

# City of Philadelphia



Council of the City of Philadelphia  
Office of the Chief Clerk  
Room 402, City Hall  
Philadelphia

(Resolution No. 120187)

## RESOLUTION

Authorizing Council's Committee on Commerce and Economic Development to hold hearings examining the level of female participation on executive boards in companies that do business in the City of Philadelphia.

WHEREAS, On February 12, 2012, Patricia Coulter, President of the Urban League of Philadelphia, wrote an Op-Ed article in the Philadelphia Tribune addressing the need for diversity on corporate boards in the City of Philadelphia; and

WHEREAS, In the book, *Women-omics*, by Claire Shipman and Katty Kay, studies show that companies with a higher percentage of women are more profitable than those with a lack thereof; and

WHEREAS, A 2009 study by the Forum of Executive Women showed that despite representing more than half of the population, women comprised only 10 percent of all executive board seats in Philadelphia's top 100 companies, 5.75 percent of all top earners and 10 percent of all directors of companies; and

WHEREAS, A leading indicator of a company's prevailing attitude toward the inclusion, promotion and advancement of opportunities for women in the workplace is the make up of their executive board; and

WHEREAS, The City of Philadelphia awards contracts for numerous services to many of the top 100 companies in the Greater Philadelphia region, many with a lack of female leadership as represented by their executive boards; and

WHEREAS, Council wishes to ensure that all companies that receive City contracts take a pro-active role in producing boards that are more reflective of the population demographics of the City and reflect the growing number of women in the workplace; therefore, be it

# City of Philadelphia

*RESOLUTION NO. 120187 continued*

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That Council hereby authorizes the Committee on Commerce and Economic Development to hold hearings examining the level of female participation on executive boards in companies that contract with the City of Philadelphia.



**Report of Philadelphia City Council's  
Committee on Commerce and Economic Development  
Chair: Honorable W. Wilson Goode, Jr.  
Resolution Sponsor: Honorable Blondell Reynolds Brown  
Pursuant to Resolution No. 120187**

**Women  
on  
Corporate Boards:  
We Can Do Better!**

**Table of Contents**

Foreword	3
Background	4
Introduction	5
Panel Descriptions	7
Hearing Findings	9
Hearing Recommendations	17
Appendix A	21
Appendix B	24
Appendix C	27



## CITY OF PHILADELPHIA CITY COUNCIL

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COUNCILWOMAN AT-LARGE  
MAJORITY WHIP

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### Greetings:

As my daughter has grown into adolescence, I often repeat a phrase frequently heard on the lips of parents all across this nation: "You can be anything you want to be." In fact, my mother told my sisters and me the very same thing. Mothers tell their daughters that they can be anything in life because we earnestly believe it with every fiber of our beings. We believe in that statement to this day, and are encouraged in the knowledge that our daughters will grow to believe this.

However, my daughter will be confronting, years later, many of the same obstacles and issues I faced as a woman on my own journey unless there is meaningful change. In March 2012, I was reminded again that women comprise fifty-three percent of Philadelphia's population, yet only hold a meager ten percent of Philadelphia's executive board seats. The City's figures act as a mirror for the rest of the country with national percentages reflecting similarly dismal numbers for women in leadership roles. We can do better! We *must* do better!

When women gain access to executive seats, the benefits stretch well outside the walls of the boardroom. Increasing the number of women in executive power translates into equal paychecks for men and women who perform identical tasks. Growing the population of women in executive chairs provides role models and mentors for the countless number of women balancing school, work, and family, as they struggle to climb the corporate ladder.

Let us use this report as a launching pad to implement solutions to the ongoing problems and challenges plaguing women in the business world. Let us find answers for all of the daughters of our City and region. They can be anything they want to be. We must help them do just that. Men and women, united, standing firmly together, can stir ripples into waves for the progress of women in business and beyond.

Please, give every consideration to this report. Now let's get to work to make these recommendations real.

In Service.



Blondell Reynolds Brown  
Councilwoman At-Large

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## **BACKGROUND**

### **ABOUT THE HEARINGS AND THIS REPORT**

In accordance with Resolution 120187, the City Council of Philadelphia's Committee on Commerce and Economic Development was authorized to hold hearings examining the level of female participation on executive boards in companies that do business in the city of Philadelphia.

The resulting hearing, which included five panels, was held on May 29, 2012 in City Hall Room 400.

This report is derived from the verbal and written testimony given during the hearing and related resources available after the hearing. Findings were highlighted from the hearings and form the basis for this report's recommendations addressing female representation in executive positions and on corporate boards in Philadelphia.

### **CITY COUNCIL COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT**

All matters relating to the Department of Commerce, and its departmental boards; the airport and airport facilities, and the rates and charges for the use thereof; the City Representative, Philadelphia Industrial Development Corporation, the Philadelphia Authority for Industrial Development, the Philadelphia Commercial Development Corporation and the Philadelphia Workforce Development Corporation.

All matters relating to the Civic Center complex, celebrations, parades and other similar functions.

All matters relating to the promotion of commerce, economic development and employment within the City. All matters relating to the expenditure of Federal and State funds for the promotion of economic development and employment within the City.

### **COMMITTEE MEMBERS**

Councilman W. Wilson Goode, Jr., Chair  
Councilman Mark Squilla, Vice Chair

Councilwoman Blondell Reynolds Brown  
Councilwoman Jannie L. Blackwell  
Councilwoman Marian B. Tasco  
Councilman Brian J. O'Neill  
Councilman Bobby Henon

## Introduction by James Kristie

The month of March, declared internationally as Women's History Month, ushered in a time for recognition of the progression of women but it also was a fitting time for the Philadelphia City Council to adopt a resolution examining corporate Philadelphia and the level of female participation on executive boards. A quick step back into business history puts into perspective the important work that Philadelphia City Council's Committee on Commerce and Economic Development, under the impetus of Councilwoman Blondell Reynolds Brown, has undertaken.

Early in the 1900s there were a handful of women who upon the death of a husband or father came to occupy a board seat of an American corporation. Most notably there was Marjorie Merriweather Post, who in 1914 joined the board of the frozen foods and cereal company started by her father.

