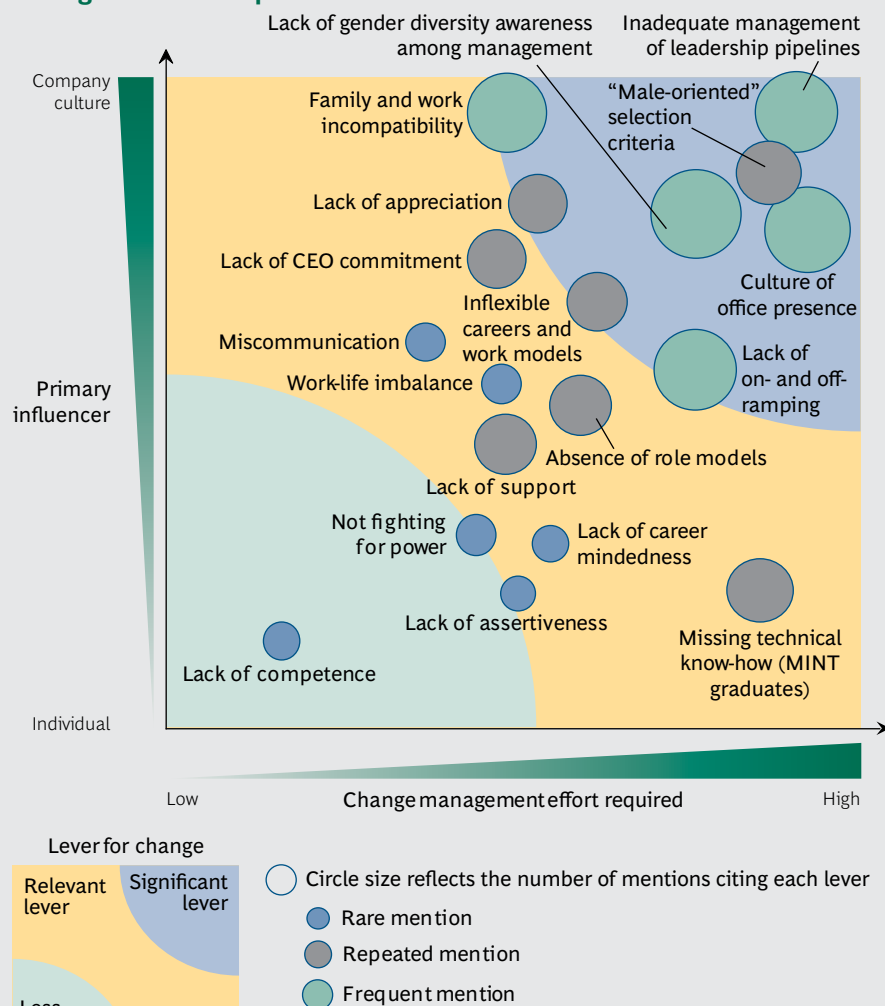
When we examined the benchmarking results in more detail, five themes stood out for their impact on gender equality in management and for the steps companies can take to address them. The themes are a culture of office presence and “face time;” a lack of so-called off- and on-ramping procedures for women who leave and later rejoin the workforce; male-oriented selection criteria; the lack of gender diversity awareness among management; and inadequate management of leadership pipelines. These themes are illustrated in Exhibit 2, which charts employers’ influence on the representation of women against the change management effort required.

A few of those themes merit a closer look. For instance, a culture that emphasizes so-called face time does not favor women. Many companies still prize what we call a “culture of presence”—preferring that employees be physically present in the workplace most days as opposed to, say, telecommuting or other forms of remote working.<sup>2</sup> Clearly, such restrictive workplaces do not readily accommodate nursing mothers and new mothers facing postpartum difficulties, childhood illnesses, and a host of other new family challenges. Such cultural prejudice is something that companies can work to dismantle—with the knowledge that improved work culture and less emphasis on face time are of benefit to male employees too.

