Well, good afternoon, everyone. I welcome you to the University of Washington School of Law. I'm Kelly Testy, the dean. And it's great to see you here today. Thank you for coming. I want to begin by letting you know what the nature of our event is. It's the Condon Faulkner Visiting Professor of Law Public Lecture. And very pleased today to welcome Professor Doug Branson. I want to tell you a little bit about the history of this lecture and then introduce Professor Branson to you.

We, at the University of Washington, pride ourselves on being a place of ideas as well as a place of action. And one of the things that very much helps us is we continue to grow as scholars and as a community of legal educators is to have people come visit us who are from other institutions. And who bring new ideas and can enrich our environment. And we hope in turn to return the favor and that they'll also enjoy their time and grow here as scholars while they're with us.

And so this is one example of a visiting professor position that we have. And it's known, as I said, as the Condon Faulkner Fund. That fund was established by Dorothy Condon Faulkner in memory and in recognition of John T Condon and Judson Faulkner. And Mr. Condon was Dorothy's uncle and the first dean of this law school, so quite a tradition there. And her husband was Judson Faulkner.

He was a graduate of the school, class of 1919. He was a professor in the law school and he also served as dean of the law school for 15 years. And in fact, from all I can learn and I've been very eager to learn the history of this wonderful institution, he was recognized by many as one of the most wonderful teachers and one of the greatest leaders that the law school has had. So this fund, this Condon Faulkner Fund supports the appointment then of a visiting professor, someone who's very distinguished in the area of teaching and scholarship.

And it is wonderful to have this resource here for the school of law to provide that enrichment that I mentioned earlier. And so I have to tell you that when I arrived at the law school this fall to become the dean, it was quite a pleasant surprise to me to learn that none other than Professor Doug Branson had been previously selected to hold this distinguished professorship. Now, why was this such a surprise to me?

Well, back in the early 90s when I first went into teaching, that was what was then the University of Puget Sound, Professor Branson was my colleague there. And so it was quite a delight for me to learn that as I join UW this fall, that he would also be here and we'd be rejoined as corporate colleagues once again. Professor Branson is currently the W. Edward Sell Professor of Business Law at the University of Pittsburgh School of Law. He is one of the top experts in the country in the area of corporate law.
And in addition to his academic work in teaching and scholarship, he is a frequent consultant and frequent expert witness in corporate litigation. So one of the things that I've always admired about him is not only does he do a lot of terrific scholarly work, but he has one foot in the practice world to continue to both contribute in that direction and learn from those cases that he's working on. I also work in this area, as many of you know, and one of the specific things that I admire Professor Branson for is that very early on before other legal academics had recognized the importance of the area of corporate governance, he was working in that area.

In fact, I believe he had the first law text book or treatise in corporate governance. And so that area, as we all know now, is so critical for all that's happening in the world of corporate law. But Professor Branson in many ways was there long before the rest of us. And it was his work in corporate governance that I think paved the pathway for him to have an especially influential role in framing the American Law Institute's recommendations for corporate governance. Which were also incredibly important.

Now like his scholarship, his teaching is also in the area of corporate and securities law. And during this year he is teaching a class in publicly held corporations, I believe last term for us. And then also in the mergers and acquisitions area. And next fall will then teach a seminar in the area of his research, which he'll be sharing with you this evening. So it is my great honor and pleasure to welcome, and I hope you'll join me in welcoming Professor Doug Branson.

[laughter]

Doug Branson:

Thank you, Kelly. We need a screen. Coming down momentarily. This is a project I've been working on since about 2000. That's me.

[laughter]

Kelly Testy:

That's good.

Doug Branson:

That me? Oh... Where's the delete button?

[laughter]

Doug Branson

Here it comes. We gave a presentation at Loyola in Chicago last Friday and one of the presenters corrupted Lord Acton's dictum. He said power corrupts, PowerPoint corrupts absolutely.

[laughter]

OK. Well those are the books I've written. One is about the lack of women directors in the Fortune 500. And the second book, which just came out, is about the lack of women
CEOs and also of the women who have made it to the corner office. Some study about how they got there. Now, the latest thing I've been doing is comparative research. I just got back from Australia, where I'm part of a team that consists of two Australians, two English persons, a Norwegian professor of management, a New Zealand-er or Kiwi, and a French person. And we interviewed 14 women directors and we interviewed four male board chairs. And we interviewed four persons from additive organizations like the Australian Institute of Corporate Directors. And we're going to replicate this in England, in Norway, and France and try and put together a book that I suppose would be somewhat similar to the book I did about CEOs. What I learned is this is a very hot topic in Europe and in Australia, New Zealand. Some extent in Hong Kong.