Business historians generally point to Lettie Pate Whitehead as the first independent woman to serve on the board of a major U.S. corporation. An Atlanta business, church and civic leader, she joined the Coca-Cola Co. board in 1934. (This was a year after President Roosevelt appointed Frances Perkins as Secretary of Labor, the first woman to hold a federal government Cabinet post.)

Thus begins a shameful tale of women's progress — that is, the lack thereof — in achieving a representative and deserving role at the highest level of business leadership: being a member of a public company board of directors. Indeed, this is a higher role than even that of a chief executive officer of a public corporation, as the preeminent role of the board is to *hire and fire* the CEO.

Now let's jump ahead 40 years from this ground zero start of one accomplished woman director in the mid-1930s to the mid-1970s. This was a time when the Securities and Exchange Commission began to critically eye the "old boys club" of board membership of America's major companies and start a bully pulpit campaign for change.

A startling statistic from 1976 indicates that women made up about 5% of the directors in the Fortune 500. A back of the envelope calculation is that this meant there were about 400 board seats held by women (some women serving in multiple directorships). That may initially sound impressive to go from 1 to 400 — but over 40 years? In one of the greatest boom periods of American history? And considering that this meant that men held about 7,500 seats in the Fortune 500 in 1976?

Under the SEC's prodding (take note, City Council), and as the media began to pay attention to this as an issue (but slowly, as "corporate governance" was not even a term in the common business lexicon in the 1970s), women began to be invited in greater numbers to join corporate boards.

Now let's jump ahead another almost 40 years to where we are today. Women now make up about 16% of the Fortune 500 directors, 17% of members of Congress and earn \$0.77 for every \$1 earned by males.<sup>1</sup> In Philadelphia, women comprise 11% of executive board seats.<sup>2</sup>

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<sup>1</sup> Transcript p. 5

# City of Philadelphia

RESOLUTION NO. 120187 *continued*

As I testified on May 29, 2012, to the Committee's initial hearing on this issue of female participation on boards, to go from 5% — which was an admittedly depressed base in 1976 — to 16% today is deserving of the term “glacial” progress.

Projections are that at this rate of incremental progress it will be another 60-70 years before any semblance of parity is achieved on corporate boards!

This is unacceptable and there is a lot of work to do. Women and minority participation must no longer be optional but should be a requirement. And in moving towards a solution to this issue, it is important to capture women of all perspectives and of all colors.

Women transform boards into “a higher state of performance through their greatest membership and participation,”<sup>3</sup> therefore there needs to be an increase in the number of women on boards as well as the number of boards that include a woman<sup>4</sup>. The evidence of such has been quantified in numerous studies and anecdotes. Male CEOs and directors have been reported as saying that the presence of “women in the boardroom leads to better discussions and better decision-making.”<sup>5</sup> Effective boards should represent the diverse thinking and different perspectives of their customers, employees and shareholders, so “to exclude women from the ranks of directors is to limit the success of the company.”<sup>6</sup>

Thus I commend the time and attention that Councilwoman Blondell Reynolds Brown and her Council colleagues are devoting to examine the issue and its key dimensions. They are drawing upon the expert insights and advice of Philadelphia's business and organizational leaders who have a keen sensitivity to this issue of gender diversity on boards. Council's close study will lead them to an understanding of a role that may be appropriate for the City government to play in addressing this issue with the management and board leadership of the companies that the City does business with.

And thus I commend to you this initial report from the Committee on Commerce and Economic Development on Resolution No. 120187. It has been a long and uneven road for women's progress in the boardroom from Lettie Pate Whitehead to today, when 40 of Philadelphia's top 100 companies do not have a woman board member. We can do better. We must do better. Philadelphia City Council is poised to make sure we do do better.

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<sup>2</sup> Transcript p. 5

<sup>3</sup> Kristie: Transcript p. 84

<sup>4</sup> Alison M. Konrad and Vicki Kramer, “How Many Women Do Boards Need?” (Harvard Business Review: December 2006)

<sup>5</sup> Gillen: Transcript p. 9

<sup>6</sup> Hannan: Transcript p. 19



## PANEL DESCRIPTIONS

### PANEL 1: ADMINISTRATION

The first panel featured a representative of Philadelphia Mayor Michael A. Nutter's administration. Ms. Gillen stated that Mayor Nutter strongly supports efforts by the Forum of Executive Women and Councilwoman Reynolds Brown to increase the number of women on corporate boards. She presented information supporting the concept that having women in the boardroom leads to better discussions and decision-making. She also discussed some ways that the City of Philadelphia can assist with the effort to increase gender diversity of corporate boards.

- Terry Gillen – Director of Federal Affairs, City of Philadelphia

### PANEL 2: CORPORATE

The second panel featured representatives from corporations throughout the city of Philadelphia and the Forum of Executive Women. Information and recommendations from the Forum's annual report were given. The Forum, as well as similar organizations, offer assistance in accessing a diverse pool of candidates for board directors. A collaborative effort from those within the government, business, media, academia and foundations was cited as a necessary tactic. Efforts to increase representation of women on corporate boards include: tracking and reporting on the numbers and benchmarking best practices and conducting research and making the business case for gender diversity; influencing the supply side by increasing the number of qualified women; and influencing the demand side by changing the practices of corporations and their boards.

- Autumn Bayles – VP of Strategic Development, ARAMARK
- Irene Hannan – Senior VP, Citizens Bank
- Vicki W. Kramer – Founder, V. Kramer & Associates
- Rachel Keene – Associate, Ballard Spahr

### PANEL 3: BUSINESS

The third panel discussed the diversity and inclusion efforts of the Greater Philadelphia Chamber of Commerce, which includes a newly formed committee, statement of commitment, and membership guidelines surrounding these efforts. A representative from the Greater Philadelphia Hispanic Chamber of Commerce discussed the need to increase Latina leadership, the lowest minority group represented within boards of Fortune 500 companies. Barriers to woman leadership were noted as including lack of networking and role models, life-style issues, trying to balance work and life and stereotyping. One representative noted that a probe into senior management/executive officer representation is needed, as it is normally an important qualification for board member candidacy.

