

Wall Street's Secret Weapon: Women

By Sean Williams



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Times have changed, and women are stepping in to close the gender gap in corporate America. More and more researchers are looking at the impact women have in the business world. And what they're finding is that companies that embrace gender diversity -- on their boards and in their management ranks -- are reaping measurable financial rewards.

Consider a research study conducted last year by Credit Suisse of companies with a market capitalization of \$10 billion or more. It found that over a six-year period, companies with at least one female board member outperformed the investment return of companies that had all-male boards by 26%.

Perhaps this is in part because women offer a different perspective on business than their male counterparts. Or maybe it's due to the changing consumer landscape, in which women are gaining footing on their male counterparts -- in wages, workplace responsibilities, and even as business owners. After all, who is in a better position to help their company appeal to female customers than female leaders?

Whatever the reason, women are becoming an increasingly important part of the business world, and at least a few companies are beginning to recognize this.

Here are five companies that are putting forth a female-friendly atmosphere that could help them outperform their less-evolved competition.

Google (NASDAQ: GOOG)

Absolutely no discussion of employee-friendly environments can begin without at least some mention of Internet search giant Google, which is basically the mecca of all perk-oriented companies. Most people know about Google's employee perks, like healthy free food all day long and physical fitness centers on-site. But it's Google's hiring practices that illustrate that its commitment to workplace diversity goes deeper than free sandwiches.

Google revamped its hiring process to ensure that female applicants meet with Google female executives during the process. Hiring questions are also tailored to encourage female applicants to promote their previous accomplishments.

Xerox (NYSE: [XRX](#)) Don't call it a comeback, but Xerox shares are nearly at a two-year high as the company is in the midst of a transformation from merely a print services company to an information technology and services provider. Since the beginning of the trailing decade, Xerox has seen its free cash flow expand from an average of \$1.5 billion to an average of \$1.9 billion in the past four years. One area where Xerox should be cleaning up in the future is with the Medicaid expansion under the Patient Protection and Affordable Care Act, since it already processes all of California's Medicaid claims.

However, I feel another catalyst for Xerox's transformation has to do with its four female board members. That might not sound like much, but a recent study from Ernst & Young showed that in 2006 only 14% of some 5,000-plus **S&P 500** board seats were occupied by women. By 2012 this had improved, but only marginally, to 17%. Furthermore, about 10% of all S&P 500 companies in the study didn't have a single female on their board of directors, while another 28% of companies had just one. That's nearly 2 in 5 companies with zero or one female board member. Led by CEO and Chairwoman Ursula Burns and with members including Center for Adoption Policy Studies co-founder Ann Nolan Reese, **Frontier Communications** CEO Maggie Wilderotter, and National Math and Science Initiative CEO Sara Martinez Tucker, I'd opine that the experience of Xerox's leadership has played an instrumental role in the company's improved results.

Amgen (NASDAQ: [AMGN](#))

Google may be the kingpin of all perk-oriented companies, but there are few companies out there that gear perks more toward family life than biotechnology giant Amgen. All employees enjoy 17 paid holidays during the year, which includes two paid week-long shutdowns each year on top of three weeks of personal vacation. Other perks include one-on-one nutritional counseling, on-site child rearing classes, adoption assistance, and a variety of work options like telecommuting and flex schedules. These perks are available to all employees regardless of gender, but in households where childrearing falls to the female, these amenities show that Amgen is doing what it can to support its employees in both their work and family lives.

Cisco Systems (NASDAQ: [CSCO](#))

Among large-cap companies, networking equipment provider Cisco Systems is a true standout, being among the very few with three women on its board of directors. CEO John Chambers is taking further steps to address gender issues in the workplace. After reading **Facebook** COO Sheryl Sandberg's book, *Lean In*, and meeting with her personally, Chambers sent an email memo asking his corporate executives to read the book and outline several initiatives that they'll implement to help bridge the gender gap. Consider this another step closer to breaking down the stereotype of tech being a male-dominated sector.

New York Life

The notoriously male-heavy financial sector has proven to be a stomping ground where women can excel -- although success doesn't always have to start at the top. One of the U.S.' largest privately held life insurers, New York Life, recently announced its plans to hire up to 3,700 new agents this year with at least half being women or individuals representing (in the company's own words) "cultural markets," under which it includes individuals "serving the African-American, Chinese, Hispanic, Korean, South Asian, and Vietnamese markets." This will be in addition to the 62% of new hires last year in those categories. Like publicly traded insurer **Allstate**, whose staff is made up predominantly by women (58.9%), New York Life understands that having a staff that represents a gender- and racially diverse subset is going to give it a better chance to grow its business.

It's a start

Big business is certainly making progress in tightening the pay gap between men and women, and by promoting women to high-ranking executive positions, but we're just hitting the tip of the iceberg. But as studies have clearly shown, having women involved on a company's board of directors is a clear positive for both shareholders and the company's bottom line. Consider this a wake-up call for hundreds of our nation's largest companies to give themselves an edge by reaching out for female talent.