ION (n): (1) An atom or group of atoms containing an electrical charge
(2) Executive women's networks combining their energies to increase the presence of women in corporate boardrooms and executive suites.

Planning for Tomorrow's Boardroom: Making Room for More Women

The 5th Annual Status Report of Women Directors and Executive Officers of Public Companies in Twelve Regions of the United States

Founding Sponsor

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InterOrganization Network (ION)

The InterOrganization Network (ION) is an alliance of twelve prestigious women's business organizations located across the United States. ION's members share a common mission to advance women to positions of power in the business world, primarily to boards of directors and executive suites. ION gives its geographically dispersed members a national voice, a network to broaden their advocacy efforts, an expanded pool of qualified board candidates to recommend to companies, and the ability to leverage their combined resources to increase the number and percentage of women who comprise the leadership of corporate America.

Over the course of the past year, ION continued to extend its geographic reach by welcoming two new member organizations: Network 2000 of Maryland and CABLE of Nashville, Tennessee.[1] ION's members together now engage approximately 10,000 executive and professional women in a wide range of programs and activities. In addition to a national platform for women who hold and aspire to corporate leadership positions, ION offers a forum for the exchange of ideas and best practices designed to increase the effectiveness of each ION member in its own region.

One tool in the arsenal of ION and its members is the benchmarking and periodic tracking of women directors and executive officers of public companies based in their respective regions. The research data that ION's members publish provide both breadth and depth of information that is not available anywhere else. Expanding the inquiry beyond the largest public companies in the United States, to include those businesses that comprise the backbone of twelve regional economies, ION provides a comprehensive and detailed picture of the reality confronting women who seek corporate leadership positions. At the same time, its members' reports identify a significant pool of accomplished women available for board positions in other companies and in other geographic areas.

Every year, ION publishes a summary of these key research findings, permitting comparisons across regions and over time. This is ION's fifth annual report.

Acknowledgements

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They also thank Toni G. Wolfman, Executive in Residence at Bentley University, who authored this report and Susan M. Adams, Associate Professor of Management at Bentley University, who oversaw the data collection by ION members and prepared the tables reflecting the results.

[1] The other ten members of ION are: Board of Directors Network in Atlanta; The Boston Club; The Central Exchange of Kansas City, Missouri, The Chicago Network; Financial Women's Associations of New York, Inc., The Forum of Executive Women in Philadelphia; the Forum for Women Entrepreneurs and Executives and The Graduate School of Management at the University of California Davis; Inforum in Detroit; Milwaukee Women inc (inclusive); and Women Executive Leadership in Fort Lauderdale.

Introduction:
Bad News on Women Directors but Opportunities for Meaningful Change

The news about women in corporate leadership positions across the United States is not encouraging this year. Only a few ION members report increases in the numbers and percentages of women in corporate leadership positions over the past year, and those increases are at best modest. Most ION members report either setbacks or no change at all. Among the twelve members of ION:

- The percentages of board seats held by women in all of the companies included in their research range from a low of 7.5% to a high of 17.6%.[2]
- The percentages of board seats held by women in the *Fortune 500* companies in the twelve regions range between 11.1% and 17.8%.[3]
- In the twelve regions, the percentages of companies with boards on which women comprise 25% or more of all directors range between 1.3% and 23%.
- Conversely, the percentages of companies that have no women directors range between 9.0% (in a region where 70% of the pool of companies are in the *Fortune 500*) and 51.6% (in a region where slightly more than 7% of the pool are in that category).

A consistent pattern shown by these data is that larger companies are more likely than smaller companies to have one or more women on their boards of directors, a fact that has been documented by all ION members every year. Accordingly, ION members whose research includes a significant proportion of smaller companies report fewer women in leadership positions and more companies with all-male boards of directors.

In the absence of any significant change in these statistics, ION has decided to focus this year's report on the broader issue of board evaluation and succession planning. These are increasingly critical issues that provide a useful framework for looking at board composition and the case for increasing the presence of women in the boardroom. The following analysis also suggests ways in which **today's challenges can be turned into opportunities for meaningful change – change that will at the same time strengthen American corporations and open the doors wider for women leaders**. We invite you to join us in effecting this change.

Troubled Times Call for Boards to Take Stock of Themselves

Among the casualties of the past year is confidence in the boards of directors of corporate America. Particularly, but not exclusively, in the financial services sector, the dramatic fall in shareholder value has been accompanied by finger-pointing and calls for greater regulation and accountability on the part of company leaders. And while highly paid executives may be the favored targets of investors, regulators, activists and pundits, the boards to which they report are hardly immune from criticism.[4]

Corporate directors may not have been directly involved in creating the situations that daily fill the media. Nevertheless, many of them share responsibility for the consequences of the poor strategic choices and excessive risk-taking that have resulted in disaster for so many shareholders, pensioners, employees and other corporate stakeholders. Too many boards of directors failed to satisfy their fundamental fiduciary duties to exercise effective general oversight of their companies and to sufficiently monitor and counsel senior management. In effect, those boards played the role of enablers – facilitating or at least tacitly approving overly risky behavior and poor judgment. At the very least, they should have "pressed their CEOs and executive teams harder about their risk assessment systems."[5]

"As the credit crisis gripping the global economy stretches into a third year, corporate directors are facing a storm of scrutiny for the instances when they've failed to show up – to sound the alarm as imprudent investments piled up at Citigroup or Bear Stearns Cos., for example, or to right the strategy at General Motors Corp. as the company was losing touch with car buyers' tastes and burning through cash."
Lisa Kassenaar, Bloomberg News[6]

[2]A more detailed version of the data collected by ION's members appears at the end of this report.
[3]Nationally, the comparable figure for all *Fortune 500* companies is 15.1%.
Catalyst, 2007 Catalyst Census of Women Board Directors (2007).
[4]See, e.g., Lisa Kassenaar, "Citigroup Shares Plunged as Shareholders Suffered 'Figurehead,'" *Bloomberg.com* (Dec. 30, 2008); Malcolm Salter and Bill George, "Since Enron, Little Has Changed," *The Wall Street Journal* (Dec. 15, 2008) ("Like the Enron board, directors at Lehman, UBS, Wachovia, Washington Mutual, Citigroup, and Fannie Mae failed to understand how compensation systems drove behavior, thereby creating the conditions that led to their failures. Directors at these firms failed to detect and deter the inevitable gambling that resulted from their compensation plans.").
[5]Jack and Suzy Welch, "How Much Blame Do Boards Deserve?" *Business Week* (Jan. 14, 2009).
[6]Lisa Kassenaar, *supra* n. 4.