It's been kind of on the back burner in the United States. Some people ascribe that to diversity fatigue. That numbers of management in the large corporations have been pressured so much that it's kind of a time out period. Norway passed a law that 40% of the directors of public corporations must be women. There's some severe teeth in the law. If companies don't achieve that, they can lose their stock exchange listing.

The downside of it, of course, is Norwegian companies have perhaps proceeded too rapidly. And there's one report of a woman holding 18 directorship, which is excessive. But other countries in Europe have followed that example. Spain passed a law without any teeth, though. It's aspirational but they will have 40% women directors on Spanish public companies by 2016. That's up from a very low base of 5%. The French National Assembly resisted.

Sarkozy's government was proposing a 20% quota but about three weeks ago the national assembly passed a law that sets an ultimate goal of 40% with an intermediate goal of 20%. The Scandinavian countries, the Norwegian professor that was on this panel with me, she described it as part of the social fabric in Scandinavia is this equality of gender and that it is something that people grow up with and they assume...

Now in Europe though, the low countries, Germany, I mean, right there next door, 2% at least the managing boards. Portugal one of the pig nations, Portugal, Iceland, Ireland and Greece (I had to put that in there. it has nothing to do with this.) but those are the countries almost unable to manage anything is the lowest.

Here you have the other numbers, US numbers reported as 15.3% by Catalyst. Catalyst is a very Brahman organization, funded by the Fortune 100 essentially: Microsoft, General Motors. It has offices in New York, Toronto, San Jose and London. They fudged the numbers. They count consistently the number of women of directorships held by women as the number of women directors. And there's a big different because in this country we have an excessive number of trophy directors, women who hold five, six, seven and eight board seats.

So the number of female bodies is far less. It's probably about 11 or 11.5% as near as my calculations are 2006. the etymology of this project was a movement in 1999, 2000 in the US Academy that there was taking place a global convergence in corporate governance that because of email, the Internet, ease of jet travel, people in Australia knew about what Switzerland were doing. People in Switzerland knew about a Canadian developments and the like.

Undoubtedly to a great extent that has taken place. But the second half of the thesis was that the convergence would be on guess what? The United States model of co4porat3
governance. And this model consists of majority, indeed a super majority of directors who are independent. It consists of derivative actions by shareholders. It consists of two-fisted directors who will remove under-performing CEOs.

And of course I had just come back from four State Department contracts in Indonesia. I did the last one with John Eddy of this faculty. I knew that in most countries on the Pacific Rim where post-Confucian values rain supreme, the US model would never work. In Indonesia in the economic crisis of 1998, 38 banks failed. It's a little loss by US standards, $95 billion.

Indonesian law clearly provides for a derivative action. Not one single suit was ever filed. So this was probably the most arrogant, Crackman is at Harvard. Hansman is at Yale. And they simply posited the end of history.

Now I have a quotation from Pogo, most of you are too young to know who Pogo was. But the comic character and one of the famous lines is, "We have met the enemy and he is us." And I corrupted that. We have met perfection and it is us.

So I began researching and I began looking at all of the books, many of which are howto books, advice books for women. And they all have a message which is wrong or largely stale. It is be aggressive. Be assertive. Some of them even go so far as to say watch Monday night football or take up golf. Wear power suits and the like. You can tell by the titles. They have a lot of male testosterone-laden athleticism. Throw the knockout punch. Shoot the three. Score the touchdown.

The latest ones "Skirt Rules, Seducing the Boy's Club." Those are 2008 early 2009, they actually advocate that women should use sexual wiles to get promotions in the workplace. Unbelievable to me!

So I decided to study this problem. You know here we're saying perfection has been achieved by the US and then within a year Enron happens, WorldCom happened. Tyco Communication happened. Tyco happened. Qwest Communications happened. The year of our corporate discontent all kind of corporate imbroglios.

To fast forward the message of my first book is: the numbers lag very far behind the reality behind the expectations. And the reality lies further behind the numbers yet. It's not totally disappointing. There has been some progress, but far less than we would expect. I began law school in 1967 at Northwestern in Chicago and my class was one of the first breakthroughs.

