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In Touch with the Board

# **What Is It Really Like as a Female Board Member ... and Where Do I Sign Up?**

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## Behind the Boardroom Door

# What Is It Really Like as a Female Board Member ... and Where Do I Sign Up?

Whether it's Twitter, Apple or HP, companies that are going public or filling empty seats on their board of directors continually hear that they need to improve diversity. Gender diversity is one of the hottest board governance issues today. According to a study conducted by Russell Reynolds Associates where we looked at the diverse makeup of the Fortune 500, 11% of the seats in the Fortune 500 are occupied by a female. It is worth noting that female and black directors are far more likely than white male directors to hold multiple Fortune 500 board seats.

When we examine the ages of board members and see that 94% of board seats occupied by directors ages 68+ are male, we clearly see that it is younger women who are being put on boards. Despite the desire to appoint female board members, what often is a mystery is how women obtain a board position and what kinds of experiences they have as a board member.

To demystify the entry into the boardroom and get underneath the numbers, we spoke with four women who currently serve on public company boards, two of whom also concurrently serve as a public company chief financial officer (CFO):



**Robyn Denholm**

CFO and Chief Operating Officer at Juniper Networks and currently serves on the board of Tesla Motors. Previously was on the board of Echelon Corporation.

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**Elisha Finney**

CFO of Varian Medical Systems and currently serves on the board of Altera Corporation. Previously served on the boards of Lasertechnology and Thoratec.

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**Mercedes Johnson**

Retired CFO of Avago Technologies. Currently serves on the boards of Intersil, Juniper Networks, Micron Technology and Teradyne.

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**Laura Wright**

Retired CFO of Southwest Airlines. Currently serves as a trustee of Pebblebrook Hotel Trust and is a board member of CMS Energy and TE Connectivity.

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In the discussion that follows, our participants explain how women can improve their chance of board nomination, better understand the unique skills they have to offer and increase their impact once they join a board.

### **How did you get your first board appointment?**

**Elisha Finney:** As my career was taking off at my current company, I began interacting more with our company's board. Members of the board thought it would be a good experience for me to serve on an external board. I jumped at the chance! A member of our firm's Audit Committee introduced me to the company that eventually recruited me for its board. My second and third board appointments came through executive recruiters. My financial experience differentiated me from other candidates—even other female executives.

**Laura Wright:** One chief executive officer [CEO] who reached out to me, via his company's underwriter, sought someone with experience in the travel sector. This worked well for me as I was active in a full-time role in a new small cap company. My industry had many similar characteristics to the CEO's industry. The other opportunities came through recruiters after I had retired from a full-time public company CFO role. Those companies were looking for a woman with financial experience. One of the corporations was interested in my experience with a company that focused on customer service and culture.

**Mercedes Johnson:** In every situation, I was contacted through a retained search consultant. In one instance, I ended up knowing a board member directly. Many boards sought me out as a member of the Audit Committee. I wasn't born or educated in the United States, and companies appreciated that I understood the world outside America. I'd like to think they chose me for those qualities, not because I'm a woman. I didn't want to be offered a position because of where I was born or the languages I speak—I wanted to secure a seat because I have something to contribute beyond race, gender and language.

**Robyn Denholm:** I had been on my first board for six years when I was approached directly by a former board member with whom I had worked at Sun. In the case of the Tesla board, that opportunity came through my network. A CFO on one of my roundtables who also was on the board approached me—that personal recommendation and connection were very important in both instances. If you are interested in serving on a board, you have to let people know that.

### **How important was your industry experience?**

**Elisha Finney:** One of the boards I joined was outside my industry. It's been fine, though, because I have worked hard to learn the products and the sector, and I provide the financial expertise needed.

**Laura Wright:** Each board recruited me for my finance, investor relations, customer service and corporate culture skills. The industries in which I now participate are different from where I began, although one has similar fundamentals. Yet because of my financial background, I've found many commonalities among all the boards I've joined. Every one of the companies deals with labor unions, cyclicalities, government regulations, customer service and high capital expenditures. There is an immense shortage of females on boards. To be most attractive, you have to understand what the company and board need. Boards are looking for people with public company experience. They desire executives who know how to manage regulatory issues and have a background that includes dealing with investors. Boards today also are interested in finding directors who have technology expertise.

**Mercedes Johnson:** If you have worked in the same industry as the industry where you attain a board seat, the learning curve is a lot faster. If you have not, it takes a fair amount of effort to recognize the specifics of competitive landscape. Without industry experience, you may find it more difficult.

**Robyn Denholm:** It is important to be highly selective in joining a board because it is a huge investment of time. You have to understand the company very well before joining a board. Although it is helpful to join a board that is in an industry similar to one in which you have worked, you also want to make sure there is not a conflict of interest. I don't think industry experience is a prerequisite to being a good board member. Having diverse experience and being able to share that diversity of thought

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is very helpful when you are sitting around the table working through challenges or toward opportunities. You need to pick a company in which you are interested because you will do a much better job when you understand and like that particular business sector.