It also became clear that in general, employers don’t make it easy for their female employees to leave work—to have children, for instance—or to return to work after a leave of absence. One consequence is that many qualified female employees exit the workforce and do not come back. A “return to work” initiative—one that aids women and working mothers to on- and off-ramp while keeping them engaged via training, newsletters, and so on—can help to offset such trends. A good example exists at Commerzbank, whose “same chair” guarantee holds for at least six months. The bank also has a “keep in touch” initiative that helps those on parental leave. They can use 10 percent of their flexible working time to stay in contact with the bank or to participate in training to pursue their career goals.

At the same time, the management of leadership pipelines needs to be improved. This is arguably the one factor that companies can influence the most.<sup>3</sup> BCG’s analyses show that it takes time for women to move from junior and middle management levels into executive positions, but the pace at which this is happening—and the numbers of women involved—can be greatly increased. At one company, we discovered that 30 percent fewer women were promoted than equally qualified men—and that the women’s promotions came 30 percent later than the men’s.

## EXHIBIT 2 | Corporate Culture and Lack of Diversity Management Are Driving the Underrepresentation of Women



Source: BCG analysis.

## Gender Diversity Efforts to Date

BCG's benchmarking analyses showed that many employers are undertaking serious efforts to achieve gender diversity. (See Exhibit 3.) We found that about 60 percent of the organizations we benchmarked have a diversity initiative of some kind in place. Many of the companies are studying the gender makeup of their workforces. Nearly 70 percent of the benchmarked organizations foster women's networks. Close to half offer programs providing diversity training for leadership, mentoring women, and training women in specific skills. (See Exhibit 4.)

We found sectors such as financial services particularly far along in their diversity efforts. For instance, GE Capital runs a referral program in which women recommend other women for job openings there.

### EXHIBIT 3 | Senior HR Leaders Share a Wide Range of Perspectives on Achieving Gender Diversity

“We are not happy with traditional headhunters. They’re mostly familiar with white, middle-aged males from the States and Europe.”  
 –Roshni Haywood,  
 Head of HR—Europe, Middle East, and Africa, GE Capital

“You need good pipeline management and HR tracking systems to be able to increase your share of female staff. That’s how we successfully increased the share of female workers from 12 to 35 percent between 2000 and today.”  
 –Nandita Gurjar,  
 Group Head of Human Resources, Infosys

“The switch to more diversity is not possible without individual target ranges and incentives. That’s why gender diversity became part of the variable remuneration for our top 500 executives in 2011.”  
 –Ulrich Sieber,  
 Chief Human Resources Officer, Commerzbank

“How do you attract qualified women? First, find out what it is that makes a workplace attractive to women. Second, implement such measures. Third, adapt your branding. And fourth, change your incentive scheme accordingly.”  
 –Joanee van Wyk,  
 Executive of Group Culture Transformation, Telkom

“About 150 of our female engineers founded a companywide network to get girls interested in science and technology, supporting projects in kindergartens and schools and coaching high school graduates about different technical jobs.”  
 –Simone Ontyd,  
 Head of Group Talent Management, E.ON

“Everything starts with recruiting. If you don’t recruit [men and women] 50/50, you’ll soon have a problem.”  
 –Wenche Agerup,  
 Executive Vice President of Corporate Staff, Norsk Hydro

Sources: BCG.