We had 160 in the class. We had 17 women. The class before me had one woman. The third year class when I was a first year law student had Jerry Springer. He's a very smart guy, actually. But maybe some of you don't know who Jerry Springer is and it had two women. A lot of schools were a year behind us. But by the early '70s the numbers of women in law schools were into the 20 somethings.

They quickly escalated. There are over 50% at a lot of schools today. The business schools have lagged behind about 10%. So the metricle inance at the business schools today are about 40% women. But the numbers have been up there since the late '70s. So that means women in great numbers have been moving into management positions for over 30 years now.
Jean Kirkpatrick was our first woman ambassador appointed as ambassador to the United Nations. Sandra Day-O'Connor was the 109 Justice of the United States Supreme Court and the first woman. We now have Justice Ginsberg, Justice Sotomayor, and now retired Justice O'Connor. So I think we have three women out of 116 or 117 justices. But these appointments brought with them high expectations, that there were cracks developing in the glass ceiling and a number of women would be succeeding in positions. Well, they haven't.

Those are some numbers. I have a tendency to put too many numbers in my PowerPoint but I kind of like numbers. They give me something to grasp onto. You can view the cup as half full, there were no women CEOs in 1997. There were, Jill Barratt at Mattel, then Carlton Theorina at Hewlett Packard and then Andrea Young at Avon Products but there were a couple dismissals. We fell down to only two women CEOs as of 2002.

Of 15 today, 3%. So view it against none, cup is half full. View it against parity—well, nobody expects parity, but something significant—the cup is half or more than half empty.

Women have gone over 50 % in the work force. They are 50 % of the middle managers in corporate America. They are only four % of the bylaw officers. This would be the "C" suite, Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, Chief Marketing Officer. It indicates, been in the work force 30-some years, it's indirect evidence there's a glass ceiling still in place.

I talked about Catalyst, and how their numbers are not accurate. A conference board reports that 36 % of the manufacturers and 31 % of the publicly-held service firms have no women directors. Now, boards are getting smaller. The average board was 13 directors. It's down to 10.6 today. They take ten directors, and then their 11th director they cut her arms off and part of her leg, and they come up with 10.6.

So you see, the number of directors has gone down from 5821 to 5161. There are a lot of Fortune 500 boards with seven and nine directors. Very few with five or six. Apple is one. But as of 2005, 51.2 % of our 500 largest corporations either had no director or one female director. Does the glass ceiling exist? Early on in those books I listed The Labyrinth of Leadership, which is by a professor at Wellsley and a professor at Northwestern. And it was excerpted in the Harvard Business Review and much ballyhooed. And its thesis was that the glass ceiling doesn't exist any longer.

And they pointed to the progress that women have made in academe. 25 % of the university chancellors or presidents are women. In the Ivy League, 50 % of the presidents are women. In the US Senate we have 18 women senators. In many of the parliaments and national assemblies of the world, women are at 40 %. Actually, the leader is Rwanda with 52 % and Costa Rica with over 50 %.

But in contradistinction, when you have just three % of the CEOs that are women, that's evidence that the glass ceiling which primarily refers to business is still there. Another piece of evidence is the growing number of women trophy directors. A lot of corporations are forbidding their CEO from serving on any other board, or they're limiting their CEO to one other board. So the number of male trophy directors has decreased very rapidly in the last ten years.

The number of women trophy directors has increased very rapidly. I can't remember, 80 was the number in my 2005 study, up from 17 or 19 in 2001. A lot of women directors
serve on five, six, seven, eight boards of directors. Our latest study that one of the leaders was Sarah Bayh. Her husband happens to be Evan Bayh, the recently resigned senator from Indiana.

Now, she may be a very capable woman. But for one person to serve on eight publicly-held boards of directors when the average director on a publicly-held corporation spends about 300 hours a year on the affairs of that company, when she's acting on eight boards, this must be one of those "It's Tuesday, it Must Be Belgium" kind of deals.

So the number of trophy directors gives us indirect evidence that there are not enough women percolating up through the system. We have 50% middle managers who are women, and only 11 or 12% are the directors, and so a lot of people are bumping up against something on their way up. Third piece of indirect evidence that a glass ceiling may exist is the sidestepping. 68% of the women on corporate boards sidestep. From academe, from government, from not-for-profits, from consulting organizations. Not many from law. I hate to tell you this, but a lot of businesspeople don't like lawyers. Lawyers tend to be, to quote Spiro Agnew, "nattering nabobs of negativism."

