

WOMENCOUNT2019

Role, Value, and Number of Female Executives in the FTSE 350



ABOUT THE PIPELINE & THE AUTHORS



The Pipeline is a leading gender diversity business, helping companies develop all their talent to deliver better business results. They have built the largest bank of data on the barriers facing women, which evidences tailored interventions for organisations who are losing their female talent. **The Pipeline** continues to design and run leadership programmes for individual women and organisations.

They are proud to be working with hundreds of organisations to build sustainable pipelines of female talent and more than 1,000 women to reach their potential. Their results include over 60% achieving executive committee and board roles and over 50% of women in middle management securing a promotion to join the executive pipeline.

Margaret McDonagh

Co-Founder

Margaret McDonagh is a dynamic business woman and member of the House of Lords. She has had a successful corporate career serving as a NED for both Standard Life and infrastructure company Abertis-TBI (global airports) based in Spain. Margaret was also the founding Chairperson of Smart Energy GB.

Margaret actively supports several charities, including serving as trustee of the AFC Wimbledon Foundation and is the Chairperson of the Orthopaedic Research & Education Fund, which uses big data to improve outcomes for patients. By profession, Margaret is a global expert in leading 'big campaigns'. She ran Labour's 1997 and 2001 General Election campaigns, which produced the most successful results for any party in Britain's history.



Lorna Fitzsimons

Co-Founder

Lorna Fitzsimons is a trusted advisor to blue chip companies and Whitehall on gender diversity and developing executive female talent.

She is also a Board member of the UK Fashion Textiles Association (UKFT), the Greater Manchester Local Enterprise Partnership, and a trustee of the education charity, SHINE. Lorna is deeply committed to unlocking women's potential at the top of corporate Britain and realising growth in the Northern Powerhouse.

Lorna was the Founder and Director of The Alliance Project, a £150m public-private partnership to bring back textile manufacturing to the UK, and CEO at the Britain Israel Communications and Research Centre (BICOM). She turned BICOM into an internationally renowned centre of excellence. She was also a visiting Fellow at the Defence Academy's Advanced Research and Assessment Group, and a former Member of Parliament.



Lord O'Neill

British Economist & Vice Chairman, Northern Powerhouse & Chairman, Chatham House and Trustee, SHINE

If Lehman Brothers had been Lehman Sisters, would they have precipitated the same credit crunch and subsequent banking crisis? Christine Lagarde, the newly-nominated President of the European Bank, posed this question ten years ago and business is still working out the answer. So let me have a go.

Having men and women at the top table makes Boards and Executive Committees smarter and leads to better decision making. Given that a core requirement of businesses is to make fewer stupid decisions, it's an easy win.

Pre-banking crisis, UK productivity growth bounced along at 2% to 3% annually. Today, we are in a 'productivity recession' with three successive quarters of negative growth. If we continue to exclude half the population from decision making roles in our leading companies it's hard to see how we dig ourselves out of this very big hole.

That's why **Women Count 2019** is a depressing read. It can't be right that 85% of FTSE 350 companies have no female executives from the business on their main boards. Gender balance is static or in reverse, we continue to act without sufficient seriousness or pace, and the potential gains are being lost.

The Pipeline's report recommends that if companies won't address gender imbalance, then it's time for the investment community to give them some encouragement. **Women Count 2019** shows that the proportion of women on Boards and Executive teams is a good indicator for profitability. Taking this into account when investment decisions are made is now long overdue.



Juergen Maier CBE

CEO, Siemens UK & Fellow, Institution of Engineering & Technology and Fellow, Royal Academy of Engineering

It is a pleasure to endorse The Pipeline's **Women Count 2019** report and the calls to action it proposes. It confirms everything my own career in business has taught me about people, culture and success.

I have no doubt that Siemens continues to strengthen its position as a world-leading business because our people have the richest range of experience from as many viewpoints and backgrounds as possible.

We are often asked to explain our inclusion policies and the next time I visit another company to advocate improved gender balance, I'll be

taking a copy of **Women Count 2019** along with me! It provides hard evidence that promoting more women isn't just 'the right thing to do' – it produces measurable returns.

The Pipeline research is essential reading for all businesses that want to innovate and grow.

