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Power Struggle

WILL THE RECESSION SHORT-CIRCUIT WOMEN'S RISE TO THE TOP SPOT IN FINANCE?

VICTORIA HARKER,
CFO OF ELECTRIC POWER COMPANY AES CORP.

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POWER STRUGGLE

WILL THE RECESSION SHORT-CIRCUIT WOMEN'S ADVANCEMENT TO THE TOP SPOT IN FINANCE?

BY KATE O'SULLIVAN

Portrait by Bill Cramer/Wonderful Machine

This spring, 30 women gathered at Verizon Communications's operational headquarters in Basking Ridge, New Jersey, for Doreen Toben's retirement party. All had been either promoted or informally mentored by Toben, who spent seven years as CFO of the \$97 billion communications giant and 20 years in all "tethered to my desk," as she puts it. She recalls her career in finance, and her efforts to help women, with pride. "Women [in finance] are in an entirely different spot now," says Toben. "From where we were 20 years ago, we've made great progress." But, she adds, "in the last five years or so, it's been very stagnant."

The numbers support Toben's observation. When *CFO* first counted the number of female finance chiefs in the *Fortune* 500, in 1995, just 10 women held the post. By 2006 that number had risen to 35, and this year's survey shows 44 women in the CFO seat at the country's largest companies. That's certainly progress. On the other hand, those 44 women constitute just 9% of CFOs at *Fortune* 500 companies, a figure that has hardly changed over the past three years.

Is this as good as it gets? Despite few, if any, signs of overt gender discrimination, are there subtle factors in play that mitigate against anything close to parity in the C-suite? And

whole concept of having a diversity task force has sort of gone out the window. At a lot of companies it's really about survival mode right now."

Victoria Harker, finance chief of AES, the \$15 billion electric power company, says that the decimation of the financial-services sector in particular could be damaging to women's progress. "Dollarwise, [financial-services firms] were very big proponents of a lot of diversity programs," she notes. In a striking example of how times have changed, the Lehman Brothers Centre for Women in Business, a research center at the London Business School that focuses on gender diversity, faced closure this spring following the bankruptcy of its founding sponsor and major funding source, Lehman Brothers.

Of course, the path to the top job is narrow for men and women alike. Ann Ziegler, a former mergers-and-acquisitions lawyer who now heads up finance at office-technology supplier CDW, says there are many qualified women in the second tier of finance leadership (as treasurers and controllers and heads of financial planning), but notes that the four or five people reporting to the CFO ultimately get funneled down to just one person at the next level. "Those top jobs have to open up," she says. "And then you have to be in the right place at the right time."

As part of our survey of nearly 500 finance executives, we offered respondents the opportunity to comment on the relatively small number of women in finance's senior ranks. Following is a sampling. →

will the current economic crisis reinforce the stagnation that Toben describes, or provide its own form of stimulus, accelerating the pace of change?

Most women—59%—say the opportunities for them in finance are excellent, according to a recent *CFO* survey, a notable sign of optimism, although perhaps less striking when you consider that their collective enthusiasm pales when compared with the 84% of men who rate women's prospects as excellent (see more results on page 5).

And while some believe the recession will provoke a rethinking of not only risk, regulation, and capital structure, but also of the composition of executive suites and boardrooms, others fear that it will spell an end to corporate spending on diversity and mentoring programs. "I don't think there is any focus right now on diversifying the C-suite," says Wendy DiCicco, finance chief at Globus Medical, a biotech firm. Amy Hamilton, North American controller at insurance giant Marsh, agrees: "It seems like the

Still, the issue of women's progress through the finance ranks strikes a chord with both men and women. Nearly 500 finance executives responded to *CFO*'s survey on the topic, and many proposed their own theories for the shortage of women in the top job. Those theories generally fell into one of two categories: structural barriers or biases in favor of men, and women's struggle to balance work and family.



BEYOND THE GLASS CEILING

ONE QUARTER OF WOMEN RESPONDING TO the survey either strongly agreed or somewhat agreed that a glass ceiling for women exists in their companies' finance departments. That's a significant decline from the 40% who held that view when *CFO* last asked the question, in 2006 (the percentage of men who believe there is a glass ceiling declined as well, from 10% to 4%). But many finance executives said that women continue to bump

up against something, if not many things, in their efforts to rise to the top.