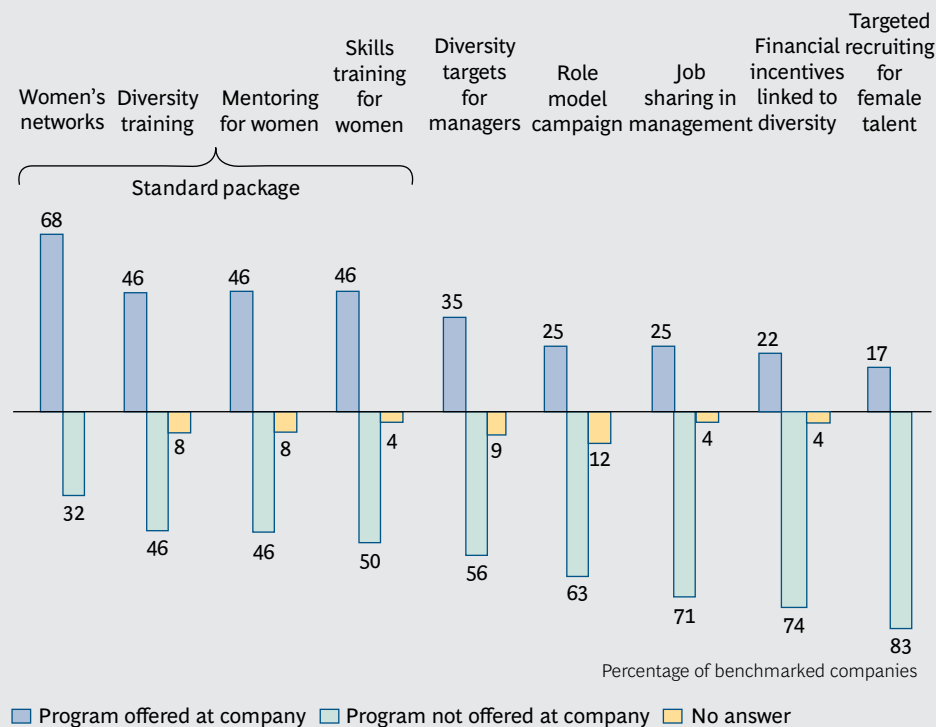
Across all industries, however, we found that the extent and intensity of diversity measures vary significantly. Also, most efforts are highly qualitative. As such, they are difficult to measure and to control—which raises the question of whether programs such as mentoring can truly help women make progress in their careers.

As BCG’s analyses show, efforts that are relatively more measurable and have relatively greater impact are much less prevalent. Just 35 percent of the benchmarked companies have established diversity targets per manager, and only 22 percent have any kind of financial incentive—such as a financial bonus—to help their companies reach diversity targets.

Targeted recruiting for female talent was cited by only 17 percent of those responding. Similarly, it’s rare to find job-sharing in management positions; only a quarter of respondents’ companies offered it. One of the positive exceptions is consumer goods conglomerate Unilever, which has created job-sharing leadership roles for women.

Examining best practices—initiatives such as employer referral programs for diversity candidates and programs allowing both women and men to take parental leave—makes it apparent that such programs are not common, meaning that many companies have further to go with their diversity efforts.

## EXHIBIT 4 | Some Measures Were at Nearly Half of Benchmarked Companies, But Recruiting and Job Sharing Were Less Common



Source: BCG analysis.

Note: The data reflect responses from senior managers at 44 benchmarked companies.

## A Plan for Women: Clearing a Path to the C-Suite

The solution to attaining improved gender balance in the C-suite does not lie in a motley mix of mentoring programs and blue-sky quotas. It's not simply a matter of judiciously placing women in key positions on the board of directors and expecting that their seniority, coupled with their gender, will steadily transform the business into a more balanced one. Neither can employers expect their long-time "headhunters" to redress the problem—the collective focus of recruiters is still shaped by their own cultural—and mostly male—biases.

So what *will* it take to produce real gains for women in leadership roles? BCG's experiences and research show the need for a strategic, fact-based, and very systematic approach to diversity management.

Although the approaches are not overnight "fixes," we believe that there *are* quick ways to understand the scope of a company's challenges, to get a sense of how they compare with those of other organizations, and to set up the right sets of measures to begin to mitigate the company's unique diversity issues. (See the sidebar "Investigating Recruiting, Promotion, and Retention at a Logistics Provider.")

Such approaches must involve business functions beyond the HR department. In order to identify the root causes of any diversity imbalance, they begin with a

## INVESTIGATING RECRUITING, PROMOTION, AND RETENTION AT A LOGISTICS PROVIDER

BCG's detailed analyses at a logistics provider have helped the company pinpoint challenges in each of three areas where it can make a difference in changing the gender composition of its staff.

**Recruiting.** The company could not easily tap the talent pool of female graduates in technical subjects. Analysis showed that in the engineering operations, the company's share of female recruits over the past three years was at least 30 percent below the percentage of female graduates in the field overall. Only 13 percent of the company's lateral hires—managers hired externally—were female. The findings revealed a need for a targeted recruiting strategy that enhanced its employer brand among women. It also highlighted the need to use external recruiters who understand female talent.