To some extent, the failure of corporate boards to prevent the implosion or devaluation of the companies they were elected to protect may be attributable to the composition of the boards themselves. How many of the boards of failed or failing corporations include directors who:

- have significant experience with enterprise risk management?
- have current and deep knowledge of the market forces that particularly affect the industry sector in question?
- understand talent management and the effect of different incentive and reward systems on key executive personnel and the strategies they recommend?
- are comfortable with technology and its role in the operations of non-technology companies?
- are financial experts with knowledge beyond basic accounting and compliance issues and understand the workings of the global currency markets?
- are sufficiently independent and courageous to ask the tough questions and demand complete, clear and verified information about difficult issues?

Conversely, how many of these boards are comprised largely of directors who:

- are social friends of the CEO or current directors?
- are sitting and former CEOs who are inclined to be unduly supportive of fellow CEOs?
- are long-retired executives from other industry sectors who are not conversant with the critical issues now confronting the companies they serve?
- are prominent individuals whose contacts and good judgment are insufficient to compensate for their lack of operational experience or understanding of the industry?
- serve on too many boards to be able to devote the time necessary to study the environment within which the company operates (in addition to the heavy load of information related to board and committee work)?
- have served for long periods of time and have lost their acuity to warning signs and their willingness to engage in constructive debate?
- are too homogeneous to guard against "groupthink"?

"Effective boards are more likely to encourage new, fresh perspectives on the board by facilitating turnover of board membership, and by supporting gender and ethnic diversity among directors." NACD Public Company Governance Survey.[7]

Further, how many of these boards regularly examine themselves to determine where they may be weak and what resources they may need to add in order to better carry out their responsibilities in a rapidly changing global marketplace?

Today, more than ever, it is imperative that corporate boards look inward and objectively assess their strengths and their weaknesses. They must accept some of the responsibility for past failures and commit themselves to take action to strengthen their companies' leadership – in the boardroom as well as among top management – in order to identify and take advantage of opportunities for growth and success. **In the current environment, standing pat or hunkering down is not a strategy for success – it is a recipe for failure.**

The Imperatives of Board Succession Planning and Individual Director Evaluation

Proponents of good corporate governance have long agreed on the need for boards to regularly refresh themselves. Succession planning is the best way to assure the optimal mix of backgrounds, experience, skills and perspectives that will generate the kind of collective strategic thinking needed to enable their companies to compete successfully in a constantly changing economy.

Effectively updating a board of directors is not something that happens overnight. It is the result of an ongoing planning process that starts with an objective evaluation of the current board's strengths and weaknesses, measured against the changing and foreseeable needs of the company as it confronts the realities of the global marketplace.

[7]See, "Governance Trends Reflect New Priorities: Highlights from NACD's Public Company Governance Survey," *NACD-Directors Monthly*, Vol. 32, No. 10 (Oct. 2008), 1, 3.

Governance experts share the opinion that there is no substitute for candidly evaluating the contributions of individual directors.[8] Indeed, the National Association of Corporate Directors (NACD) includes among its Key Agreed Principles to Strengthen Corporate Governance for U.S. Publicly Traded Companies one that is entitled "Protection Against Board Entrenchment."[9] According to the NACD, a board position should never be viewed as a sinecure. Rather, a director should serve only as long as he or she adds value to the board. Good governance requires boards to establish procedures for the retirement or replacement of those who no longer meet the needs of the company or have outlived their effectiveness. Boards – and, in particular, governance committees – must be willing not to renominate a director who does not meet the evolving needs of the company or has underperformed.[10]

Age and Term Limits also Afford Opportunities to Add New Faces to the Boardroom

While age and term limits are not an adequate substitute for thoughtfully evaluating the contributions of individual directors, many boards tend to use "bright lines" to govern board rotation. Seventy-four percent of S&P 500 companies now have mandatory retirement ages. Although the age of retirement has been rising, most companies require that directors rotate off the board when they reach the age of 72.[11]

Relatively few companies restrict the number of terms or years that a director may serve.[12] Nevertheless, a number of respected observers have called on boards to avoid situations in which a sizeable group of directors serve together for such a long time that they may lose their independence from management.[13] As one disgruntled shareholder commented recently about Royal Bank of Scotland, "The board at RBS is too big, too cosy [sic], has been together for far too long and was too supportive of [the former CEO]."[14] We well may see an increase in the number of companies that adopt term limits of some kind over the next few years.

A Large Number of Board Vacancies will be Created by the Departure of Male Directors

It should come as no surprise that whatever the method adopted by corporate boards to renew themselves, most of the vacancies created by retirements and replacements will be those left by men. In part, this is simply a reflection of the fact that women fill a disappointingly low percentage of board positions in public companies across the United States. Thus, the data set out at the end of this report shows that:

- in the twelve ION regions, women hold relatively few board seats – even among the largest companies, the highest percentage is 17.8% among the 70 *Fortune* 500 companies in the New York Metropolitan area.
- in seven of those regions, more than a third of the companies have no women directors.

