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## Boards Snap Up Female CFOs

Maxwell Murphy, Senior Editor

Female chief financial officers may be relatively few in number, but they are trumping their male peers by a wide margin in at least one career achievement: winning outside board seats.

Women account for just 12% of CFOs at the 500 large public companies tracked by executive-recruiting firm Korn/Ferry International. But more than half of those women serve as directors at another company.

That makes female CFOs about three times as likely to serve on an outside board as their far-more-numerous male counterparts. CFOs rarely serve on their own company's board, in part because they are considered to be at the board's beck and call as part of their regular job.



While adding a CFO of either sex can improve a board's financial savvy, recruiters say a female CFO also can help a company tick off a second box by narrowing the gender imbalance on a mostly male board.

When boards want a CFO, "it goes right to a gender/minority request," says Peter Crist, chairman of recruiter Crist|Kolder Associates.

The boardroom tilt toward female CFOs started on Wall Street about 20 years ago and picked up steam after 2002 with the passage of the Sarbanes-Oxley Act, which increased demand for CFOs on boards to ensure stronger financial controls and corporate-governance practices.

"Women didn't rise in finance until banks gave them the opportunity" in the 1990s, and then other companies followed suit, says Peter McLean, a former recruiting executive who had placed senior financial officers for 25 years.

Those gains were hard won, coming after several big banks were named in costly class-action lawsuits over sexual harassment and discrimination. Today, however, Ruth Porat and Marianne Lake are the CFOs of Morgan Stanley and J.P. Morgan Chase & Co., respectively,

and former Boeing CFO Deborah Hopkins is Citigroup Inc.'s chief innovation officer and oversees its venture-capital relationships.

Even so, female finance chiefs remain relatively rare, and while they are more likely than their male peers to hold an outside board seat, they and other women executives account for a small percentage of corporate directors. Male CFOs outnumber them on large-company boards by 73 versus 29.

“Women are still horrifically underrepresented on boards... [and] the number of women [in] CFO chairs is still appalling,” says Vanessa Wittman, CFO of Google Inc.'s Motorola Mobility unit.

Their rise seems likely to continue, however, as changes in demographics, attitudes and laws open more doors in the U.S. and Europe for female CFOs. More women than men are graduating from U.S. universities and pursuing finance careers in postgraduate degree programs. In fact, more than 60% of all accountants and auditors in the U.S. are women, according to Catalyst Inc., a group that promotes career opportunities for women.

The shift has yet to be visible at the top of the corporate pyramid. “The C-Suite hasn’t caught up, and boards are behind that,” says Ms. Wittman.

Last year, the European Commission, the European Union’s executive arm, approved a proposal requiring women to make up at least 40% of nonexecutive directors at Europe’s large public companies by 2018 and at large private companies by the end of the decade. The legislation is in the review process.

After the Sarbanes-Oxley Act was passed in the U.S., the number of CFOs on boards shot up. Among the new additions was Mary Winston, the finance chief of Family Dollar Stores Inc. , who joined the board of Dover Corp. in 2005 and is now chairwoman of its audit committee.

Ms. Winston, who is also African-American, says she believes Sarbanes-Oxley had more to do with Dover adding her to its board than did her gender and race.

“I do frequently get calls [to join outside boards],” she says, adding that she declines because of her other commitments.

Ms. Winston says she understands that board-nomination committees consider diversity when evaluating new directors, but she says she doubts a board would knowingly choose a “suboptimal” candidate just to tick a box.

Indeed, the increased scrutiny female candidates endure to be promoted to CFO makes them “a very safe hunting ground,” for directors, says Motorola’s Ms. Wittman, who sits on the board of Sirius XM Radio Inc.

Ms. Wittman says she wouldn’t accept a board spot if it seemed she was sought more for her gender than her experience. She is perhaps best known as the CFO that the now-defunct Adelfia Communications hired in 2003 to help clean up fraud and reconstruct missing financial data so its assets could be sold in a bankruptcy auction.

The executive, who has two adolescent sons, says she didn’t think about the role gender played in her career until she had a daughter about six years ago.

“I am sensitive to the female topic,” she says. That’s why, she adds, she suggests more women than men as alternative candidates when she turns down board offers.