- Denise Earley – Director of Public Policy, Greater Philadelphia Chamber of Commerce

- Nolan Atkinson – Chairman of Committee on Diversity and Inclusion, Greater Philadelphia Chamber of Commerce
- Varsovia Fernandez – Greater Philadelphia Hispanic Chamber of Commerce
- Melonease Shaw – President & CEO, Maven, Inc.
- Terri Dean – Senior VP (Retired), Verizon

## **PANEL 4: NON-PROFIT, EDUCATION**

The fourth panel consisted of a representative from Catalyst, a non-profit research organization founded in 1962 with the mission to expand opportunities for women and business. Data from Catalyst studies were given. It was also noted that the goal of companies should be “to assure that the process selection of directors necessarily gives women a fair representation in the pool of candidates.”

- Patti Connolly – Director of Corporate Governance, Drexel University
- Emma I. Sabin – VP of Advisory Services, Partnerships, Catalyst
- Julie Hawkins – Assistant Professor, Drexel University
- Jeanice Salter – CPA, EVP, Mercy Douglass

## **PANEL 5: ENLIGHTENED MEN**

The fifth panel consisted of two male business leaders who told of their first-hand personal experience with benefits of female board membership and efforts being made in their individual companies. One representative noted that women contribute to a higher-performing board because they are not of the “go along, get along” culture, ask different questions, are good at encouraging dialogue and do their homework.

- Bill Marazzo – President & CEO, WHYY
- James Kristie – Editor & Associate Publisher, Directors and Boards

## HEARING FINDINGS

### **Women are underrepresented on executive boards.**

Women represent approximately 46.6 percent of the current workforce and hold 51.4 percent of management positions in the United States; yet their inclusion at the highest levels of decision making, as members of executive boards of directors, are abysmally low.<sup>7</sup> According to the 2011 annual research report, produced by the Forum of Executive Women,<sup>8</sup> only 11 percent of board seats in the top 100 public companies in the region are filled by women, and 41 percent of boards have no women at all. Even more glaring is the virtual absence of women of color who hold less than one percent of all board seats.<sup>9</sup> Fortune 500 companies fare a little better with women occupying 17 percent of board seats. Further, according to Spencer Stuart, a large national research firm, only 11 percent of the 36 new directors at 45 of the largest public companies in the region are women.<sup>10</sup> The statistics are even more discouraging in small and privately held companies.<sup>11</sup>

Progress over the years has been discouragingly slow. In 1976, women occupied approximately 5 percent of directors' seats in Fortune 500 companies, and in 2011, 35 years later that participation reached only 16 percent. At this glacial rate of progression, parity is not likely to be achieved for 60 to 70 years.<sup>12</sup>

### **Increasing the representation of women on executive boards is good for business and the city.**

Although women overall make 75 percent of consumer purchasing decisions, twenty-nine Fortune 1000 consumer companies have no women directors on their boards. This vacuum in female leadership, talent and input does not make good business sense. Studies demonstrate that companies with three or more women directors outperform companies with no women on their boards in three critical areas: return on equity, return on sales, and return on invested capital.<sup>13</sup> As reported by the Catalyst Census of Women on Boards and Corporate Officers, those businesses with the highest percentages of women exceed the performance of those with the least by 84 percent with respect to

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<sup>7</sup> Dean: Transcript p. 54

<sup>8</sup> The Forum of Executive Women is an organization composed of more than 400 executive women in the Philadelphia area engaged in developing initiatives to further increase the representation of women on executive boards and in executive positions. Bayles: Transcript p. 13

<sup>9</sup> Bayles: Transcript pp. 13-14; Deloitte, Forum of Executive Women, Changing the Face of Leadership: By Chance or By Choice? Women on Boards 2011 (Forum of Executive Women, Philadelphia, PA, 2011). [http://www.forumofexecutivewomen.com/SiteData/docs/2011WOBRep/b372caa9010f7a05/211\\_WOBReport.pdf](http://www.forumofexecutivewomen.com/SiteData/docs/2011WOBRep/b372caa9010f7a05/211_WOBReport.pdf)

<sup>10</sup> Hannan: Transcript p. 19; Spencer Stuart, Greater Philadelphia Board Index (Philadelphia, PA, 2011). [http://content.spencerstuart.com/sswebsite/pdf/lib/PBI\\_2011\\_final-corrected-pdf](http://content.spencerstuart.com/sswebsite/pdf/lib/PBI_2011_final-corrected-pdf)

<sup>11</sup> Hannan: Transcript p. 20

<sup>12</sup> Kristie: Transcript p. 85

<sup>13</sup> Hannan: Transcript p. 19

return on sales, 60 percent on capital, and 46 percent on equity.<sup>14</sup> Moreover, the most effective companies are those with directors that reflect the makeup of customers, employees and shareholders.<sup>15</sup> In view of this data, one may conclude that greater diversity in the corporate board room will result in business growth in general and in the city in particular.<sup>16</sup>

Women bring a different perspective to executive boards and ensure that boards are not limited in their thinking. Women are good communicators, ask questions, encourage dialogue and come to meetings prepared. In other words, women transform boards by bringing about a higher level of performance.<sup>17</sup> The transformation becomes more evident when there are at least three women on a board. The research shows that with that number, female directors no longer feel ignored and isolated and become more relaxed, active and vocal.<sup>18</sup> As a result, the tone of board meetings becomes much more conversational and less hierarchical.<sup>19</sup>

Not only is it beneficial to have women represented on for profit executive boards but it is also important to have female directors on non-profit boards. A notable example of a non-profit board with a commendable percentage of women is the public television station, WHYY, which has had from 30 to 40 percent representation by women. There are women in key executive positions at WHYY as well, including the Executive Vice-President, Chief Operating Officer, Chief Content Officer and Vice-President for Institutional Advancement.<sup>20</sup>

## **The road to the corporate boardroom begins in the executive suite.**

Candidates for corporate board appointments usually have, at the very least, senior management experience, but preferably, executive officer experience. However, only 14.1 percent of executive officers are women; as a result, there is a shortage of women in positions that lead to consideration for board appointments. In order to increase the pool of female candidates for board seats, it is crucial that companies be encouraged to appoint female executive officers.<sup>21</sup> Executive officers interact directly with the board of directors. Although senior managers, who run the day to day operations of a business, may be qualified to serve on the executive board, it is a plus to be an executive officer.<sup>22</sup> Therefore the number of female executive officers in a company is an important factor in

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<sup>14</sup> Sabin: Transcript pp. 71-72; Nancy M. Carter, Ph.D. and Harvey M. Wagner, Ph.D., *The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008)* Catalyst: New York, 2011. <http://www.catalyst.org/publication/479/the-bottom-line-corporate-performance-and-women's-representation-on-boards-20042008>

<sup>15</sup> Hannan: Transcript p. 19

<sup>16</sup> Sabin: Transcript p. 73

<sup>17</sup> Kristie: Transcript pp. 85-86

<sup>18</sup> Alison M. Konrad and Vicki W. Kramer, "How Many Women Do Boards Need?" Harvard Business Review: December, 2006. [www.hbr.org](http://www.hbr.org)

<sup>19</sup> Id.