### **What has been the biggest challenge in your board service?**

**Elisha Finney:** It can be a little intimidating. When you first join a board, you are not an expert. You don't know people, and you don't necessarily understand the industry or the company's competitive position. I had to get over that. I had to have the confidence to ask simple questions even at the risk of embarrassing myself. In one board meeting, a sales executive presented a deck explaining how the company would pursue sales in specific markets. When he finished, I asked him, "Why do we lose deals?" He had given a very thorough review but had not addressed the most basic question of why we weren't more successful. I was able to take the conversation up a level and uncover new information rather than getting lost in the details.

**Laura Wright:** It's very hard to be an active CFO and have external board commitments. The first board I joined was a startup company in an adjacent industry. This made the learning curve less steep, and I had the time required to fulfill my duties. The two boards I joined after my retirement were larger companies with time commitments and responsibilities that I would not have considered while I was in my full-time CFO role due to my existing obligations. As you move from being in management full time to exclusively serving in board positions, it can be a challenge to learn how to be a board member vs. an executive. A board member must understand the business yet wear the hat of an independent player, avoid micromanaging and also remember you represent shareholders. After you join a board, it is important to take time to develop relationships with other board members. If you have a crisis, you need to be able to trust your fellow board members and vice versa.

**Mercedes Johnson:** Managing time can be difficult. One of my boards currently has an activist investor. That firm suggests meaningful changes to my company. As a result, we've had numerous phone calls, email exchanges and board meetings to discuss and debate. The world has changed; board work is more time consuming than ever before. Unless you have a job that affords you plenty of flexibility, I think board work is easier to handle when you are retired.

**Robyn Denholm:** I like to understand how things work, and that takes time in a new company. I would analogize it to watching a two-hour movie but only going into the theatre for five-minute segments—yet still being able to summarize the plot. There's a lot more to learning about a company than just going to board meetings. There is a great deal of material you have to read between meetings. You have to observe the market and ask questions. When you are not running the company day to day, this can be quite time consuming, but you must invest that kind of time to add value. For me, since I have a finance background, serving on the Audit Committee is a great place to link in. Since the financials and controls are familiar, it is a good place to start. I learned so much from the Audit Committee chair on my first board. I would recommend that first-time board members serve on the committee but not as chair—it's better to learn from someone else. The most important thing is that you truly are interested in the company and plan on being there for a period of time—it is a long-term relationship, not a short-term commitment.

### **What have you brought back to your day job?**

**Elisha Finney:** I've become much more aware of how I present to my own board and Audit Committee. It's a challenge to provide just enough detail without overwhelming the board with too much information. I now am better at reminding my executive team of the things I've told them and orienting them to the pertinent information they should know.

**Laura Wright:** First of all, I don't have a day job anymore. But if I did, it's important to realize that board members aren't living in the day-to-day details; for example, management needs to avoid using acronyms in presentations. Instead, the high-level items should be discussed. It is not a report card venue where all the great things you have done are enumerated. Each meeting should focus on those issues about which the board needs to be concerned.

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**Robyn Denholm:** Being a board member helps you appreciate the dynamics of what the board sees at the meetings and in the materials. It has helped me learn how to be more concise and descriptive—you can't assume board members know everything that is going on. There is a limited amount of time and opportunity that a board member has to contribute, and I make sure I prepare board material in such a way that it is informative and easily digestible. I also have been more proactive in reaching out to make sure the right information is shared on a consistent basis. Bringing back best practices to my company has been helpful. Another benefit of being on a board is seeing the various ways industries tackle trends. For example, my prior board worked with utilities, which has its own set of procedures and regulations—there was a cross-promulgation of ideas and trends as a result.

### **Does diversity matter in the boardroom?**

**Elisha Finney:** Women see things differently. This helps the company in the long term. What is difficult is that I am always the one carrying the diversity stick. At one meeting, I looked around and said, "I can't be the only one who cares about this topic [diversity]!" Two of my male board member colleagues agreed that women shouldn't have to carry the diversity message alone. As the only woman on a board, you, at least initially, are in a fishbowl. Your peers scrutinize everything you say much more than if you were a male. We are treated respectfully and the male board members listen to us, but we miss out on conversations outside the boardroom. I don't think a CEO would pick up the phone and call me like he would his buddy. Over time—as our contributions become evident—we are treated much more as an equal and valued colleague.

**Laura Wright:** Diversity matters a lot. When you look at the universe, we are 51% female. Women make the majority of all buying decisions in everyday life. In the boardroom, you need different perspectives on how to handle situations, especially how to deal with employees. We live in a diverse world; if you have a pool of people who all think the same way, it doesn't work. The men on boards realize this, and it is very much a focus as companies determine priorities for board searches. Although the number of women on boards is relatively low today, I believe it will grow based on the increased emphasis and empirical data supporting the benefits and diverse representation.

**Mercedes Johnson:** Women tend to be more intuitive in terms of reading situations and body language. That is one of the reasons why diversity matters. We also tend to be more focused on human capital and recognize what it takes to work with people to get things done—and we bring this knowledge to the boardroom. We should not forget that companies are successful because of their people.