"A board needs just two things to move ahead: a sound succession planning process to structure its efforts and the courage to objectively view itself – the current members of the board – in light of what will most benefit the company and its shareholders."
George Davis, Managing Partner of Egon Zehnder's Global Board Practice.

[8] See the comprehensive exchange of views in "Director term limits come up for review," *Directors & Boards* (Second Quarter 2008), 18.
[9] NACD, *Key Agreed Principles to Strengthen Corporate Governance for U.S. Publicly Traded Companies* (Oct. 16, 2008), Principle VIII, page 10. According to Kenneth Daly, NACD President & CEO, these Principles provide a "blueprint" for improving the quality of discussion about governance issues, developing new and necessary approaches to oversight and restoring public and investor confidence in corporate governance. *Id*, page 2.
[10] *Id*, page 10. See also, Roger M. Kenny, "The Professional Board," *NACD-Directors Monthly*, Vol. 32, No. 10 (Oct. 2008), 13, 15 ("Let's face it, some directors outlive their effectiveness and should voluntarily give up their seats to new directors with needed skills before having to be asked to do so.").
[11] Spencer Stuart, *2008 Spencer Stuart Board Index*, page 16; The Conference Board, *Directors' Compensation and Board Practices in 2008*, page 37
[12] Spencer Stuart reports that only 7% of S&P 500 companies have adopted term limits. *2008 Spencer Stuart Board Index*, page 11.
[13] See, e.g., Institutional Shareholder Services (now Risk Metrics), *U.S. Corporate Governance Policy 2006 Updates*, page 7 (setting 15 years as a benchmark); NACD, *Report of the NACD Blue Ribbon Commission on Director Professionalism* (1996) (urging companies to set a maximum of 10-15 years on the terms of all independent directors to ensure that fresh thinking and ideas are continually injected into board deliberations). The United Kingdom's corporate governance code provides that after nine years of service, non-executive directors cannot be regarded as independent. See Kate Burgess, "Culpability debate at RBS intensifies," *FT.com* (Jan. 19, 2009).
[14] Quoted in Burgess, *supra* n. 13.

Further, a far smaller proportion of women directors than their male peers are at or close to retirement age or have served lengthy board terms. Among the key findings of the research undertaken by nine of ION's twelve members on the age and length of tenure of public company directors in their respective geographic regions are the following:

- 118 of the 646 companies included in this research, or 18.3%, have boards on which at least 25% of their members are age 70 or older.
- On 21, or 3.3%, of the 646 boards, at least half of the directors are at least 70 years old.
- Of the 754 directors aged 70 or older, only 26, or 3.4%, are women.
- 148 of the 646 companies, or 22.9%, have boards on which at least 25% of their members have served for more than 15 years.
- On 25, or 3.9%, of the 646 boards, at least half of the directors have served more than 15 years.
- Of the 801 directors who have served more than 15 years on these boards, only 44, or 5.5%, are women.

Accordingly, the use of any retirement age or term limit will have a relatively negligible effect on current women directors but will result in a considerable number of opportunities to recruit new directors without increasing board size.

Why More Women Directors are Needed – Now

In the past, board vacancies created by the retirement of male directors have been filled primarily with other men.[15] This is despite the many and varied calls for greater gender and racial diversity on corporate boards voiced by corporate governance experts, academic researchers and institutional investors. Advocacy groups such as ION, Catalyst and others similarly have advanced both the business case and the governance case for adding women to corporate boardrooms and executive suites.[16] By now, it is widely recognized that greater diversity of background, experience and thought result in more constructive strategic discussion and better decisions. In addition, it is undisputed that women are playing an increasingly important role in the marketplace (for business as well as consumer purchases), as investors and asset managers, and in the workforce, academia, politics and the community.

At this particular time, diversity of thought and diversity of approach to the difficult issues confronting today's business leaders are of paramount importance and should be actively sought in the boardroom as well as in the executive suite. Further, there are at least two other compelling reasons why a greater effort ought to be made to recruit accomplished women leaders to refresh the boards of corporate America: their management style and attitude towards risk; and their expertise in areas of critical need.

One observer of the recent financial meltdown characterized it as the result of a "testosterone-packed 'winner takes all' approach" of financial executives whose unsustainable deals were not challenged by boards comprised primarily if not exclusively of men.[17] Another has pointed to the absence of an effective counterbalance to the "massively aggressive behavior that brought us a Dow of 14,000 and then, seemingly overnight, a crash of epic proportions."[18] And while the annals of corporate villainy undoubtedly include a few women, "the Y-chromosome is undeniably overrepresented along all tiers of finance [and] is particularly overrepresented at the highest levels of power and in those sectors most deeply implicated in the current crisis."[19] Succession planning for America's boardrooms needs to assure a better balance among the directors.

[15]See, e.g., ION's third annual report, *Women on Boards: Missed Opportunities* (Feb. 2007), page 6 (www.IONWomen.org).

[16]See, e.g., Catalyst, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (2007); Vesela Veleva, "Gender Diversity and Financial Performance," Citizens Advisors (2005) (www.citizensfunds.com); Catalyst, "The Bottom Line: Connecting Corporate Performance and Gender Diversity" (2004); Carter, D.A., B.J. Simkins and W.G. Simpson, "Corporate governance, board diversity, and firm value," *The Financial Review*. Vol. 38 (2003), 33-53; Erhardt, N.L., J.D. Werbel and C.B. Schrader, "Board of director diversity and firm financial performance," *Corporate Governance: An International Review*, Vol. 11 (2003), 102-11.

[17]Gillian Wilmot, "Men have messed up. Let women sort it out," *FT.com* (November 26, 2008).

[18]Debora Spar, "One Gender's Crash," *The Washington Post* (Jan. 4, 2009), page B07. Professor Spar, a former member of the Harvard Business School faculty, is President of Barnard College.