The Pipeline's analysis clearly shows that FTSE 350 companies with more than 25% women on their Executive Committee have profit margins almost three times higher than firms with all-male Executive Committees. Sadly we don't have enough companies with the right diversity on Executive Committees.

So, I hope this report provides the evidence to spur many more of us on to change that. If you believe as I do that talent is distributed evenly between the sexes and from people of all backgrounds, then we have to do better. The alternative is to miss out on the significant economic gains for Britain's businesses.

EXECUTIVE SUMMARY – Another wasted year

This is the fourth consecutive year that **The Pipeline** has commissioned independent research into the number of women executives on executive committees and main boards at FTSE 350 companies. Despite the Government setting a target for there to be a third of women in leadership positions at these companies by 2020, and despite a flow of formal reviews into this area, including reports by Lord Davies and Hampton-Alexander¹, our results show this has been another wasted year of little to no progress. We have found that in the FTSE 350:

- ▶ Only 3.7% of companies have female CEOs – and this is down from 4.6% two years ago
- ▶ More than 85% of companies have no women executives on their main boards
- ▶ Only 9% of executive directors on main boards are women, unchanged since 2017
- ▶ A mere 17.1% of executive committee members are women, a tiny increase of just 0.8% since 2018
- ▶ One in five companies have no female members of their executive committees at all
- ▶ At the current rate of progress, it will be almost 2090 before executive committees achieve gender balance

- ▶ Just 5% of executive committee positions are held by women in roles with profit and loss² (P&L) responsibility
- ▶ More than half of FTSE 350 companies have no women on their executive committees in a P&L role at all
- ▶ This situation is replicated on the main indices of major economies across the world, with India and Germany having no women CEOs at all, while China, Hong Kong, the USA, Spain and France have only one each

So progress has stalled. The fact is that many FTSE 350 companies are failing to offer talented women access to key executive positions as such opportunities continue to be given automatically to men. Why does this matter? Well, of course there is a very obvious principle of fairness and discrimination. But more than that, the evidence shows that the failure to draw on a wider pool of ability actually damages the companies themselves. Those FTSE 350 companies with 25% or more women on their executive committees last year achieved an average 16% net profit margin³ while those with no women achieved just 6%. P&L roles are the pipeline for future CEOs and if women are blocked at that stage then they will not get the chance to run companies and companies will not get the chance to benefit from their broader talent pool.

It is patently self-harming for companies not to address these problems of gender imbalance at the top. So why don't they? Where there are already women at the top of companies, the evidence shows they are much better at progressing other female talent. Research reveals that women CEOs have twice the average number of women in executive positions than their male counterparts, and FTSE 350 companies led by women have an average of seven times more female executives on their main board than those led by men. It is hard not to conclude that where men are in charge, they tend not to want to let go of their grip and allow women a share of the action.

So what can be done about this self-defeating problem? Where companies do want to change

More than 85% of companies have no women executives on their main boards

then **The Pipeline** can help. We offer here a step-by-step guide. First, make this problem the

CEO's responsibility. Second, set hard targets. Third, measure, measure, measure, with full transparency to show progress or expose barriers.

But, what about those companies where male executives have such a grip that they are resistant

REPRESENTATION OF WOMEN ON FTSE 350 IN EXECUTIVE COMMITTEES

to change? For these, it is time for external authorities to take action to apply pressure for change.

It is obviously beneficial that gender discrimination at work has risen up the public and media agenda in recent years. It is to measure progress that **The Pipeline** established what, over the past four years, has become the definitive annual study of the performance of FTSE 350 companies in this respect. We hoped, and expected, to be able to calibrate that bit by bit things were getting better. But four years in, we are shocked to discover that at best

things are flatlining and in some cases have actually been getting worse. For the sake of the companies

One in five companies have no female members of their executive committees

themselves, we will continue to draw attention to these failings, to encourage those within business to make change in their own interests, and now to urge those in positions of power to be ready to take action against those who are resistant to change. We hope very much to be able to offer better news in next year's **Women Count** report.