**Promotion.** Although the company had more females than males in its overall talent pool, females received far fewer chances for promotion. New promotion policies were therefore needed—ones that were based on target ranges for each business unit or ones requiring at least one woman on the candidate list for every leadership position, for example.

**Retention.** In some business units, 25 percent of females never return from parental leave whereas all employees who are new fathers return. In the company's higher ranks, about 80 percent of male executives are parents while only 45 percent of female executives are. The company can clearly benefit from programs that help with off- and on-ramping of women who are taking leave or returning to the workforce—among other best practices in retention.

rigorous “health check” of the gender diversity of the organization. This check consists of both quantitative and qualitative analyses.

The first stage comprises in-depth quantitative study of the three levers that can truly change the composition of staff over the long run: recruiting, promotion, and retention. The idea is to get to the heart of the problem affecting the company. The crux here is *quantitative* analysis; without a solid foundation in data and facts, it is all but impossible to establish key performance indicators (KPIs), let alone gauge progress against them. There is a core set of gender diversity KPIs that must be used to analyze the status quo.

For example, the company might want to be able to track the quantitative gender balance across the HR process, breaking down the numbers for recruiting, promotion, and retention by employment band, country, region, business unit, and perhaps even department. In our experience, very few companies adopt such quantitative approaches.

In parallel, it is necessary to develop fact-based underpinnings that will enable the company to simulate future patterns of gender diversity—again, in great detail for



business-unit and departmental levels and typically for three-to-five year periods. For instance, it may be important to assess relative “dwell times” spent in different management levels by male and female employees. Or it may be valuable to track and compare percentages, by gender, of those employees who return after parental leave. Without this fact base, targeted ranges for percentages of women in key roles cannot be set realistically—and any lack of substance is the weak link that exposes an organization to bad press, low levels of engagement by female staff, and worse. Put simply, it is very important to hold back on setting target ranges until a rigorous simulation exercise has determined the feasibility of the possible targets. (See the sidebar “What Drives Success in Diversity Initiatives?”)

## WHAT DRIVES SUCCESS IN DIVERSITY INITIATIVES?

BCG’s project experience working with our clients on diversity issues has revealed the following best practices:

- **Diversity in itself is not an end.** It’s crucial to demonstrate the concrete need for action by analyzing the issues.
- **Diversity must be a priority for those at the top.** The CEO and senior managers must have responsibility for delivering diversity results, and they must act as role models.
- **Diversity does not mean preferential treatment for women or minorities.** Business leaders must make it clear that diversity is about hiring and promoting the best employees.
- **Diversity is not a PR gimmick.** Diversity management is not credible unless the progress is visible and measurable.
- **Diversity is local and global.** On most major initiatives, it’s important to integrate international staff from across various units. Initiatives that have a global reach must always take into account unique local realities.
- **Diversity is not just for women.** Men must be equally represented on any gender diversity project team.
- **Diversity is cross-divisional.** It’s essential to involve representatives from units outside of HR at an early stage to initiate change processes and guarantee a companywide shift in mindset.

The second stage of a health check involves detailed *qualitative* analyses. Web-based surveys, focused interviews, and such are needed to get at gender-imbalance challenges confronting specific employers. Properly designed, this stage should expose the root causes of key problems—and also best practices within a company. For instance, it might be that a Web survey reveals to a company’s U.S. and European divisions that the company’s operations in parts of Asia already demonstrate many best practices in gender diversity. The health check should also evaluate the

There are no “cookie cutter” solutions to gender diversity; actions will be shaped by everything from the company’s business strategy to its global reach.

effectiveness of the company’s current measures for addressing gender diversity. Based on these kinds of findings, the company’s leaders may realize that only a few of their diversity building blocks are actually having the impact intended.

At this point, companies can synthesize the information that they have uncovered to better tailor solutions to their identified needs. There are no “cookie cutter” solutions to gender diversity; actions will be shaped by everything from the company’s business strategy to its global reach. At this point, a company also should validate its specific findings against broader benchmarks to obtain a “traffic light” reading on how its efforts compare to those of others.