Corporate governance journals are replete with articles and director surveys reporting that enterprise risk management is at the top of the list of most critical areas requiring board attention going forward.[20] Given the difficulty that many boards have confronted in successfully monitoring their companies' approach to risk management, a strong effort needs to be made to recruit new board members who are likely to take a different approach to the issue. As Debora Spar recently pointed out, women respond differently, and earlier, to danger signals than do men. They also generally tend "to make different kinds of decisions and to accept and avoid different kinds of risk. We need women who will say no to bad decisions…. We need women to blow the whistle when risks explode and to challenge the presumptions that too many men, clustered too closely together and sharing a common worldview, can easily indulge."[21]

This is not "news." Well before the crises that resulted in the enactment of Sarbanes-Oxley, the Conference Board of Canada documented the impact of women's contributions to good governance practices and processes.[23] In urging greater diversity on corporate boards, the authors of that report asked "How well will 11 board members with similar experiences and backgrounds be able to ensure that the full range of strategic risks facing their organization has been identified? How will board members with similar perspectives and frames of reference truly add value to risk management and oversight?"[24] In response, they cited longitudinal data showing that "far from focusing on traditionally 'soft' areas, boards with more women surpass all-male boards in their attention to audit and risk oversight and control."[25]

These findings are echoed in a recent study that found that women directors "are particularly prepared to and skilled at bringing up and keeping serious issues at the front of directors' attention, enabling them to make a significant contribution in addressing board deliberation deficiencies."[27] Perhaps because they have had to advance "through male-dominated cultures," senior corporate women are better equipped "to tackle the tough issues which their male colleagues may avoid … due to corporate hierarchy and male loyalty norms."[28] Further, "there is increasing evidence that women may have superior skills relevant to evaluating people and their veracity."[29]

Senior women executives can offer the skills and experience that today's boards need; and they don't have to be CEOs to do it. Sitting CEOs are precluded from serving on many, if any, boards other than their own. Although retired CEOs are highly sought as directors, there is a definite downside to a board that includes more than one or two current or retired CEOs.[30] It is necessary to expand the search for directors to other positions that combine industry knowledge on the one hand and operational experience or specific functional expertise on the other.

"[W]omen may be less inclined than men to place the kind of bets that can get them in real trouble. Conversely, women may also be more inclined to blow the whistle on others' risky business." Debora Spar, President of Barnard College and former Professor, Harvard Business School.[22]

"We might not be in quite such a dire situation if there had been more females on the boards of [Britain's] banks. The evidence is that women are not more risk averse, but they are more risk aware." Ruth Sealy, International Centre for Women Leaders, Cranfield School of Management.[26]

[19] *Id.* See also, Marie Cocco, "Few Women Involved in Wall Street's Mistakes," *Real Clear Politics*, December 18, 2008 ("few women executives have been associated with the greed-is-good crowd" that has been forced to explain to Congress and the American public why "their companies made multibillion-dollar mistakes that helped wreck the economy, but nonetheless deserve billions in taxpayer bailouts.").

[20] See, *e.g.*, Ira Millstein and George Vojta, "Financial Disaster Recovery: A Private-Sector Agenda for Risk Management," *Directorship*, Vol. 34, No. 6 (Dec. 2008/Jan. 2009) 24. Risk and crisis oversight was the fifth-ranked top issue identified by respondents to the NACD's 2008 Public Company Governance Survey, up from 16th in 2007 and 18th in 2006. "Governance Trends Reflect New Priorities: Highlights from NACD's Public Company Governance Survey," *NACD-Directors Monthly*, Vol. 32, No. 10 (Oct. 2008) 1, 3.

[21] Spar, *supra* n. 18.

[22] Id. Professor Spar cites as examples Brooksley Born's 1997 call for greater disclosure and new rules to govern the world of financial derivatives and Sherron Watkins' warning about Enron's financial dealings.

[23] Brown, D.A.H., D.I. Brown and V. Anastasopoulos, *Women on Boards: Not Just the Right Thing…But the 'Bright' Thing*, The Conference Board of Canada (2002).

[24] *Id*, page 5.

[25] *Id.* This research was based on comprehensive surveys conducted every two years from 1973 through 2001. The Conference Board also found that 74% of Canadian boards with three or more women directors explicitly identified criteria for measuring strategy, in comparison to only 45% of all-male boards; and 94% of boards with three or more women directors explicitly monitored the implementation of corporate strategy, as opposed to only 66% of all-male boards. *Id*, page 13 and Table 7.

[26] Quoted by John Willman, "Get women on board, bailed-out banks urged," *FT.com* (Nov. 20, 2008).

[27] McInerney-Lacombe, N., D. Bilimoria and P.F. Salipante, "Championing the discussion of tough issues: how women corporate directors contribute to board deliberations," in *Women on Corporate Boards*, edited by S. Vinnicombe, V. Singh, R.J. Burke, D. Bilimoria and M. Huse (Edward Elgar Publishing Ltd., Cheltenham UK, 2008), 123-139, at page 124.

[28] *Id*, page 136.

[29] Christopher J. Clarke, "The XX Factor in the Boardroom: Why Women Make Better Directors," *NACD-Directors Monthly* (August 2005), 12, 13. Individuals "who have a special ear, the kind that can hear a presentation and discern between overpromisers and overdeliverers, between glib salesmen and those they would bet their own money on" are the kind of people whom Jack and Suzy Welch suggest are needed on today's corporate boards. See Welch, *supra* n.5.

In addition to the increasing numbers of women who hold the positions of CEO, COO and division president, many other women have the more specialized backgrounds that boards need in order to fill the gaps identified in the course of board self-assessments. These include many women who hold the positions of chief risk officer, chief ethics officer, chief information officer, chief marketing officer, chief financial officer, chief accounting officer, chief human resources officer, treasurer, chief medical or scientific officer, chief technology officer, and chief investment officer in companies that compete in a broad range of industry sectors. Many also have lived and worked in foreign countries, and still others have global responsibilities. The expertise that these women have gained in the course of performing these functions is highly valuable in today's boardrooms. To ignore this pool of talent simply because some – or most – of these women might not be part of the informal networks upon which CEOs, nominating committees and search firms traditionally have relied for new directors would be foolhardy, especially at a time when the demand for talent is so great.