So your best chance of being a female director is to be a tenured professor in business or the health sciences at an Ivy League institution. I say that only somewhat jokingly.

In my first study in 2001, 14 women professors at Harvard held 23 directorships in Fortune 500 companies. Some of these women presidents of large universities, Judith Rodin, who was the president of Penn, and Ruth Simmons, who's the president of Brown, they have annual compensation of over a million dollars.

And then they sit on four or five elite boards which will pay them two to three hundred thousand dollars per board. So the picture that begins to emerge is that if you can have a good position, good salary, and then become a trophy director of sorts, you can even approach CEO-type salaries.

How-to advice I say is dead wrong. How-to advice is be patient but not passive, or be somewhat aggressive, stay in one organization, work your way up...that's the worst way to get on a corporate board so far. It shouldn't be, but so far that I've discovered. Only nine women in my sample worked their way up and became what I would call an inside director at the company at which they had spent most of their career. If you want to be a corporate director, become a tenured professor or a dean. The provost of this institution just became the second woman director at Nike. Bernadette Healy that I'll talk about in a minute, she triple-sidestepped, and you'll find that a lot.

She was a young doctor. She went on the faculty at Johns Hopkins, she got appointed the Director of the National Institutes of Health by President Clinton. She became the Dean of the Ohio State Medical School, and then she became the President of the American Red Cross, where she only lasted a couple of years, but she's on about five very nice boards of directors.

That's a triple sidestep. It proves that there may be a glass ceiling in place. That's something we can talk about, which can't be proved, can't be disproven. And even if it is, it's not a solution, so we have to ask ourselves, why is this happening?

We have high expectations. We have over 40% of people going to business school are women. Over 50% of people going to law school are women and thirty years later, out of
this pipe, there is only a trickle. Why do we have this leaky pipe? Richard Parsons who is
the African-American CEO of AOL Time Warner was asked on CNBC or I get those all
mixed up but he say, "Well, women and minorities have been on the pipe line for a long
time. It is only a matter of years before it happens." It didn't happen. It hasn't happen.
And so we have to ask ourselves why.

I should talk a little bit about African American directors and officers and persons of
color. Over 4% of directors in the Fortune 500 are persons of color. About 125 are black,
about 80 are Hispanic. We had three African American CEOs, Richard Parsons at AOL
Time Warner, Kenneth Chenault at American Express, Stan O'Neal at Merrill Lynch. But
in the meltdown of 2008, two of those people were dismissed by their boards, Parsons at
AOL Time Warner and Stan O'Neal at Merrill Lynch. But last summer, we had our first
female African-American CEO Ursula Burns who is a masters in electrical engineering
from Columbia succeeded Anne Mulcahy as the chairperson of Xerox. So, went from
three to two but one of the silver linings in that is we have our first African American
female CEO.

Outright discrimination. There are 25...Before as many of you know I am not an
employment discrimination expert but before you can file in a federal district court, you
have to get a letter to sue from the EEOC. So, that is a very good handle on what the
numbers are. The number is about 25000 complaints a year. It has been pretty constant.
But very few of those complaints are by women who feel they have been discriminated
against and seeking positions in the lower levels of senior management. And the reason is
simple. It would be a kiss of death to file that complaint. But nonetheless, I read a lot of
the cases and you see some of the tactics that are used. Sand bagging upwardly mobile
women.

One of these cases comes from Spokane, Tidy Anns, such as regional grocery chain and
there were two women who applied for positions on the lower level of senior
management. Some of the things they have encountered that took the form of sand
bagging would be...They would set up a meeting and all their male peers with RSVP and
when the meeting actually took place, they wouldn't show up. Sand bagging. Men
plagiarizing women's ideas, meetings. Vice spoke says that antidote to that is that you
should have an ally or a close eye ally that in the next few minutes would repeat the
substance of what you said and make much harder for somebody to plagiarize your idea
and make it their own.

Reduction in force. This is a very common tactic used against women in minorities. If
you have 14 sales directors and two of them are women, you just announce that we are
reorganizing. We are reducing to eleven regions, we are eliminating three positions and
you eliminate two of the people who are women or other minority group members and
applications or stereotypes. Problem with stereotypes is they give you a safety net. They
prevent you from falling too far. On the other hand, they limit the recognition of your
upside potential. So, a person who's given the appellation of the group mother or the class
clown or the mascot, after very quickly their actual accomplishments no matter how good
they are probably won't be recognized.