CALL TO ACTION

We call on:

- ▶ **Government nationally and locally** to adopt a target of 33% females on executive committees as a requirement in public procurement for organisations with annual turnover in excess of £100 million. Where this target is not currently met, organisations will need to evidence a comprehensive plan to meet such a target to a fixed timetable. Where the ownership structure is a partnership model, firms should ensure 33% of all their equity partners are women.
- ▶ **Fund managers** to take the 33% minimum target of women on executive committees into account when making investment decisions.
- ▶ **Pension fund trustees** must also require their fund managers to provide an action plan and timetable to achieve 33% female partners making their investment decisions, as greater diversity leads to better decision making.
- ▶ **FTSE 350 companies** to have minimum targets of 33% female representation on their executive committee and at least one woman executive director on their main board.



fig.1

THE KEY FACTS – The figures stall, FTSE 350 failing

KEY FACT 1: Business performance is maximised when they promote women

- ▶ **In 2019 FTSE 350 companies with 25% or more women on their executive committees achieved an impressive 16% net profit margin,** 10% more than businesses without a single woman on their executive committee.
- ▶ **Companies with no women on their executive committees only achieved a net profit margin (NPM) of 6% in 2019,** a further fall from the 8.9% NPM seen in 2018. Without women in key positions, these companies are dropping even further behind their competitors.
- ▶ **There is a £6.35bn gender dividend on offer for UK plc,** if all FTSE 350 companies performed at the same level as those with women on their executive committees.

KEY FACT 2: Women on executive committees

- ▶ **A mere 17.1% of FTSE 350 executive committee members are women,** a tiny 0.8% increase on 2018.
- ▶ **At the current rate of progress, it will take nearly 70 years before FTSE 350 executive committees achieve full gender balance.** Since 2016 the number of women executive members

has risen at a pitifully slow rate, increasing from 15.6% to just 17.1% today.

- ▶ **In 2019 1 in 5 companies had no female members of their executive committee.** The problem of female under-representation extends even wider as in 70% of businesses, women constituted 25% or less of the executive committee.

KEY FACT 3: It's not just about numbers, the type of role matters

- ▶ **Just 5% of executive committee positions are held by women in roles with P&L responsibility.** P&L positions are highly influential in the operational life of a businesses, whilst also providing a regular pipeline of talent for future CEOs. It's extremely disappointing to once again see that the percentage of women here remains stuck in first gear, with no progress beyond the 5% level in the last three years.
- ▶ **Over half of all FTSE 350 companies do not have a single woman on their executive committee in a P&L role.** This is an abject failure of talent identification, development, and promotion for these business-critical positions and begs the question, 'are some companies actively working to stop women from making progress?'

KEY FACT 4: Female leaders succeed at progressing all talent, where male CEOs fail

- ▶ **Women CEOs lead just 3.7% of FTSE 350 companies, and it's getting worse.** In 2018 4% of CEOs were women, and in 2017 the figure was 4.6%. Instead of making progress in these vital roles, Britain is going backwards.
- ▶ **Women CEOs leave their male counterparts way behind when appointing women to executive committees** (the average number of women on executive committees led by female CEOs is almost 50% more than those led by men).
- ▶ **In crucial P&L roles, businesses led by women CEOs are racing ahead of male-led companies.** Women CEOs have double the average number of women in such executive positions in comparison to male business leaders in the FTSE 350.

KEY FACT 5: Company boards remain a male executive preserve

- ▶ **91% of executive directors on main boards are men, whereas only 9% are women,** with progress flatlining since 2017.

Journey to gender balance in the FTSE 350



Year
2028



- ▶ **Over 85% of FTSE 350 companies have no women executives on their boards.** Without a female voice at board level companies are missing out on invaluable expertise and opinion, increasing the risk of poor governance and weak oversight.
- ▶ **FTSE 350 companies led by women have, on average, 7 times more female executives on their main boards than those led by men.** A female CEO on the board will enhance this level of performance, but it does demonstrate how women-run businesses understand the benefits to their organisation from having a broad range of talent at the top table.

KEY FACT 6: Across the globe, it's still a man's world

- ▶ **Women are almost non-existent at the most senior levels of major companies in many countries around the world.** For the first time, **Women Count** looked at the main domestic listings in different nations to compare international performance, and the result is concerning. There was not a single woman CEO on the German (DAX 30) or Indian (Nifty 50). While China (SSE 50), Hong Kong (HS 150), the USA (Dow 30), Spain (IBEX 35) and France (CAC 40) each only have one woman CEO running big businesses in their countries.