With an unambiguous diagnosis in hand, companies can move toward solutions that address their gender-diversity challenges. BCG’s recommended approach is to be very disciplined about selecting the first steps—whether that is concentrating on certain targeted groups or on more general areas such as recruiting or retention. It is common for gender diversity transformations to disintegrate when they are impractically broad scope. Therefore, it is important to define relevant action areas and measures that will make a significant difference within a tight timeframe—so-called “quick wins”—and, more important, actions that will have the kind of impact needed to send the right signals to existing staff.

Telstra, the Australian telecommunications provider, has shown discipline in its measured, systematic approach to gender equality. The company recently developed a segmented employment brand for female talent. The tailored strategy includes a newly launched website that features real role models, pertinent advice for career-oriented women, and targeted recruiting messaging for this audience (for example, highlighting a proactive approach to gender pay equity). The effort has been very successful to date: just a few months after launch of the site, the communications provider has seen a double-digit increase in the numbers of job applications from women, resulting in sustained positive impact for female representation overall.

Our studies show that despite age-old cultural prejudices, many gender-diversity challenges are within the scope of change for most employers, and it is reasonable to expect that companies can respond to them, no matter how embedded or institutionalized they seem. It can be particularly helpful when top executives act as role models—particularly as sponsors. (See the sidebar “American Express Is Creating Sponsorship Opportunities for Women.”) “Role models are important for promoting diversity,” explained Steve Wood, vice president of sales and service and human resources at the Chinese communications equipment maker Huawei Technologies. “Our cochairman is a woman. She is a driver of our diversity efforts.” Troy Roderick, Telstra’s head of diversity and inclusion, added: “It’s not about the next women’s breakfast or the women’s network. It’s about leaders who understand what gender-inclusive management really is. In the end, diversity is all about good leadership.”

One area for prioritization at almost all companies is effective management of the leadership pipeline. Effectiveness in this area can be mapped against the three levers of recruiting, promotion, and retention to further refine the imperatives for

## AMERICAN EXPRESS IS CREATING SPONSORSHIP OPPORTUNITIES FOR WOMEN

Mentoring is not the same as sponsorship. American Express understands the difference.

The financial services provider is running a sponsorship program to increase the share of women in its senior-management positions.

Whereas mentoring and coaching can often be done on the phone, sponsorship is a very public statement of support and commitment. Further, sponsorship involves advocacy over the long term—in support of the recipient’s future—while mentoring tends to help with short-term performance improvement or minor crises at work. In general, the sponsor plays a very active role and puts his or her own reputation at risk; in a mentoring relationship, it is usually the mentee who is in the driver’s seat.

The program at American Express is called Women in the Pipeline and at the Top. It is a global effort designed

to create opportunities for women to move into the most senior ranks of the company. As part of the project, American Express hosted the inaugural Women’s Conference for the top 170 women in the company. The event featured gender intelligence training, remarks from American Express chairman and CEO Kenneth I. Chenault, and networking events to help foster sponsorship opportunities.

American Express has coauthored research to promote the importance of sponsorship for female executives climbing the corporate ladder. “Sponsorship is a proven tool for career advancement,” said Jennifer Christie, chief diversity officer at American Express. “The work we have done with sponsorship has already shown positive results both in terms of increased advancement and decreased attrition among our senior women. And we are just at the beginning.”

immediate action. Out of this prioritization exercise, a 10-point plan can emerge to spotlight what needs to be done to address, say, low rates of intake of new female recruits or low percentages of promotions for female middle managers.

BCG recommends that leading companies seeking to better manage against their plans—and to gauge progress against the KPIs defined above—develop and use gender diversity “cockpits,” which are essentially arrays of metrics that give senior managers an at-a-glance view of where things stand. Another benefit of the cockpit concept is that it can be extended to other diversity dimensions—for example, the mix of local employees and expatriates, or the balance between employees under age 30 and those over 50.

Even if only a few diversity measures are implemented, they will require company resources and therefore will compete with other internal projects. Without a strong, fact-based business case, corporate leaders can find it difficult to persuade senior managers that gender-diversity efforts are worth supporting—and worth outlays of

The key is to look at other quantitative effects such as increased recruiting rates among women, decreased employee turnover, or shorter parental leaves.

time and money. The case should not make much of, say, the number of measures implemented; instead, it should emphasize how well those measures fit with the priority “hot spots” identified through the analyses. For example, a company might give prominence to a program to retain senior female executives given their talents and skill sets and how those relate to the company’s imminent business needs.