Finding Women Directors

Board-ready women are not difficult to find.

- They serve in executive capacities in a significant number of *Fortune* 1000 companies.
- They run large hospitals and non-profit organizations.
- They are active members of industry associations and professional organizations.
- They regularly attend educational and corporate governance programs offered by business schools and organizations such as NACD.

Executive search firms know how to identify and recruit women who are qualified to join corporate boards and will make the effort to do so if their clients so request. They should be encouraged not to rely simply on those women already on major corporate boards.

Organizations such as ION and its members have access to accomplished women with relevant experience in virtually every sector of the global economy.[31] Indeed, some ION members themselves conduct board searches for companies and actively assist executive recruiters to identify candidates to meet their own clients' needs. All of ION's members help each other to find qualified women who can be introduced to companies needing new directors and to those who are engaged in recruiting them.

In short, nominating committees can no longer credibly claim that "we would nominate a woman to our board if only we could find one who is qualified." This talent pool is no longer a hidden resource – it just needs to be tapped.

[30] See, e.g., Peer Exchange, "Succeeding at Succession," *Directorship*, Vol. 34, No. 4 (Sept. 2008) 66, 67 (noting that the traits that make a great CEO "may not always be the same qualities that work in the boardroom;" CEOs "tend to be more dominant as directors…and they often continue to conduct themselves as managers."); Francesco Guerrera, "Citigroup directors to retire in revamp of board," *FT.com* (Jan. 23, 2009) (citing governance experts and investors who "have long complained that Citigroup's board has too many directors who are former and current chief executives, arguing that such a make-up can build a bias towards supporting the chief executive.").

[31] Many ION members identify in their published census reports the women who currently hold board and executive officer positions at public companies based in their geographic regions. These reports are available free of charge at the websites of ION's members, which appear on the back cover of this report.

Planning for Tomorrow's Boardroom

Today and for the foreseeable future, a premium will be placed on the effective management of both talent and resources. To successfully navigate the changing currents of the global economy, companies will have to become stronger, more innovative and more competitive. In doing so, moreover, they will have to do more with less. This is a compelling reason to take stock of their human resources. At all levels of the corporate hierarchy, the recruitment, retention and optimal deployment of company personnel are critical success factors. And nowhere is this more important than at the top – in the executive suite and boardroom.

Every company can take these concrete actions today in order to make sure that its boardroom of tomorrow is as strong as possible.

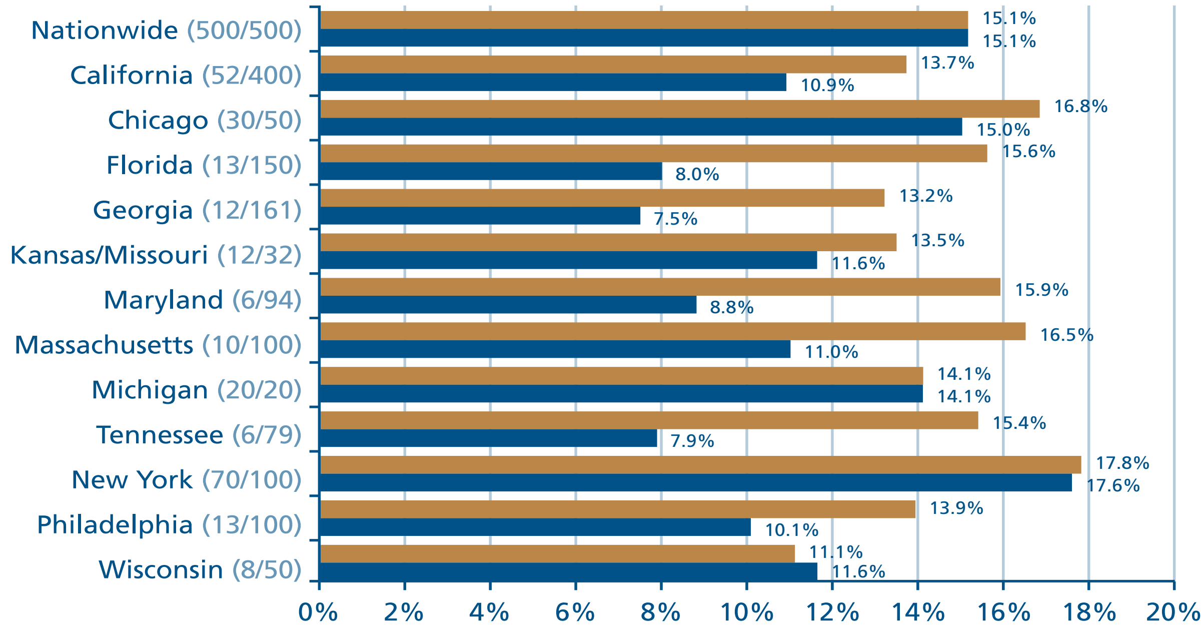
- Engage the entire board in a comprehensive evaluation process that assesses both itself and its individual members in terms of their performance as well as their competencies. Identify the strengths and weaknesses of the current board within the framework of the company's strategic plan and the evolving marketplace in which it competes.
- Develop a forward looking succession plan that places a priority on the gaps that are most important to fill in the short-term but that also takes into account anticipated vacancies and likely emerging needs. Make sure that the succession plan reflects an attention to diversity, including but not limited to gender, race, background and international experience, as well as industry and functional skill sets.
- Be open to change. Be willing to make room for new directors even if it means replacing some current directors who have provided valuable service to the company in the past.
- Be flexible. Do not unduly limit the candidate pool by imposing unnecessary criteria that are unrelated to the board's strategic needs. Reach out beyond current colleagues and acquaintances to identify qualified candidates.
- Start to build a pipeline of future directors and get to know individuals who have the qualifications to meet the company's needs going forward. Develop relationships with potential candidates who are women and minorities, as well as with individuals and organizations that can identify non-traditional candidates who meet the company's needs.
- In connection with any board search, insist that the nominating committee interview and give serious consideration to women candidates. Instruct any retained executive search firm to include several women and minority candidates in any slate it submits to the nominating committee. Consider constructing or requesting an all-female shortlist of candidates, especially if the board does not currently include any women.
- Do not engage in "tokenism." Make sure that the board includes a critical mass of women and minority directors.[32]