<sup>20</sup> Marrazzo: Transcript p. 82

<sup>21</sup> Dean: Transcript p. 55

<sup>22</sup> Id. p. 61

determining how many women are on the track to board nominations. Any request that a business provide a breakdown of female participation in high level positions should include both the number of female executive officers and female senior managers. If the request is too broad and simply asks for the number of executives, the reply will likely include those in senior management as well as executive officers, and could be inaccurate in terms of the number of women who may be likely candidates for board positions.<sup>23</sup>

This is not to say that the pool of available female boardroom candidates should not be expanded, and indeed it should be to include female senior leaders who are no more than three levels away from the Chief Executive Officer. These executive women can bring valuable experience and perspectives to the boardroom, as well.<sup>24</sup>

Councilwoman Reynolds Brown: To Terri Dean, you provide some new information that we need to be cognizant of, and you say one of the most important qualifications to become a board member is for a candidate to possess at least senior management but preferably executive officer experience. Elaborate on that, please.

Ms. Dean: Sure. The executive officers typically are those in the C-suite of a corporation. They're the ones that interact directly with the board of directors via the committee work that they do. Senior managers are those who are typically one level below the executive officer position, and those are people that really run the day-to-day operations of the business, whether it be legal or finance. But certainly there's a distinction between senior management and executive officer. Any senior manager, I believe, is qualified to serve on the board of directors. It typically is an adder if you've been an executive officer in a corporation.

Councilwoman Reynolds Brown: That becomes important as we attempt to craft the language for this bill.

Ms. Dean: Exactly. And that's why I wanted to specify that, because if you just ask for executives, you might get senior management numbers. You want to distinguish between executive officers and senior managers.<sup>25</sup>

## **Women are often deterred from participating in the business world to the full extent of their capabilities due to certain barriers.**

Women are often held back from reaching their full potential in the business world because of certain cultural barriers. Because women have not had the long history that men have had in the business community, women are not as likely to have similar

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<sup>23</sup> Id. pp. 61-62

<sup>24</sup> See Appendix A: City Council Committee on Commerce and Economic Development Input of Terri Dean to Written Report Expand Board Recruitment Beyond Executive Officers, submitted, after the hearing, by Terri Dean to the Council of the City of Philadelphia.

<sup>25</sup> Id. pp. 60-62

networking opportunities and role models.<sup>26</sup> Also, women continue to have the primary responsibility for home and family and must find a balance between work and family life.<sup>27</sup> Other successful women, through mentorship programs, such as those sponsored by various chambers of commerce and organizations like Women of Destiny could be very helpful to women in finding that workable balance.

Ms. Shaw: Barriers that have held back women include lack of networking and role models, life-style issues, trying to balance work and life, and stereotyping. The ability to compete with our male counterparts requires us to work harder, longer and with more sacrifices while being rewarded with unequal pay and lack of opportunities to pursue leadership positions. As women, we are limited by what is referred to as a glass ceiling, and as a minority woman, the ceiling turns to concrete. We have made strides to chip away at the obstacles that inhibit our progress, but the work is far from done. The key to further progress is our ability to provide a network that will support the aspirations and, as importantly, the next generation of women leaders.

I have had the extreme honor to be a part of an organization called Women of Destiny. Women of Destiny are empowered, successful, dedicated and committed to serving as mentors and supporters to women of color in the trenches of business, community and politics. The organization has built a network of women leaders from various backgrounds who share a common goal to learn from those who have been leaders in business, community and politics, and make a commitment to utilize this knowledge for the advancement of the next generation of women of color leaders.

As I come to a close, I would like to say that no matter what hat I wear, the African American Chamber, Women of Destiny or Maven that has a network of over 5,000-plus, not one time in the recent years can I remember a corporation reaching out to anyone in that network to seek someone for their board. We would be very much available to the Committee to further develop strategies and support for the increase of women in corporate boards throughout the City and especially with companies that contract with the City.

It is my hope that you would consider this partnership, as it is crucial that the executive boards for the various companies in this great city properly reflect the female workforce and benefit from the unique leadership and direction that women executives can provide, as well as the financial success that our service can yield. It is one thing to agree that gender diversity yields good business; it is another to take action to support and make available opportunities for gender diversity.<sup>29</sup>

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<sup>26</sup> Shaw: Transcript p. 50-51

<sup>27</sup> Id.

## **Strategies have been developed to increase the level of female representation on executive boards.**

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The techniques that are typically used to increase the level of female representation on boards fall into three categories:

- (1) Tracking and reporting the numbers, studying best practices, conducting research and highlighting the benefits of diversity in business;
- (2) Increasing the number of qualified women and their accessibility; and
- (3) Attempting to change the practices of corporations and their boards.<sup>28</sup>

Steps have been taken to increase the level of female representation in corporate leadership positions in the United States and in other countries.