In one example, a diversity team was able to build a positive business case for a family-friendly culture by demonstrating a “diversity return on investment” of 7 percent or more. The ROI was based largely on the company’s resulting ability to secure higher-caliber hires, which led to improved productivity from the women in its workforce.

In short, the business case won’t be compelling if it’s little more than a list of diversity programs that have been launched. But it will gain credibility and acceptance if it highlights the rationale behind those programs and what impact they are expected to have on long-term business results. The key is not just to measure the ROI but also to look at other quantitative effects such as increased recruiting rates among women, decreased employee turnover, or shorter parental leaves. Qualitative benefits also apply—benefits such as improved employee motivation and satisfaction, the company’s enhanced attractiveness among applicants, and better branding and public image. Another advantage is the greater “innovation power” of mixed-gender teams.

When the business case has been made—and accepted by senior management—then those in charge of gender diversity can begin to roll out their implementation plan by building the necessary capabilities, appointing and assembling the team, tasking team members with short-term and long-term objectives, putting in place the KPIs, and so on. Crucially, the entire effort has to be viewed and pursued—from the C-suite on down—as an ongoing, cross-company initiative.

Such change isn’t only unidirectional or a monolithic, one-off exercise. In most multinationals, it has to happen over a period of time, across many time zones, in many different types of operating units, and often in surprisingly different cultural scenarios. Companies that may have a robust gender-diversity strategy in North America may have to adapt that strategy and manage it accordingly when they enter China’s markets. (See the sidebar, “Female Leaders Push Forward in China.”)

What is apparent is that companies need to act before they are forced to comply with gender-diversity regulations. There is growing pressure for mandated quotas—targets that are being proposed by governments and that are echoed by media around the world. The trend is especially noticeable in Europe, and it is gathering momentum in South America and Asia.

**A**T A TIME when almost every organization is struggling to retain and recruit the very best talent from wherever it can be found, the companies and agencies that break through with reasoned, strategic approaches have much to gain. Organizations that can harness the untapped intellect and energies of their current and

## FEMALE LEADERS PUSH FORWARD IN CHINA

Multinationals with current or planned operations in China will find that the composition of their management ranks differs significantly in the country relative to the rest of the world. The Grant Thornton International Business Report reported that in March 2011, women held 34 percent of the senior management positions in China, up from the 31 percent reported for 2009. By contrast, the global average for women holding senior management roles was 20 percent, down from 24 percent in 2009.

At 47 percent, China's share of female college graduates is comparable to

that of many other countries, and 65 percent of Chinese women consider themselves very ambitious, according to "The Battle for Female Talent in Emerging Markets," a May 2010 article in *Harvard Business Review*. A March 2011 report by the Center for Talent Innovation (formerly the Center for Work-Life Policy) indicated that 76 percent of Chinese career women aim to have positions in senior management, while the figure was 52 percent for the U.S. Since specialized knowledge is rewarded in China, many Chinese women put considerable time and effort into acquiring the additional qualifications that boost their careers.

prospective female leaders will establish enormous advantage over their competitors.

These companies will be several steps ahead of diversity regulation. They'll be better able to woo new generations of female leaders. They will be welcomed into markets where women are the primary economic influencers. And they will start to see even higher levels of engagement among *all* their staff, regardless of gender—thereby initiating a self-sustaining cycle of diversity activity from within.

BCG's exhaustive benchmarking study confirms that there are still plenty of obstacles for companies that are striving to achieve gender balance in senior management. But they also point to abundant opportunity and illustrate that a strategic, fact-based approach can lead to the diversity needed to sustain business success. Today is the best day to begin taking advantage of that opportunity.

### NOTES

1. International Business Report 2012, Grant Thornton International.
2. The culture of presence was described in "Familienfreundlichkeit—Erfolgsfaktor für Arbeitgeberattraktivität," a report by the German Federal Ministry of Family Affairs, Senior Citizens, Women, and Youth, 2010.
3. Leadership pipelines were examined in depth in the seminal report, "Breaking Through the Glass Ceiling: Women in Management," published by the International Labour Office in 2010.

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