Although many boards have performed extremely well during a very difficult period of time, every board can do better. Furthermore, shareholder and public attention to matters of corporate governance is not likely to lessen over the next several years. Accordingly, now is the time to commit to a comprehensive and thoughtful process of self-assessment and succession planning. While ION expects that accomplished women who seek corporate leadership positions will benefit from this process, the primary beneficiaries will be companies, their boards and their shareholders.

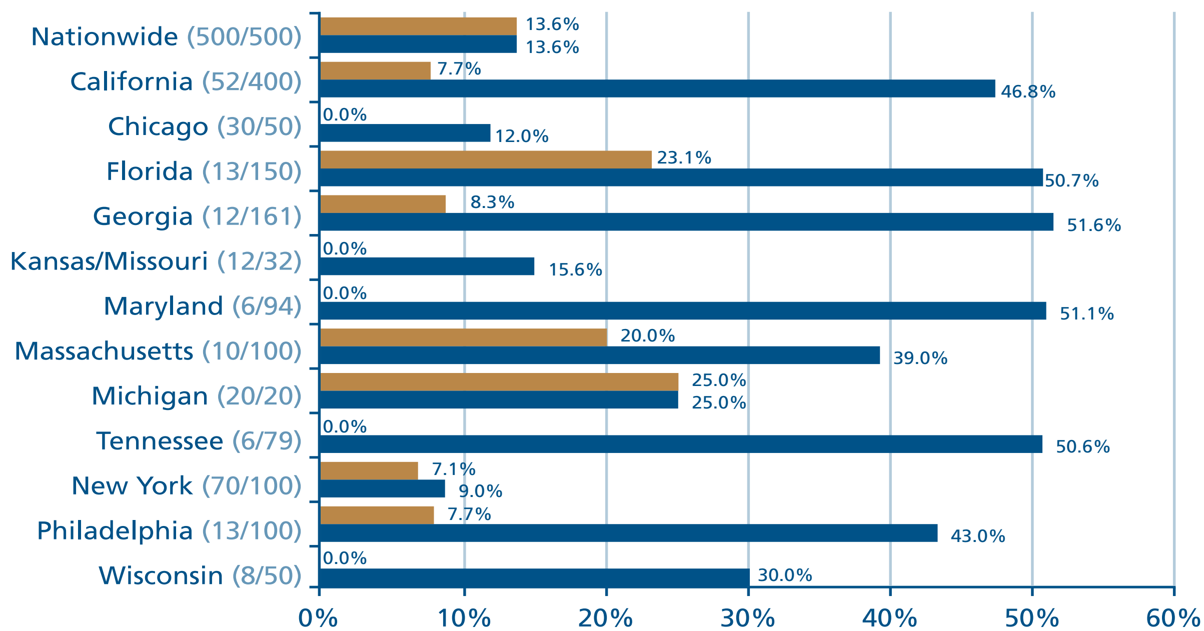
[32] Kramer, V.W., A. Konrad and S. Erkut, *Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance,* Wellesley Centers for Women, Report No. WCW 11 (2006).

Statistical Appendix

Percent Board Seats Held by Women

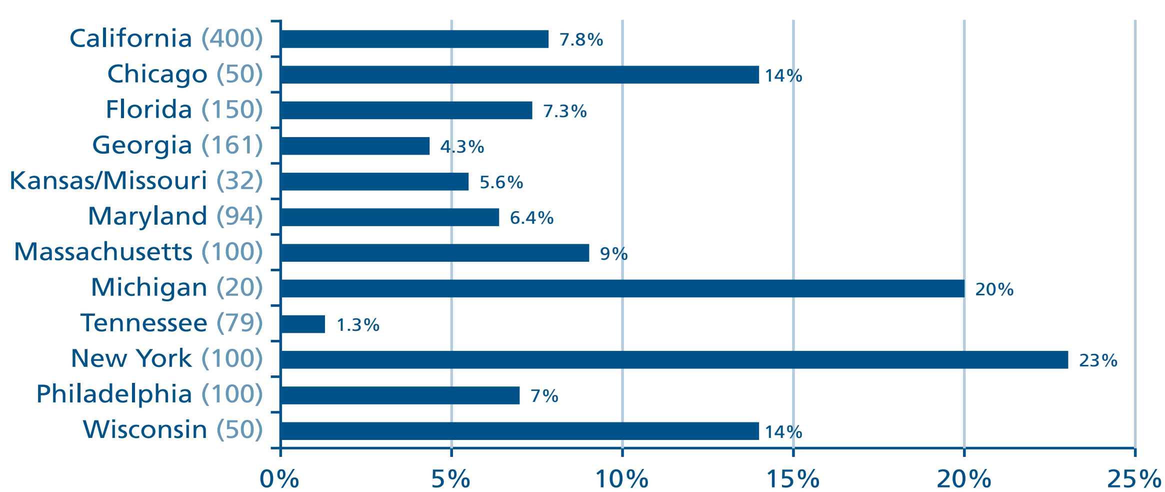


Percent of Companies with NO Women Directors



Fortune 500 Companies Total Companies in Study (*Fortune* 500 Companies/Total Companies Shown in Parenthesis)