**Robyn Denholm:** I think diversity of thought matters a great deal. The best way to get diverse perspectives is by having a group with different backgrounds, experience, industries, gender, ethnicities and knowledge. Having dissimilarities makes for more robust conversations and probing questions. Board members who sit on a number of boards add a lot to the mix because they can see interlinkages.

### **What should female executives who seek a seat on a corporate board do?**

**Elisha Finney:** The real challenge is getting on that first board. Find a small company in your industry and then use your network and a mentor to open a door there. Once you get on a board, you must work really hard. After the first board membership, the doors will open. If you are joining a board in a different industry, be sure to find the similarities between that firm and your current company and point those out during the interview process. Before I joined the board of a technology company, I had not worked in the tech industry. However, the similarities between the two are many: We both are in a duopoly, our revenue is almost equal and we approach many issues in the same way.

**Laura Wright:** Understand what kind of background a board wants. Most desire CEO experience, but, unfortunately, there isn't a big pool of female CEOs. Your best bet is to have a specific, unique, marketable skill such as finance, marketing, operations, technology or human resources. Develop relationships with recruiters. But more than relationships, you need to have the resume and skills and public company experience.

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**Mercedes Johnson:** Maintain relationships and build your network. Recruiting firms are continuously working with executives and conducting board searches. Investment bankers are a good source of information as well. And law firms play a role in recommending or providing input on candidates.

**Robyn Denholm:** First, you need to make it known that you want to sit on a board. Second, think about why you want to do that and what you bring to the table. Third, assess what you can contribute to your current role by serving on a board. Finally, you should learn as much as you can about the company before espousing your opinions.

When interviewing, you have to be curious and ask questions so you are satisfied that the management team has thought through its decision. It has to be clear what the role of the board is vs. the role of management. When you are a sitting executive at a company, this can be harder to do because it is easy to forget which hat you're wearing, but, on the flip side, you can empathize more with the management team. You need to listen as much as talk. It's also helpful if you like spending time with and appreciate your fellow board members.

### **Before You Serve, Figure Out Who You Are and What You Want**

Are you ready to find a board position? One of our participants suggests a structured approach to finding the best fit between a board position and a candidate's particular skills. Each individual will have different talents, contacts and interests. But when you take a structured approach to board service and ask yourself important questions before you accept a seat, Mercedes Johnson believes you will find the best fit for your skills and stay mindful of your constraints:

"When you start to think about board service more seriously, focus on three areas: your skills, your ideal situation and your available time. First, ask yourself, 'What can I bring to this party?' Be honest. Learn about the company, understand its challenges, assess what shareholders are thinking and look at its board composition. Your experience as a board member will be unfulfilling unless you feel your opinion is valuable and you are sought out for advice inside and outside the boardroom.

Second, decide what kinds of companies you'd want to work with as a board member. You need to think about not just what you want but where you can be of value to a company. What I like—and have experience in—is corporate reinventions and restructurings so I now look for opportunities where I can do that kind of work.

Third, consider time requirements. At one point, I was a founding executive at a company in addition to holding two board seats. The demands on my time from those three jobs, occasionally, were overwhelming. My board work was not just two hours of reading materials and attending four meetings a year—it required far more effort to fulfill all my board duties. That is because a lot of the work you will do as a board member never makes the light of day. You need to read what is being said about the company, understand the industry, keep track of competitors, etc. You have to be prepared to quickly adjust your calendar and participate in any board work that may surface.

Many people get confused as to the long-term priorities around board seats. Your goal should not be getting on a board—it should be getting on the right one and being the appropriate member for that board at a specific point in time. Be honest with yourself: It's what you do as a member of a board that matters so targeting the right board makes all the difference."

There are certain recruiting trends we are seeing in the United States that will continue to impact who gets selected for a board seat:

	<b>Board Recruitment</b>	Generally, 50% of searches are conducted by an outside search firm and 50% by the company's board members directly.
	<b>Demand vs. Supply</b>	Not having enough candidates with CEO experience means more opportunities for corporate presidents, general managers and CFOs and, consequently, greater potential for board diversification.
	<b>Private Equity</b>	Historically, private equity companies have not looked for independent directors for their portfolio companies, but, in the last five years, this trend has been on the rise.
	<b>Diversity</b>	Building a diverse board is an important goal for a company and likely will continue as CEOs take fewer board seats due to limitations on availability.
	<b>Reputation</b>	Board selection committees put a good deal of scrutiny on the reputation of one's current company, on its financial performance, and on an individual's reputation as an executive and leader.



Russell Reynolds Associates is a global leader in assessment, recruitment and succession planning for boards of directors, chief executive officers and key roles within the C-suite. With more than 370 consultants in 45 offices around the world, we work closely with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, environmental and political trends that are reshaping the global business environment. Find out more at [www.russellreynolds.com](http://www.russellreynolds.com). Follow us on Twitter: @RRAonLeadership

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