The secondary earner bias. According to the AFLCIL, I have a little bit of problem with
these numbers but well over 50% of the primary wage earners are women now. What it
persists that among managers and company that you have to promote the men because
men are seen as primary wage earners and women are seen as secondary earners and
family units. It's a stereotype that persists and holds women back. Adoption of stereotype. Jean Hollands who is a social psychologist. She wrote a book with the infelicities title called the "Bully Broad Syndrome" and it is about...She is a counselor to a number of high tech companies, Cisco, Hewlett Packard, Intel and she says that a number of women can't lose the aggressiveness that got them their first promotion.

And it results in their being side tracked. She also talks about the iron maiden. I think with a number of women who came in to law practice, some are iron maidens. They have adopted very strict press, adopted a very hard exterior. If you got to know them, you know that it wasn't really them but they did that to project the stereotype that would protect them from downside losses. The queen bee is a woman or other minority group that relishes being the token. So, once they achieved the promotion, they redouble their efforts to keep anyone from their same gender or their same minority group from being promoted as well.

Did I skip something? Maybe you want me to skip something. The price of motherhood. Now this is a big one. I mean the stereotypes are breaking down uneven. There is a study, a center for the study of home life at University of Wisconsin and they require family units to keep something like Neilson logs on their home. Neilson logs. And they show that the women in the sixties spent 21 hours and the males spent four hours. That gap has closed but it is still significant. The women now record that they spent 16 hours, 17 hours and the men record that they spent a minor 10 hours in the work place. But still, the women have all the trauma of...And time of child bearing and significant amount of child rearing and of household duties.

And so, what happens is a lot of promising women go on what's called the Mommy Track. This is a book by a woman by Anne Crittenden. And the Mommy Track is described as follows. If you are a woman manager and you limit yourself to one child and you limit yourself to the maternity leave allowed. If you get to senior management at age 40, you will make 99% of what a comparable male makes. But if you take time off to go on a Mommy Track she calls it, have a second child, extend your maternity leave, take a year off when your kids are starting school, at age 40 you will make 60% of what a comparable male makes.

And these statistics show up all over the place. One study of Stanford MBA graduates, I think Michigan 1979, Stanford 1981, at age 40, those who went on the mommy track, I think it was like 39% in one sample, 40% in the other. A lot of women...I have a daughter who has a master's degree. She worked for Simon & Schuster and now she's got two babies, and she...I say, why don't you get a job, Claire?

And she says, oh, but my children need me. And I think, part of the reason that people like my daughter don't want to go back to the work force is we work harder in this country than any country in the world. It's called turbo-capitalism.

We are several hundred minutes a year ahead of the next competitor. I have a couple of women friends who are executives. One with Weyerhauser, she would have her teenage son save all the pizza boxes and take them out in the morning when the trash men were coming, because she didn't want her neighbors to find that her family lived off Domino's pizza. I have another friend whose son said, "Hey, Mom, do all families get dressed in front of the dryer in the morning?" And my wife was an academic. She taught speech and hearing here at the University of Washington. Even with two academic careers, raising two children is very tough.
When people have two eight-to-five careers that are expected to put in face time, be available 24-7, be available for travel, I don't see how people do it. So that's the price of motherhood. That's probably one of the biggest reasons why we have so much opting out and there are so many leaks in the pipe. This is from the linguists. Robin Lakoff, who teaches at Cal Berkeley, and Deborah Tannen who teaches at Georgetown. And the idea is that men ascribe to women all these attributes, like they're emotional, they're not analytical. They're too intuitive.

Now, where does that come from? Well, Lakoff and Tannen says it comes from the speech and behavior patterns of women in our society and that women speak and act, or many of them, not all, in a different register. So that they use a lot of modal verbs. A man will say, "Let's send two engineers to Boise," and a woman will say, "Well, should we send a couple of engineers to Boise?"

Women will use a lot of hedges. They will say, "Don't you agree?" or "Isn't that probably right?" Men don't tend to use those. They just say, "That's right!" And the inference is, "Because I said so!" Reminds me of a guy I knew at Columbia. But Lakoff and Tannen go on to show that there's no necessary connection between these behaviors and the inferences dominant males ascribe to them. There may be a given connection in a given case, but generally speaking and behaving in a different register carries no baggage whatsoever with it.