Percent of Companies with 25% or More Women Directors



(Total Number of Companies Shown in Parenthesis)

Male and Female Directors: Comparative Age and Tenure Data

Region (number of companies in sample)	Average Age Women	Average Age Men	Number Women 70+	Number Men 70+	Number Companies with 25% or more 70+ directors	Number Companies with 50% or more 70+ Directors	Number Women Joined in or before 1992	Number Men Joined in or before 1992	Number Companies with 25% or More Members Joining in or before 1992	Number Companies with 50% or More Members Joining in or before 1992
Chicago (50)	56.0	61.0	3	62	7	1	4	59	9	0
Georgia (100)	58.4	60.8	5	105	17	5	3	127	24	3
Kansas/Missouri (32)	58.3	60.5	2	43	8	0	3	37	4	0
Maryland (94)	56.8	59.5	3	94	17	2	5	93	23	4
Massachusetts(100)	56.0	60.3	4	104	21	3	2	97	18	2
Michigan (20)	57.2	61.1	1	29	3	1	6	24	5	1
New York (100)	58.1	61.3	4	139	19	5	7	103	16	3
Philadelphia (100)	59.0	60.3	3	103	17	3	10	143	33	11
Wisconsin (50)	54.0	60.5	1	49	9	1	4	74	16	1

Women Executive Officers

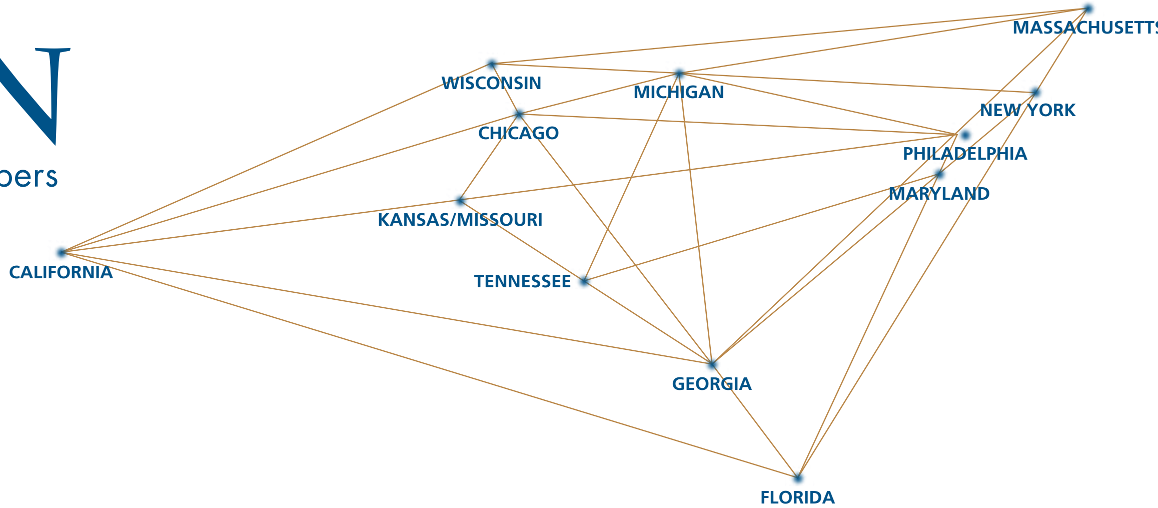
Region (number of companies in sample)	% of executive officers who are women	% of companies with NO women executive officers	% of CEOs who are women	Total Number of Women Among Top Compensated	Percent of Top Compensated Executives who are Women	Number of Companies with NO Women Among Top Compensated	Percent of Companies with NO Women Among Top Compensated
California (400)	12.0%	48.5%	3.3%	162*	8.9%*	263*	66.6%*
Chicago (50)	14.4%	32.0%	4.1%	14	6.0%	36	72.0%
Florida (150)	6.9%	69.3%	2.0%	49	6.9%	104	69.3%
Georgia (161)	10.3%	57.8%	1.9%	44*	6.5%*	108*	73.5%*
Kansas/Missouri (32)	9.9%	43.8%	0.0%	5	2.9%	28	87.5%
Maryland (94)	10.6%	57.5%	2.1%	41	9.6%	61	64.9%
Massachusetts (100)	9.2%	54.0%	3.0%	29	5.5%	76	76.0%
Michigan (20)	12.1%	25.0%	0.0%	3	2.7%	18	90.0%
Tennessee (79)	8.6%	62.0%	0.0%	NA	NA	NA	NA
New York (100)	13.8%	26.0%	6.0%	56	10.3%	58	58.0%
Philadelphia (100)	9.1%	61.0%	3.0%	30	5.7%	72	72.0%
Wisconsin (50)	12.6%	42.0%	5.8%	21	9.4%	32	64.0%

*Not all companies in two regions filed compensation data for the past year, resulting in data for 385 of the 400 California companies and 147 of the 161 Georgia companies.

Methodology

Researchers for all ION member organizations collected the data reflected in this report from the most recent proxy statements (DEF 14A), annual reports (Form 10-K) and current reports (Form 8-K) that public companies with headquarters in their respective areas filed with the Securities and Exchange Commission (SEC). Executive Officers are those listed in SEC filings. The individual reports of ION's members differ in terms of the number of companies they include and the extent of the geographic area they encompass. Three studies (Chicago, New York, Philadelphia) cover metropolitan areas; the other nine reports are statewide. This year, the number of companies included range from 20 (Michigan) to 400 (California). By using the same definitions and methodology, however, ION's members have produced comparable results.

ION Members



BOARD OF DIRECTORS NETWORK

www.boarddirectorsnetwork.org   info@boarddirectorsnetwork.org
PO Box 550627 • Atlanta, GA 30355 • 770-489-6689

The Board of Directors Network, founded in 1993 in Atlanta, Georgia, is a research and advisory organization with the mission "to increase the number of women in executive leadership and on corporate boards of directors". BDN is comprised of women and men representing boards of directors, corporations, government agencies, academia, the legal and financial professions, not-for-profit organizations, and the media.