One is tenure. Women have been in the workforce in significant numbers for only a few decades, and it takes time to rise through the ranks. Establishing networks and finding influential mentors, two widely cited keys to business success, can require years of effort. Still, some observers think women in finance haven't progressed rapidly enough. "You'd think we might have come further than we have," says Janice DiPietro, a former Big Four partner who is now a managing partner at executive-services firm Tatum. "I don't think we're catching up as quickly as you might have expected by now."

A related barrier is that the vast majority of CEOs are men, and men hold most board of director seats. While this doesn't necessarily mean that they wouldn't hire a woman, "having a woman in the CFO role requires the CEO to be comfortable with that," says Marsh's Hamilton. "Some men are very comfortable with it, and some aren't." Marsh's parent company, Marsh & McLennan Cos. (MMC), hired a female CFO last year, one of the additions to the *Fortune* 500 list. Marsh's new global controller is also a woman. "The chairman and CEO of MMC is definitely committed to a diverse executive-management team, which is encouraging," says Hamilton.

Pamela Craig, CFO of global business-services firm Accenture, says more executives need to make that kind of commitment to significantly increase the number of women at the top of the profession. "Lots of men are always going to be qualified. If you want to move the needle, you need people who are committed to making a change," she says. "Boards need to believe that diversity is important. The fact that we had three women on our board helped me [get the CFO job]. I don't think it was big, but I think it was there."

Most survey respondents said that while their companies value gender diversity among executives in the finance department, achieving such diversity is not a priority. A significant

majority of companies have neither a diversity task force nor a mentoring program for women. Slightly fewer than half provide diversity training for managers.

Some observers say the turbulence in the markets could make women more appealing CFO candidates, given the more risk-averse management style frequently attributed to female executives. Collaboration and communication, two other commonly cited strengths, could also prove valuable in a business cycle marked by restructuring and layoffs. But others maintain that the risk aversion now pervading many boards presents a new obstacle to women's chances. The desire to pick a known quantity, particularly in the crucial role of the CFO, by definition limits the chances of a woman landing the job, since there just aren't as many high-ranking women to choose from.

"There's a bit of a numbers game going on," says DiPietro. "If you're bringing on a new CFO at a *Fortune* 500 company, you're going to look at a very senior executive from another *Fortune* 500. If you're selecting from that same pool over and over, things aren't going to change very much."

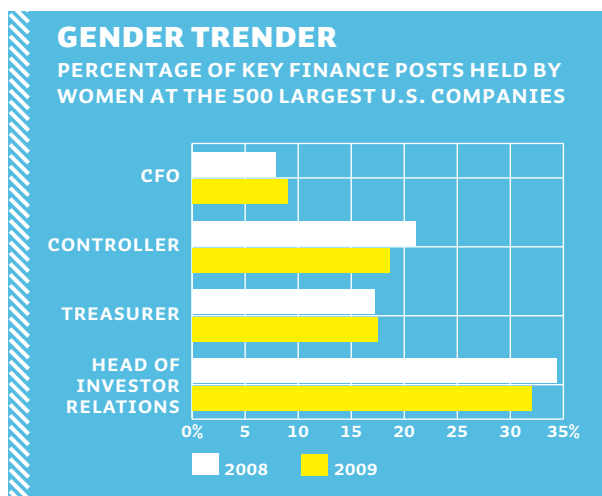
"The number of people available today is such that companies can pick and choose," says Harker of AES. "Why wouldn't you hire someone with the most closely aligned experience? Unfortunately for women, that universe is mostly white and male."

THE BURDEN OF BALANCE

ANOTHER MAJOR FACTOR SLOWING WOMEN'S progress to the CFO post is one that many successful female executives have been hesitant to discuss: motherhood. "I hate raising this in 2009, but the reality is that women still bear the brunt of the child-rearing responsibility, and that remains a very significant reason why women get off the career track or alter their career path," says DiPietro. "And there is a correlation between those years and the ones that are pivotal to one's career."

"Men create teams, a network of supporters, whereas women tend to work with their heads down and compete with each other."

"Companies do not do a good job of grooming high-potential women for the role."



CFO's survey respondents agree. Nearly a quarter of those who gave reasons for women's slow progress to the C-suite mentioned issues of work and family balance as a stumbling block. One study, by Columbia's Center for Work-Life Policy, found that women in business lose 28% of their earning power when they temporarily leave their jobs.