But it persists, as some of the advice books—I mean, you won't believe this—but they say to women in bold type, "LOWER YOUR VOICE." This comes from the sociologists. Tokenism and skewed groups. The great book by a woman sociologist who teaches at the Harvard Business School, Rosabeth Moss Kanter, and she wrote a book in 1984 about a mythical corporation called Indisco, and it's been revised and out in several editions since then.

It's kind of counter-intuitive. You think that when there is one minority token, a woman, an African-American, a Hispanic in a work group, that that's good. But of course there can be a downside, because that one in the work group will feel forced to retreat into a stereotype to protect them-self. Then you have the addition of a second person, a woman, or a person of color, and then you think, that's even better! Sociologists say, no. That's what we call a skewed group.

And the dominance in a work group will feel a threat, so they will engage in an exercise called boundary heightening. They will engage in a divide-and-conquer strategy. Her studies show that men, when the two members of the minority were present would talk in macho terms about muscle cars and professional football, and when the members of the minority, the dominance would revert to very prosaic discussions of how their kids were doing in school, about housework, about cooking, about all kinds of things.

Coping strategies if you're a token. Become invisible. Well, you can read them. There's a lot of feminist literature that seems kind of facile, but it's called "Three is the Magic Number." Now I've come to accept that. I gave a program at Drexel in Philadelphia and the woman who wrote that article which was published in the Harvard Business Review was on the panel with me.

And so, three in a work group. Or three at a management level or more seems to be the stage at which the boundary heightening is reduced and women feel or minorities feel able to express themselves without fear of reprisal. And when I did these interviews in
Australia, that came through time and time again. Now, many of these behaviors are going to be much more muted at board level, because cordiality and consideration is the name of the day at a publicly held company's board meetings.

But still, many of these women said, oh, I was on this board. Oh, we had three. It was so much more enjoyable. I had somebody... I mean, some of the women that were joking, and they said, "I had somebody to go to the loo with and we could talk about things in there and come out and discuss them in the meeting."

This is Susan Stern, who teaches employment discrimination at Columbia. She's coined the term "secondary sex discrimination." I'm going to talk a little bit about CEOs in a minute, and one of the things I've discovered is women who are progressing, many of them are making it in industries and companies formerly dominated by men.

It's a new century! The days of the naked pinups on the office wall, hopefully they're all gone, but they're mostly gone.

And so the forms of discrimination that we're going to see and that will hold women back from the pool from which directors might be chosen are going to be much more subtle.

Insure that women don't do so well in the half-hour job interview, the 20 minute job interview. One of the things you see in HR literature is all of this stuff about the promotion tournament. It's the law of inverse certainty. If you have 14 sales directors up for six positions, you can look at the numbers.

If you have three finalists for the marketing office, chief marketing office, it becomes much more subjective. The higher you go in an organization, it's more subjective rather than objective, or it tends to be that way. So that the device that is advocated are these promotion tournaments. You take the three finalists, and you put them one against one. Women don't fare so well, probably because they see that it has no relationship to the job. It's just a device. Rank and Yank systems. That's become very popular because Jack Welsh did it at General Electric. You take the 10 lowest percent of lowest performers and you fire them. It's pretty ruthless.

Absence of alumni in welcome back programs. That's changing. One of the reasons I think it's very important because a woman may work 37 years and take time out for the mommy track, and a man may work 38 1/2 years. Statistically the difference is not significant. But yet the woman maybe unduly penalized for that.

If she tries to come back to the workforce, there is a lot of jealousy. But one of the things that cuts against that is if you have a good welcome back program. Another thing that cuts against that is the prevalence of team production and team planning approaches, rather than rigid hierarchies in a lot of companies.

So that if the workers who stay there are jealous of the alumnae coming back, she'll move on. She'll move on to a different team.

So I finished this book with a then relatively small sample of three CEOs who were directors who failed. And they all had one characteristic. They were aggressive-assertive to the end. Bernadette Healy I talked about. She was the CEO of the American Red Cross when 2001 happened. And people lined up as you remember for blocks to give blood.
I watched that, I thought, "Oh my God, at least 50,000 people had been killed." It was very fortunate because New Yorkers don't come to work until 10:30 in the morning. So only 3,000 people were killed. So Bernadette Healy is interviewed on national television, and she says, "Oh well, yeah, a lot of people gave blood, but everybody knows that whole blood is only good for two weeks. So we had to throw it all away."