THE BOSTON CLUB

www.TheBostonClub.com   info@thebostonclub.com
PO Box 1126 • Marblehead, MA 01945 • 781-639-8002

The Boston Club, founded in 1976, is an organization of more than 500 senior executive and professional women that promotes the advancement of women in business and the professions. It provides personal and professional development programs, conducts research on issues affecting women in business, and works to increase the participation of women on corporate and nonprofit boards.

CABLE

www.nashvillecable.org   na_cable@bellsouth.net
PO Box 23148 • Nashville, TN 37202 • 615-269-7489

CABLE is Tennessee's largest and most established network of diverse professionals committed to connecting women and opportunity. With over 500 members and a 30-year history, CABLE meets members where they are and provides them with resources to grow their businesses, build their careers, achieve highest levels of leadership, serve their communities and develop their unique talents and strengths.

THE CENTRAL EXCHANGE

www.centralexchange.org   ellen@centralexchange.org
1020 Central Street • Kansas City, MO 64105 • 816-471-7560

The Central Exchange was formed in 1980 to promote the personal and professional development of women with emphasis on leadership training. It has more than 1,000 members from throughout the Kansas City metropolitan area. The Central Exchange presents personal and professional development programs almost daily at two locations in the area, as well as an annual one-day women's leadership conference and an intensive, one-year development program for emerging women leaders.

THE CHICAGO NETWORK

www.thechicagonetwork.org   a.osler@thechicagonetwork.org
211 East Ontario, Suite 1700 • Chicago, IL 60611 • 312-787-1979

The Chicago Network, now in its 30th year, is an organization of metropolitan Chicago's most distinguished professional women leaders, committed to the success and advancement of women. The Chicago Network's more than 400 members have leading roles in academia, the arts, corporations, entrepreneurial enterprises, government, law, health, science and medicine, not-for-profit, politics and professional service firms.

FINANCIAL WOMEN'S ASSOCIATION of NEW YORK

www.FWA.org   Fwaoffice@fwa.org
215 Park Avenue South, Suite 1713 • New York, New York 10003 • 212-533-2141

Founded in 1956, the Financial Women's Association (FWA) is a leading executive organization of over 1,000 women and men committed to shaping leaders in business and finance with a special emphasis on the role and development of women in business and in boardrooms. The FWA serves its members through educational programs and networking opportunities, and serves the community through its nationally acclaimed scholarship, mentoring and training programs.

FORUM for WOMEN ENTREPRENEURS and EXECUTIVES/UNIVERSITY of CALIFORNIA DAVIS

www.fweande.org   info@fweande.org
2475 Hanover Street • Palo Alto, CA 94304 • 415-706-0395

The Forum for Women Entrepreneurs & Executives, founded in 1993, is a membership organization of over 500 experienced women leaders in the San Francisco Bay area. FWE&E is the center of leadership excellence for accomplished women from a wide range of disciplines and industries who build meaningful relationships, exchange ideas, and openly share their collective wisdom with each other. To measure California's advancement of women on public boards, FWE&E has formed an alliance with the University of California Davis, who conducts an annual census of leading California companies.

THE FORUM OF EXECUTIVE WOMEN

www.foew.com   info@foew.com
1231 Highland Avenue • Fort Washington, PA 19034 • 215-628-9944

The Forum of Executive Women, founded in 1977, is a membership organization of more than 300 women of influence in the Greater Philadelphia region with our members holding top positions in every major segment of the community. As the region's premier women's organization, we actively work to promote our mission to leverage the power of executive women in the Greater Philadelphia region to expand the impact and influence of women leaders.

INFORUM CENTER for LEADERSHIP

www.inforummichigan.org   tbarclay@inforummichigan.org
Orchestra Place • 3663 Woodward Ave, Suite 4-1610 • Detroit, MI 48201-2403 • 313-578-3230

Inforum Center for Leadership accelerates careers through unique leadership development programs that allow women to challenge themselves, take risks, and reach the next level. The Center also conducts and publishes research on women's leadership influence in Michigan, and facilitates the placement of women on corporate boards. Inforum is one of the largest and most prestigious statewide business forums in the nation, with over 2,000 members from a broad cross-section of Michigan's business community.

MILWAUKEE WOMEN INC

www.milwaukeewomeninc.org   info@milwaukeewomeninc.org
N26 W26277 Quail Hollow Road • Pewaukee, WI 53072 • 414-254-1177

Milwaukee Women inc, founded in 2002, is the collaborative effort of Milwaukee area executive and professional women seeking to accelerate the advancement of women in key leadership roles and in doing so change the face and quality of leadership. Steering committee participants include representatives from Milwaukee's leading women's professional organizations, as well as corporate, nonprofit and academic leaders.

NETWORK 2000

www.network2000md.org
P.O. Box22765 • Baltimore, MD 21203 • 410-783-8225

In 1993, a group of Maryland business leaders created Network 2000. Their mission was to assure leadership opportunities for qualified women, increase the number of women serving as directors on corporate Boards of Directors and educate the public on the benefits of having women in decision making positions. Today, its membership of 80 women and men continues to support the founders' mission through mentoring programs, research, community grants and education.

WOMEN EXECUTIVE LEADERSHIP

www.womenexecutiveleadership.com   info@womenexecutiveleadership.com
450 E. Las Olas Boulevard • Suite 750 • Fort Lauderdale, FL 33301 • 954-462-4730

Women Executive Leadership (WEL) advocates, educates and connects accomplished women. WEL is a not-for-profit organization whose primary purpose is to increase the number of women on corporate boards by recognizing and connecting accomplished women and further expanding their influence within their respective business communities. WEL's membership is reflective of executive women of diverse businesses in Florida.