In the United States, since 2010, the Securities and Exchange Commission has required public companies to disclose annually in their proxy statements whether they have a diversity policy for board nominations, and if so, what the policy is and how they evaluate it.<sup>29</sup> And, in Kansas City, a successful program, called the Win-Win Campaign, encourages companies to sign an accord committing to increasing the number of women in corporate leadership positions and setting forth specific steps to get there.<sup>30</sup>

In Great Britain, search firms have been asked by the government to sign agreements providing that they would take positive steps to include women on their slates with respect to every search for board members.<sup>31</sup> In Norway, the government mandated that 40 percent of board seats in public companies be held by women, and in Spain, the law requires that by the year 2015, 40 percent of board seats for companies with 250 or more employees be held by women.<sup>32</sup>

In Australia, the Australian Diversity Council and the Australian Stock Exchange have collaborated to ensure that in submitting filings, companies provide information regarding their policies pertaining to the advancement of women in management as well board directorships.<sup>33</sup>

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<sup>28</sup> Kramer: Transcript pp. 25-26

<sup>29</sup> Id. p. 27

<sup>30</sup> Id. p. 29

<sup>31</sup> Id. pp. 27-29, 35

<sup>32</sup> Shaw: Transcript pp. 49-50

<sup>33</sup> Sabin: Transcript p. 71

## **There are many qualified women who could serve on executive boards.**

Companies sometimes claim that they are unable to find qualified women to serve on boards. They would find, however, that this claim is without foundation if they were willing to conduct a thorough search of available talent. The Conference Board has reported that there are currently 78 female Chief Financial Officers in Fortune 1000 companies, yet most of these women do not serve on boards.<sup>34</sup> The talent pool is there; it is simply not being fully utilized.<sup>35</sup>

Companies can commit to finding more women to serve on boards by having their nominating committees include women in their director pools and by actively recruiting, hiring and promoting women into the leadership positions from which directors are often chosen.<sup>36</sup>

There are also organizations that can be very helpful in efforts to recruit qualified women. For example, the Forum of Executive Women's Board Development Committee works with local companies and search firms. The Forum is able to match a company's requirements with Forum members in the region and connect companies to its national network, the InterOrganization Network (ION). ION offers a geographically diverse pool of female candidates.<sup>37</sup> A new national organization, the Thirty Percent Coalition, whose members include ION and approximately 30 other national women's organizations, institutional investors, corporate governance experts and board members has adopted, as its goal, securing for women of diverse races and cultures 30 percent of the seats across the boards of public companies in the United States by the year 2015.<sup>38</sup>

## **Area Chambers of Commerce are taking steps to increase diversity.**

The Greater Philadelphia Chamber of Commerce (GPCC) has made the diversity of its Board of Directors and Executive Committee a top priority. One-third of all new members recruited to its Board of Directors are people of color. The current board has 143 members; approximately 19 percent are minorities, a little over 24 percent are women, and their combined representation is 37 percent. Minorities comprise approximately 19 percent of the GPCC Executive Committee and women, 28 percent with a combined representation of 40 percent.<sup>39</sup>

The GPCC recognizes the importance of diversity in decision making and has created a Diversity and Inclusion Board Committee. The Chamber urges its members to develop a diverse workforce from top to bottom utilizing the best talent; build an inclusive workplace where barriers based on artificial differences are non-existent;

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<sup>34</sup> Gillen: Transcript pp. 9-10

<sup>35</sup> Id. p. 9

<sup>36</sup> Hannan: Transcript, p. 21

<sup>37</sup> Id. p. 22

<sup>38</sup> Kramer: Transcript p. 24-25

<sup>39</sup> Earley: Transcript p. 38



Recruit qualified diverse individuals to serve in leadership positions; reach into new and expanding markets; and promote alliances with the community.

The African-American Chamber of Commerce works with African-American businesses, many of which are women's businesses, to promote diversity with respect to African-American males and females.

The Greater Philadelphia Hispanic Chamber of Commerce (GPHCC) works with the Latino business community to promote, among other goals, diversity in management and leadership positions. In Philadelphia, the GPHCC is not aware of any Latinas occupying a corporate board seat. In response to the dearth of Latina representation in the boardroom and in executive suites, in 2011, the GPHCC created the Latina Leadership Network. In this group, senior executives and young entrepreneurs share knowledge and skills with the hope that this will lead to more positions for Hispanic women in corporate governance and provide opportunities for growth and participation.<sup>40</sup>

**The city can play a leading role in encouraging diversity in the board room and executive office suite.**

The city is positioned to play a positive role in the diversification of corporate boards and executive office suites, and Mayor Nutter has met with groups of women to discuss ways that the city could provide assistance to their efforts.

Ms. Gillen: Today I'm speaking on behalf of the Nutter Administration. Mayor Nutter strongly supports efforts to increase the number of women on boards of directors. He understands that there is data showing that organizations that have gender equality in their leadership, both on the boards of directors as well as in senior management positions, those organizations have better business outcomes, according to a 2007 Catalyst study.<sup>45</sup>

Mayor Nutter recently met with a group of leaders from the Forum of Executive Women to discuss ways that the City of Philadelphia can assist with the effort to increase gender diversity of corporate boards. We discussed several ideas, including the possibility of convening business and non-profit leaders to create a campaign around the issue. After these hearings have concluded, we will work with City Council and with members of interested organizations to determine next steps.

The Mayor would like to thank Councilwoman Reynolds Brown for holding these hearings and drawing attention to this important issue. We look forward to working with all members of City Council in the weeks ahead.<sup>46</sup>

<sup>40</sup> Fernandez: Transcript pp. 48-49

The city can also take the initiative in promoting more female representation in the boardroom by requiring companies that do business with the city to report on whether they have a diversity policy regarding women as board members and executive officers, the extent of any such policy, how they are implementing it and the success of the policy. Finally, the city and a coalition of leaders in the business community could focus upon developing a campaign similar to the Win-Win Campaign in Kansas City to encourage companies to sign an agreement committing them to more inclusion of women on their executive boards and in their executive office suites.<sup>47</sup>

The Philadelphia Bar Association has adopted a Resolution supporting the Mayor and City Council's Committee on Commerce and Economic Development on the holding of hearings to encourage companies that do business with the city to take a more proactive role in diversifying their executive boards.<sup>48</sup>

It will take a determined concerted effort by the city, the business community and various organizations that represent the interests of women to increase the number of women who reach the pinnacle of corporate success. With this collaboration, as well as the understanding that outcomes for business will be far better when all interests are represented, we can envision a future where corporate directorships are more representative of the populations they serve.