We don't say that on national television. She also had removed a director of a mid-sized American Red Cross chapter in New Jersey, and had him prosecuted for a relatively minor embezzlement. And he got jail time. And she didn't consult the board. So after two years, she was out of there. Carly Fiorina was named CEO of then the 17th largest company in America. In her first year in office she appeared on over 40 magazine covers. It was the Carly buzz machine. Carly all of the time. They used to have workaday corporate jets that would take engineers to Boise and Corvallis where they got rid of them.

Got a new Gulfstream for herself. Her first year in office, one week, she made seven calls in the US, five in Asia, and five in Europe. In one week. But she consistently made projections that she failed to meet. And the stock went from the 50s down into the 20s, and it stayed there. The straw that broke the camel's back was the board said, "You must get a chief operating officer. You might be a good public face." She's wickedly smart. Her father was Joseph Sneed, who was a judge of the ninth circuit. Before that, dean of the Duke Law School. He was appointed by Richard Nixon who was a Duke graduate. But she refused.

And every organization that I know of is run by a number one and a number two, not just a number one. She surrounded herself with young people who figuratively all had to drink the Kool-Aid. And Jill Barad, the first CEO, she used to show up at work wearing a purple mini-skirt and purple boots. She went in after just a couple of years at Mattel, and said to the then CEO, "What the F do I have to do to get a good job around here?" She was made CEO after, I think, 11 years.

When she took over the Barbie line, the average American girl had one Barbie. By the time she left, the average American girl had nine Barbies. It is still Mattel's biggest selling toy. I bought my daughters FAO Schwarz anatomically correct dolls. I paid a lot of money. I brought them back from New York. They looked at them. Threw them away. "Where are my Barbies?" So, anyway, she made rosy projections again.

And this leads to one of my findings about CEOs. They don't have the financial grounding to realize the sensitivity of that subject: Making projections. You better make your numbers. And you might be forgiven once for missing your numbers. But these persons had no sensitivity. People who survive, know when to duck once in awhile. They didn't. And then I conclude that for women it's still much more difficult than for men. A male can be aggressive, be assertive, go a long way in a career. A woman maybe assertive at first, then has to be diplomatic, then a different kind of assertiveness with more strategic use in assertiveness as they progress towards the top. It's a different paradigm. Maybe that's another book.

Terrible companies. Airlines, financial services. No market reciprocity. It seems like a lot of young parents buy soup for their kids, candy bars, running shoes, and Happy Meals. But the people who would know about the shopping tendencies of the primary purchasers, aren't on the boards. SBC which is now part of AT&T, was the leader.
Trickle downs. Those are companies with female CEOs. And there is a direct correlation. If you have a female CEO, eventually you will have, probably, more female directors.

Although Carla Fiorina never did a thing for any woman in the workplace, as far as I can tell. This is the other book...how much time do I have left?

[Inaudible 53:38]

OK. There are 15 sitting women CEOs. Talked about this. Ursula Burns is our first African American. So there are 22. She went on the board after the book went to press. And the career path to senior management, you see much more side stepping within companies and within sectors. You don't see nearly as much side stepping from academe, not-for-profits, government. The leader is Meg Whitman, who had at least seven career changes before she came CEO of eBay. The exception is Anne Mulchay at Xerox. She was a lifer. She had an introductory job at Case Western. Education, they say, doesn't matter for male CEOs. Paul O'Neil, CEO of Alcoa, went part-time to Fresno State. Bill Gates is a college dropout, albeit of Harvard. My wife went to Harvard. I always say, "What's the name of that junior college, again?" Really makes her really mad.

But 16 of these, 21 of these women now, or 17 of 22, have Master's Degrees. One woman has a PhD, Irene Rosenfeld, at Kraft. So there are one law degree, Angela Braly, at Wellpoint, and 16 MBAs, some from regional schools. Bellman University, Loyola of Chicago, but a lot from fairly prestigious schools, Harvard and the like. So education, clearly, is more valuable for women than it is for men. That necessity of financial grounding. I told my daughters. One was Communications major, here. One was a Theater Arts major at Oregon and I said, "Claire, Annie, take Economics 101. Take a course that, at least, in managerial accounting. Maybe take a course in stocks and commodities."