Either by choice or because of some subtle pressure, many women starting on the finance path in their 20s step off in their 30s. Hamilton of Marsh says many of her friends from business school (at the University of Chicago) and former colleagues from KPMG took time off to have children and are now struggling to get back into the workplace, a proposition that has always been challenging but is now vastly more so given the economic climate. "There was a lot of discussion a couple of years ago about 'on-ramping,' helping moms who

← Note: Data based on the number of companies that have the positions and reported gender; thus the total for each position cited may not equal 500

“WE DON’T WANT A FREE PASS”

Career-advancement advice from up-and-coming female executives

THE POOL OF EXECUTIVES supporting the top office in finance is replete with talented women. We asked six female finance executives who were recently promoted to more-senior roles, or have continued to expand their responsibilities, for advice on how women can move up the ladder in finance. Here’s what they told us:

Make a commitment.

“The desire and drive to get to the next level has to be there,” says Lisa Papageorge, vice president and treasurer at Dr. Pepper Snapple Group. “I’m where I am because I’ve earned it and not because the

[company] wants to get points for diversity.” Sacrifices and trade-offs are inevitable, she says, but “we don’t want a free pass because we’re women.”

Don’t sweat job titles.

“Focus [more] on your skill set and what you need to develop and less on title,” advises Talia Griep, vice president and controller at Honeywell, who has moved among a number of finance positions and industries. “Just go for the learning.”

Broaden your skills.

“I believe in taking opportunities that are lateral if they can provide a broadened knowledge base,” says

Laurie Meissner, who was recently promoted to senior vice president and global controller at Aon Corp. “When you show you can succeed in a multitude of roles and industries, it opens up possibilities,” adds Linda Harty, executive vice president and treasurer at Cardinal Health. Elizabeth O’Farrell, who is responsible for divisional CFOs as senior vice president of finance at Eli Lilly and Co., says a previous post as divisional CFO for Lilly’s Canadian affiliate was crucial to her grasp of financial leadership.

Deepen your skills.

“I’ve always thought success is dependent

on a deep technical mastery that you translate into business impact,” says Teri List, who was promoted earlier this year to senior vice president and treasurer at Procter & Gamble. “The breadth of skills helps, but the depth of skills is equally important.”

Strive for balance.

“Finding the right balance in how you operate is very important,” says Papageorge. “I use the Goldilocks analogy: don’t be too aggressive, don’t be too nice. It’s important to have a stable mind-set, to have ownership of the facts and not be reactionary.”

—JANE COULTER

“It’s still a man’s world, with an old-boy network.”

were at home to get back into the workforce, and that’s gone away,” says Hamilton. “Right now no one is thinking about on-site daycare and job-sharing.” DiPietro puts it bluntly: “In an economy like this, anything that makes you a little bit different doesn’t help.”

Harker says many of the women she’s talked with about the issue are worried that once they have a child, they won’t be able to put in the long hours required in finance, whether working on a deal, preparing for an audit, or finishing the monthly close. Because they can’t figure out a way to work less, they may choose to leave. “I have long counseled people not to opt themselves out,” she says. “There’s a lot of progress to be made careerwise if you’re here, if you’re present. As an employer, I don’t want to lose you, your skill set, and the investment the company has made in you.”

Harker, who has three children, says she has urged women to consider job sharing and has even implemented multiple shifts in extreme situations, such as when she was overseeing the

“More women than men have made the choice that the lifestyle necessary to hold the top finance job is not worth the sacrifice.”

massive financial-restatement project at MCI in 2003. “If you try to come back after three to five years, not only are you economically compromised, but you are perceived as having a skill set that is stale,” she says.

But even when the company is willing to work out a flexible arrangement, the workload can prove overwhelming for a new mother returning to a finance job. DiCicco says she has worked with many “superstellar” women over the years who struggled to balance work with family early in their careers. “I don’t mean to say that it can’t work,” she says. “But I think some women end up saying it’s too complicated. It is extremely, extremely difficult.” DiCicco, who also has three children, adds, “Sometimes you think your head is going to pop off. You have to really want it.”

Women who have made it to the top acknowledge that they have made deliberate decisions and tremendous sacrifices to get there. Hamilton worked remotely during her six-week maternity leave after the birth of her first child because she

DOUBLE VISION

Male and female executives have different views on the opportunities for women in finance.