## HEARING RECOMMENDATIONS

### Taking the next steps

1. It is recommended that Mayor Nutter convene a meeting with a coalition of stakeholders, bringing together the various Chambers of Commerce, influential business leaders in the city and advocates for increasing the participation of women in executive suites and board rooms for the purpose of developing a campaign similar to the Win-Win Campaign, created in Kansas City. The goal would be to encourage businesses to sign an agreement, committing to using their best efforts to increase the number of women in executive positions and on corporate boards, and then plan and execute a simple set of actions steps to move the ball forward.

Bayles: “We have seen a model called "Win-Win" that was successfully executed in Kansas City, which Terry referenced, where leaders from government, business, media, academia and foundations all joined together to state that the issue is important and they were going to take actions to ensure progress was made to a goal that they had set. Such a coalition could be put together here in Philadelphia to show leadership on the issue and move the ball forward.”<sup>49</sup>

Kramer: “Recently, Mayor Nutter has spoken at several public events about the importance of having more women on corporate boards. With the Mayor's leadership to convene influential leaders in the business community, Philadelphia should engage in a campaign similar to one you have heard about initiated in Kansas City through the efforts of our sister ION member there and spearheaded by major businesses and community leaders. The Win-Win campaign calls for companies to sign an accord committing to a goal of increasing the numbers of women in corporate leadership and specific steps to get there.”<sup>50</sup>

2. It is recommended that the City require any company seeking to do business with the City to disclose: (1) the current percentage of female executive officers in the company and the current percentage of women on the executive board; (2) the company's aspirational goals for the inclusion of more women on its board and in the executive suite; and (3) the steps the company intends to take to achieve its goals.

Councilman Goode: "Should there be aspirational goals, particularly if a company is doing business with the City? If we require their diversity track records, we see that diversity has not existed on their board or within their management structure, should the City, as a public policy entity, particularly the legislative body, look to those companies to set aspirational goals for gender diversity on those boards?"

Ms. Connolly: I think that they should have the discussion that would bring to the attention of these companies that you are looking at this. I think that you can let them know that you take this seriously, and that given the evidence that you have here, as well as future studies where you can show that having diversity on their boards is better for business, therefore benefiting the City, in that context.<sup>51</sup>

3. It is recommended that search firms be encouraged to include pools of qualified women on their slates for executive officer and board positions by urging them to utilize organizations such as the Philadelphia Chamber of Commerce, the African American Chamber of Commerce, the Hispanic Chamber of Commerce, the Forum of Executive Women, ION and others organizations to assist them in identifying qualified candidates.
4. It is recommended that the various business organizations and advocates for women join forces to create more networking opportunities that bring together leaders of the female business community and executives/nominating chairs of larger corporations similar to the "Moving the Needle," event held at the New York Stock Exchange in July 2012. According to the company's website, "The goal of "Moving the Needle - Building Effective Boards with Qualified Diverse Candidates" is to identify qualified diverse board candidates through a CEO and Chairman referral system complimented by an in-person networking exchange where identified candidates will have the opportunity to interact with public company nominating and governance committee representatives and executive board search firms. "Moving the Needle" is not about quotas or token director representation, but about building boards that can improve all facets of a board's and company's performance and ultimately enhance the shareholders' investment value."

Mr. Atkinson: “For the past three years, GPCC through its CEO Access Network initiative has fostered the creation of relationships between minority business owners and CEOs of the regional business community. Among the minority business owners who have participated in the initiative, there have been nine women. Of this group, one female Business owner has been nominated and selected as a member of the GPCC Board of Directors. Lastly, the GPCC Diversity and Inclusion Committee has undertaken a discussion of mechanisms to facilitate increasing diversity on corporate boards. This discussion has led to exploration of future collaborations between the GPCC and the Urban League of Philadelphia to identify opportunities to assist the business community to address this need.”<sup>41</sup>

Ms. Fernandez: “The Hispanic Chamber [of Commerce] created the Latina Leadership Network in 2011 to help Latinas in our region learn about leadership while embracing and capitalizing on their unique cultural talents. The program is overseen by an advisory board formed by a diverse group of Latinas ranging from senior corporate executives to young entrepreneurs who share knowledge and skills. The program follows strategies used in the Professional Mentoring Network we launched in 2007 for Latino professionals, which has enabled four of its founding members to serve in our diverse board of directors, participation in the Greater Philadelphia Chamber of Commerce CEO Network and other local not-for-profit organizations. We hope that this path contributes to Latinas' interest and growth towards corporate governance education, engagement and participation, beginning with educated purchasing of stocks and products that support Latinas.”<sup>42</sup>

Ms. Shaw: “Barriers that have held back women include lack of networking and role models, life-style issues, trying to balance work and life, and stereotyping. The ability to compete with our male counterparts requires us to work harder, longer and with more sacrifices while being rewarded with unequal pay and lack of opportunities to pursue leadership positions. As women, we are limited by what is referred to as a glass ceiling, and as a minority woman, the ceiling turns to concrete. We have made strides to chip away at the obstacles that inhibit our progress, but the work is far from done. The key to further progress is our ability to provide a network that will support the aspirations and, as importantly, the next generation of women leaders.

I have had the extreme honor to be a part of an organization called Women of Destiny. Women of Destiny are empowered, successful, dedicated and committed to serving as mentors and supporters to women of color in the trenches of business, community and politics. The organization has built a network of women leaders from various backgrounds who share a common goal to learn from those who have been leaders in business, community and politics, and make a commitment to utilize this knowledge for the advancement of the next generation of women of color leaders.”<sup>43</sup>

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<sup>41</sup> Transcript pp. 43-44

<sup>42</sup> Transcript pp. 47-48

<sup>43</sup> Transcript pp. 50-52

# City of Philadelphia

RESOLUTION NO. 120187 continued

Councilwoman Brown: Also in your testimony you say that for the past three years, the Chamber and the CEO Access Network initiative has fostered relationships with minority Business owners and CEOs of the regional business community. Speak, any one of you from the Chamber, what that is, what that looks like. What's the activity?