They say, "Oh dad, that's a great idea." Did they ever do it? Absolutely not, but it begins early. If a woman or a man ascribes to rise in the management, getting some grounding, even if you study history or political science or Spanish, take an elective or two, along the way. Mentors emphasize by the books. You should have a lot of mentors, but there's a downside to mentoring and that's, many company's mentor system is the star system. And if your mentor falls from the firmament, you'll never be seen again. I know when I worked very closely with Weyerhaeuser, that's the way it was.

Informal networks. Well, in my book, I talk about glass walls, glass floors or rubber floors, and glass cliffs. Our women report a lot getting shunted into what are called pink-collar jobs. Head of the foundation, human resources, and then they find a glass wall. They have a very difficult time getting back on the upward trek toward senior management. The glass floor or rubber floor is when men are demoted, they seem to wind up, four years later, in another management position, just like baseball managers and NFL football coaches. And women, never seen again. Never seen again. Carla Furian, of course now, is a senatorial campaign candidate, but Jill Barad, never seen again. Aberdad Hiley, not seen much. So the reason, I think, is they don't have that network.

There are usually the sole woman or one of two women toward the top. And so when they fall, they fall into a black hole whereas men have that informal network. That's an important purpose of a network. Glass Cliff theory. British researchers are finding it's
absolutely true that women are appointed CEO mostly by companies that are in extremist situations. It's almost like, in that boardroom, the male said, "Well, what the hell. We got nothing to lose. Let's take a chance on a women."

[laughter]

Anne Mulchay at Xerox, Andrea Jung at Avons, Susan Ivey at Reynolds, Pat Russo at Lucent, Paula Rosput Reynolds, who was here in Seattle at Safeco, Pat Warfs at Orchards Daniels Bilblian, Brenda Barnes at Sara Lee, Mary Sammons at Rite Aid, and Carol Bartz at Yahoo. All appointed CEO in companies that had really a difficult time, losing money, stock prices declining. Talked about models of CEOs and of companies. I compared Jim Collin's "Good to Great" book. It's been a best-seller for almost 10 years now. He took 1500 companies. He put it through a number of screens. He came up with 11 companies that, during the period under observation, had moved from good to great. And he looked at the CEOs and he found that all of them were what he called plow horses, not show horses. Malcom Malcaby, social psychologist, exactly the opposite. He has written two books and he says, "The best CEOs are productive narcissists. They have visions. They don't listen to anybody. They step on all the fingers and toes around them, but they achieve." Examining 21 women in my book, Carla Furian may be a show horse, but of the 20 other women, they're all plow horses. I don't mean that derogatorily, I mean they steady on and they have achieved.

Talked about a lot of these things. I'll talk about how we choose CEOs. This is Rakesh Khurana, who wrote a book called, "Searching for the Corporate Savior, " with cuts against women CEOs because the average CEO process, first forms a search committee.

Who's on the search committee? The people who have time. Who has time? The retired guys. Who are the retired guys? The white guys who went to Ivy League schools and belong to the same country club and shops at Brooks Brothers.

And so, oddly enough, the executive search firms are the biggest source of minority and women candidates, but those are first candidates eliminated when the shortlist is devised. And so, it's a great book that describes how the whole system is tilted against people who look different from the persons who are on the search committee.

Children, I find that 20 of the 21 women have 43 children. So the advice that women shouldn't have children and should limit themselves to one child and put everything into their career, maybe it's true at the middle level.

But as you reach the top, you find these women saying, like Brenda Barnes at Sara Lee, "I need my family more than my family needs me. I need to go home at night, have somebody who gives me a little back talk, but who still loves me unconditionally."

Anne Mulchay, when she was CEO at Xerox, made it a point. One son ran track. One son played baseball. She never missed a meet, never missed a game and that helped her keep her sense of perspective when the whole world seemed to be falling down around her, at time.

I talked about education. Characteristics. Be a problem solver. Ellen Collin at Tupanch, created the whole safety division. Andrea Yung, Internet enabled the representatives for Avon when their two predecessors were at a loss. How do you use this organization that's built around home sales?
I'll talk, Susan Ivey at Reynolds American. She took the old brands that had been premiums, reintroduced them, and marketed them as ordinary cigarettes. And so people say, "Look, I don't smoke, but there's a Viceroy. Boy is that cheap." And then she brought in a heavy dose of smokeless tobacco.

So CEOs in other companies --- I teach corporate govern in Australia, at the University of Melbourne. It's about 8.7% women directors. They make the same counting errors that catalysts make, but the ramification isn't nearly so large because they don't have so many profeed directors. That is a Latin word.