■ MEN ■ WOMEN

1 How important is it for your company to achieve gender diversity among executives in the finance department?

Very important:

■ 18.5%

■ 18.7%

Somewhat important:

■ 30.7%

■ 26.5%

Nice, but not a priority:

■ 37.6%

■ 36.1%

Not a priority at all:

■ 13.2%

■ 18.7%

2 How would you describe the opportunities for women in the finance department at your company?

Excellent:

■ 84.1%

■ 58.7%

Average:

■ 14.0%

■ 35.5%

Poor:

■ 1.9%

■ 5.8%

3 There is a glass ceiling for women seeking senior executive positions in our company.

Strongly agree:

■ 3.2%

■ 8.4%

Somewhat agree:

■ 12.3%

■ 36.4%

Neither agree nor disagree:

■ 17.5%

■ 20.1%

Somewhat disagree:

■ 23.1%

■ 13.6%

Strongly disagree:

■ 43.8%

■ 21.4%

4 There is a glass ceiling for women seeking senior executive positions in our finance department.

Strongly agree:

■ 1.3%

■ 6.5%

Somewhat agree:

■ 2.6%

■ 18.7%

Neither agree nor disagree:

■ 17.0%

■ 24.5%

Somewhat disagree:

■ 18.0%

■ 15.5%

Strongly disagree:

■ 61.1%

■ 34.8%

5 How do you think the environment for women in finance has changed in the past year at your company?

It has improved:

■ 26.8%

■ 30.3%

It has stayed about the same:

■ 72.2%

■ 66.5%

It has worsened:

■ 1.0%

■ 3.2%

6 In the past five years, I have been denied a raise or promotion at least partly because of my gender.

Strongly agree:

■ 1.0%

■ 5.2%

Somewhat agree:

■ 1.3%

■ 17.5%

Neither agree nor disagree:

■ 12.7%

■ 18.8%

Somewhat disagree:

■ 3.6%

■ 10.4%

Strongly disagree:

■ 81.4%

■ 48.1%

7 We find it hard to find qualified women for senior-level finance jobs.

Strongly agree:

■ 2.6%

■ 4.5%

Somewhat agree:

■ 13.7%

■ 13.5%

Neither agree nor disagree:

■ 18.3%

■ 27.1%

Somewhat disagree:

■ 22.9%

■ 25.8%

Strongly disagree:

■ 42.5%

■ 29.0%

8 We find it hard to find qualified women for entry-level finance jobs.

Strongly agree:

■ 1.0%

0.0%

Somewhat agree:

■ 5.6%

■ 5.8%

Neither agree nor disagree:

■ 11.9%

■ 18.1%

Somewhat disagree:

■ 19.5%

■ 21.9%

Strongly disagree:

■ 62.0%

■ 54.2%

Source:

May 2009 CFO survey of 477 senior finance executives

POWER STRUGGLE

was the CFO of a smaller division of Marsh at the time. "I was the right-hand person to the president," she says. "I couldn't just say, 'Hey, you're on your own. Here are a couple of phone numbers.'" She returned to work just 10 weeks after having her second child to begin her new job as controller at Marsh. "You have to make sacrifices to be on equal footing with your male counterparts," says Hamilton.

GEN Y TO THE RESCUE?

MANY BARRERS FACED by women in finance should erode over time, as each new generation enters the workforce to find slightly more women holding senior roles. Indeed, many finance executives are pinning their hopes on generational change. Writes one male survey respondent: "I believe the age of [men on] corporate boards and executive teams perpetuates this low percentage of women holding CFO jobs. There are certain generations that don't accept women at this level of business leadership."

The roughly 70 million members of Generation Y will bring a new perspective to Corporate America, says DiPietro. "There's a change in the next generation in terms of how men are viewing the workforce," she says. "They've been in the classroom with women their whole lives and they see women as being on an equal playing field."

The 20-somethings of Gen Y, who are viewed by many as prioritizing person-

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→ → VICTORIA HARKER,
CFO OF AES



"Are there that many women who want to go that far in the company?"

"We may need the boomers to retire to see significant changes."

al fulfillment over traditional corporate ladder-climbing, may insist on a better balance between work and family. While the recession may curb that impulse today, the baby boomers will eventually retire and the demographics of the workforce will shift. "Gen Y is going to force the flextime issue," predicts Hamilton. "If they are able to push change, then it won't be so unusual to say, 'I'm working from home two days a week'—and one would hope that women would have an equal chance because then it's not about gender, it's about lifestyle."

Until then, the good news for female finance executives is that almost no one doubts anymore whether they can actually do the CFO's job—or any other job in the C-suite, for that matter. "What I always tell women I mentor is that you have to make a decision," says Toben, the former Verizon finance chief. "If you make the decision to be dedicated, you can go to the chairman's job." **CFO**

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