Mr. Atkinson: The opportunity is to allow the head of a large corporation to work with the head of a diverse small corporation on a regular basis to have monthly meetings to find out best practices, to find out how the smaller business can leverage what it business is with the larger business, and we have -- we generally -- we have a follow-up class each year, so that this is like a year-long project. Obviously it depends somewhat between who the larger corporation is and who the minority or woman-owned corporation is, but there is an expectation that this is going to be a close and ongoing contact and that there's going to be an opportunity for the smaller businessperson to grow.

Councilwoman Brown: I do appreciate the leadership of the Chamber leading by example. When you look at the composition of the Chamber's Board, it is impressive.

5. Bring the issue regarding the dearth of female representation on boards to the attention of state legislators through a Resolution of City Council.

Councilwoman Brown: “Just an observation here, a sidebar I was having with Councilwoman Quinones-Sanchez. I operate from a philosophy don't hold me responsible for anything you haven't brought to my attention. My thinking is that there's an opportunity here to at least register this issue at the state level with representatives in the state House and someone in the state Senate, if for no other reason, to put it on the radar screen, particularly when I hear what's happening in countries around the world. And so irrespective of what the philosophy is at the state level in terms of leadership, it behooves us to at least register it there, and even if it sits, it's on the radar screen, that at the state we're attempting to move the needle on this as well. So know that in those recommendations, we will certainly list that as one of them.”<sup>55</sup>

6. It is recommended that forums be conducted with the business community, highlighting the advantages of having diverse executive suites and boards.

## APPENDIX A

### **City Council Committee on Commerce and Economic Development Input of Terri Dean to Written Report Expand Board Recruitment Beyond Executive Officers July 31, 2012**

According to research conducted by Catalyst, the 2011 U.S. Census found that in Fortune 500 companies, women held only 16.1% of [board director](#) seats. This low representation is in spite of the fact that women comprise 51.4% of management positions and 46.6% of the total labor workforce. Not surprisingly, the 16.1% of women on corporate boards is only slightly better than the percentage of women executive officers in Fortune 500 companies, a mere 14.1%.

An officer is one of the highest ranking positions in a corporation and, in many companies, reports directly to the CEO. Therefore, if only 14.1% of officers are women, there are too few women in the board director pipeline if the desired candidate pool is focused primarily on officers. To remedy this shortfall, the candidate pool must be expanded to include other executive women, principally those who are no more than three levels away from the CEO. This expansion would include senior leaders who have gained valuable expertise and experience in their leadership roles in corporate America and are therefore qualified to serve.

Individuals who are qualified to serve on a board of directors should have several years of executive experience leading people, projects, programs, or companies. Those qualifications would be evident if reviewing the resume of any officer or senior leader. Other qualifications that are deemed essential when considering potential members for a board of directors include accomplishments, one's sphere of influence, industry-specific

experience, and strategic relationships. Once again, those are qualities that can be used to describe an officer or a senior leader.

While statistics are readily available for the percentage of corporate officers who are women, statistics are not so readily available for the percentage of women who are senior leaders in their corporations who are within three levels of the CEO. The breadth of experience and record of success these women have achieved certainly earns them the right to be considered viable candidates for a corporate board.

An invitation to join the Board of Directors of a company is a highly sought after honor. It is extended only to those individuals who align with the mission of the company and who can bring their perspectives and expertise to assist the company in achieving its objectives. If an entity is seeking a prospective board member with expertise in legal affairs, human resources, marketing, communications, or finance, that need can be satisfied by filling the seat with an officer or a senior leader.

One could argue that the standards are being lowered if the pool of qualified candidates is expanded to include senior women leaders. On the contrary, they are not. Senior women leaders in corporate America are often just as accomplished as officers. They have honed their board skills by serving on non-profit boards of directors, serving on boards of trustees of some of our nation's leading colleges and universities, earning advanced degrees from our country and the world's preeminent institutions of higher learning, leading global operations for their corporations, and by delivering sustained profitable bottom line results for shareholders. Aside from the compensation package and scope of work, there is little distinction between a senior leader and an officer in a corporate environment. Just as interviewing officers for potential seats on corporate



# City of Philadelphia

RESOLUTION NO. 120187 *continued*

boards will yield the best and strongest candidates, so will interviewing senior women leaders. Expanding the pool to include senior women leaders will create more diversity on corporate boards, thereby improving the quality of decisions boards make.

APPENDIX B

**RESOLUTION IN SUPPORT OF EXAMINING THE LEVEL OF WOMEN PARTICIPATION ON EXECUTIVE BOARDS IN COMPANIES THAT DO BUSINESS WITH THE CITY OF PHILADELPHIA**

**WHEREAS**, the Philadelphia Bar Association has supported the promotion and defense of civil rights, fair treatment and equal opportunity for all individuals and the avoidance of wrongful discrimination and unfair bias, including support of United States ratification of the United Nations Convention on the Elimination of All Forms of Discrimination Against Women;

**WHEREAS**, the Philadelphia Bar Association has historically demonstrated its commitment to promoting equal opportunity for full participation at all levels in the legal profession for both men and women lawyers; **WHEREAS**, in 1986, the Philadelphia Bar Association established the Women in the Profession Committee ("Committee") to study and recommend action on issues affecting women lawyers to promote the advancement of women in the profession;

**WHEREAS**, the Committee was charged with addressing issues and trends and making recommendations to achieve the goals of advancement of women in the legal profession;

**WHEREAS**, the Philadelphia Bar Association promotes and defends equal opportunity in the profession for women lawyers through the monitoring of proposed and enacted legislation;

**WHEREAS**, women have entered the profession of law in Philadelphia in increasing numbers and have risen to positions of greater prominence and leadership in the profession;

**WHEREAS**, according to a study published in Harvard Business Review, "How Many Women Do Boards Need?", by Alison M. Konrad and Vicki W. Kramer, only 15 % of Fortune 500 board members are women despite the study's findings that women directors: broaden boards' discussions to better represent the concerns of a larger group of stakeholders (including employees, customers and the community at large); will pursue difficult questions; and bring a more collaborative approach to leadership;

**WHEREAS**, in order to reap the benefit of women participation on boards, the same Harvard study shows that to be most effective there must be more than one woman on a board, if companies want to fully realize the benefit of contributions by women on boards;

**WHEREAS**, on February 12, 2012, Patricia Coulter, President and CEO of the Urban League of Philadelphia, wrote an Op-Ed article in the Philadelphia Tribune addressing

# City of Philadelphia

RESOLUTION NO. 120187 *continued*

the need for diversity of women and minorities on corporate boards in the City of Philadelphia;

**WHEREAS**, in the book, Women-omics, by Claire Shipman and Katty Kay, studies show that companies with a higher percentage of women on corporate boards are more profitable than those with a lack thereof;<sup>1,2</sup>

**WHEREAS**, a 2009 study by the Forum of Executive Women showed that despite representing more than half of the population, women comprised only 10 percent of all executive board seats in Philadelphia's top 100 companies, 5.75 percent of all top earners and 10 percent of all directors of companies;<sup>3</sup>

**WHEREAS**, a leading indicator of a company's prevailing attitude toward the inclusion of, promotion and advancement of opportunities for women in the workplace can be the make-up of their executive board;

**WHEREAS**, the City of Philadelphia awards contracts for numerous services to many of the top 100 companies in the Greater Philadelphia region, many with a lack of women members of their executive boards;<sup>4,5</sup>

**WHEREAS**, the Philadelphia City Council wishes to take a pro-active role in producing boards that are more reflective of the population demographics of the City and reflect the growing number of women in the workplace, and therefore has authorized that public hearings be held to study the issue of women participation on boards of companies that receive City contracts;

**WHEREAS**, Mayor Michael Nutter has supported the importance of having more women on corporate boards;

**WHEREAS**, supporting the work of the City of Philadelphia will help the City play an important role in making board diversity visible as an important economic development issue for the City and the Philadelphia region;

**WHEREAS**, there are numerous talented women who would be extremely capable of sitting on corporate boards doing business with the City of Philadelphia;

**NOW, THEREFORE, BE IT RESOLVED** that the Philadelphia Bar Association supports and commends the Mayor and the City Council's Committee on Commerce and Economic Development in holding hearings and in examining the level of women participation on executive boards in companies that contract with the City of Philadelphia to ensure that all companies that receive City contracts take a pro-active role in producing boards that are more reflective of the population demographics of the City and reflect the growing number of women in the workplace;

**AND BE IT FURTHER RESOLVED** that the Philadelphia Bar Association, through the Chancellor, the Women in the Profession Committee and other committees and

sections continue to study and work on how women can achieve board positions and obtain leadership roles on boards doing business with the City of Philadelphia;

**AND BE IT FURTHER RESOLVED** that the Philadelphia Bar Association authorizes the Chancellor to publicize, distribute and communicate the content of this resolution to the Mayor and Council of the City of Philadelphia, Philadelphia Bar Association members, other bar associations, the general public, the media, and whomsoever they deem suitable to receive the information.

**PHILADELPHIA BAR ASSOCIATION**

**BOARD OF GOVERNORS**

**ADOPTED: July 26, 2012**

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<sup>1</sup> See also Lois Joy, Ph.D., Nancy Carter, Ph.D, Harvey M. Wagner, Ph.D. and Sriram Narayanan, Ph.D., *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst: New York, 2007).

<sup>2</sup> See also, Nancy M. Carter, Ph.D. and Harvey M. Wagner, Ph.D., *The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008)* (Catalyst : New York, 2011).

<sup>3</sup> Deloitte, Forum of Executive Women, *Changing the Face of Leadership: By Chance or Choice? Women on Boards 2011* (Forum for Executive Women, Philadelphia, PA 2012).

<sup>4</sup> See Footnote 3.

<sup>5</sup> Testimony of Emma Sabin on Women on Boards submitted by Catalyst to Council of the City of Philadelphia,  
<http://www.trhlegislative.com/City%20Council%20Reports/Committee%20on%20Commerce%20and%20Economic%20Development/5-29-2012/Emma%20Sabin%20Testimony.pdf>

## APPENDIX C

### COMPILATION OF NEWS ARTICLES ON COUNCILWOMAN REYNOLDS BROWN'S FEMALE LEADERSHIP INITIATIVES (Since March 2012)

"Women aren't treated equally." *The Philadelphia Inquirer*. 16 Mar. 2012. <[http://articles.philly.com/2012-03-16/news/31201812\\_1\\_wage-gap-black-women-gender-gap](http://articles.philly.com/2012-03-16/news/31201812_1_wage-gap-black-women-gender-gap)>.

Alex Wigglesworth. "Push to get women on governing boards." *Metro Philadelphia* 30 May 2012. <<http://www.readmetro.com/en/usa/philadelphia/download/20120530/>>.

Catherine Dunn. "Global Increase in Women on Boards; U.S. Lags." *The Legal Intelligencer*. 12 Mar. 2012. ><http://www.law.com/jsp/pa/PubArticlePA.jsp?id=1202545154264&slreturn=1>.>

Bobbi Booker. "'Agents of change' celebrated." *The Philadelphia Tribune*. 16 Mar. 2012. <<http://www.phillytrib.com/newsarticles/item/3228-%E2%80%98agents-of-change%E2%80%99-celebrated.html>>.

"Brown Hosts 7<sup>th</sup> Leaders Salute." *The Public Record*. 22 Mar. 2012. <<http://issuu.com/phillyrecord/docs/pr-634-p>>.

"Philadelphia's Rising Stars." *SCOOP USA*. 23 Mar. 2012. <<http://www.scoopusanewspaper.com/SCOOP%20March%2023,%202012%20.pdf>>.

Ayana Jones. "Panel advises women on financial planning." *The Philadelphia Tribune*. 26 Jun. 2012. <<http://www.phillytrib.com/businessarticles/item/4645-panel-advises-women-on-financial-planning.html>>.



# City of Philadelphia

*RESOLUTION NO. 120187 continued*

# City of Philadelphia

*RESOLUTION NO. 120187 continued*

CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the fourteenth of March, 2013.

Darrell L. Clarke  
PRESIDENT OF THE COUNCIL

Michael A. Decker  
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Reynolds Brown

Sponsored by: Councilmembers Tasco, Quiñones Sánchez, Johnson, Jones, Oh, Goode, O'Brien, Henon, Greenlee, Squilla, Bass, O'Neill and Blackwell