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OUR RECOMMENDATIONS

The economic case for increasing the number of women on FTSE 350 executive committees is undeniable. Tackling this gender imbalance will also help businesses attract and retain the best talent, building the teams they need for a highly competitive and challenging world. Women CEOs are showing it can be done, delivering higher profits and more balanced executive groups along the way. But, in many cases, progress is simply not happening.

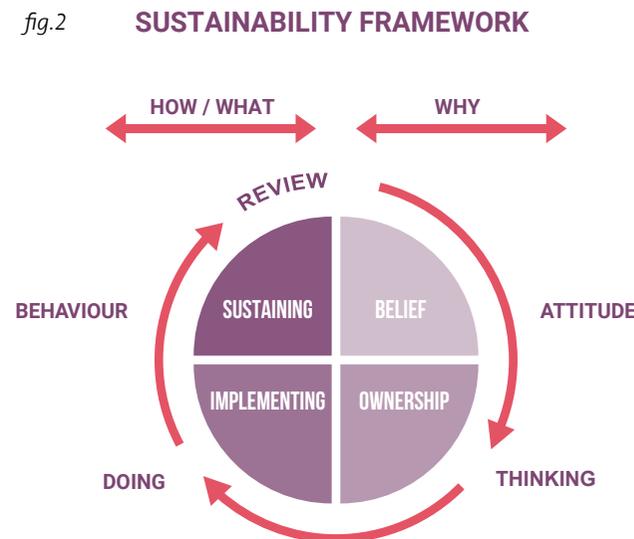
Women Count 2019 reveals how FTSE 350 companies have, once again, failed to appoint more women to executive committees. The Government's Hampton-Alexander review calls for 33% of women in senior leadership positions of these companies by 2020 but the UK is a world away from meeting this challenge for executive committees. This ongoing failure is a stain on the nation's biggest businesses and, if unaddressed, will ensure we remain in the slow lane on this critical issue, denying women the opportunities they deserve and limiting the potential of our businesses and their profitability.

This report goes beyond simply showing where the problems are; it also offers practical, achievable solutions **for companies who understand that change is needed**, and fast. This is what needs to happen.

1. MAKE IT THE CEO'S RESPONSIBILITY

It starts with the CEO every time and can't be ducked. They set the priorities for the business and work out how to bring them to life. Delivering better gender balance in key company positions is like any other challenge; it requires commitment from the person at the top. It needs to be owned by them and central to the strategic direction and day-to-day operations of the business. If the boss really wants it, it will happen. **The Pipeline's** GENIE™ Sustainability Framework (see fig.2) categorises this as 'Acting on Principles', and a CEO's focus on taking action here can be the biggest thing to keep talented and able women in a business, alongside encouraging them to strive for more senior roles.

fig.2



2. ESTABLISH HARD TARGETS

Businesses run on targets. Sales made, profits achieved, level of share price – all are familiar topics for any CEO, bringing focus to strategic activity and supporting accountability. To create an empowered and ambitious group of women who aspire to succeed for their business requires organisations to embrace hard targets. Company leaders must be held accountable with specific numbers and firm deadlines for the appointment of more women to their executive committee. If change is to come, CEOs must leave behind the comfortable, stagnant world of bland aspirational gender statements and start taking direct action to meet clear targets. We recommend that by 2021 women should account for at least 33% of executive committee members, alongside a minimum of 1 female executive on the main board.

3. TRANSPARENCY IS KEY

Measure, measure, measure and publicly report. In far too many FTSE 350 businesses the number and role of women on the executive committee is treated as classified information. It is good that more companies than before are disclosing details, but this is far from universal. Companies should be honest with the outside world and, as a minimum requirement, publish full details of executive committees within their annual reports, alongside their aspirational targets for improvements in their company's gender balance. Undertaking this will help drive management accountability of the issue.

Journey to gender balance in the FTSE 350

FTSE 350 companies should also put the gender balance of executive committees on their risk registers. The failure to develop over half of the workforce is a significant risk and should be treated as such. Finally, businesses should take the opportunity to go further still and make all the relevant information available to external scrutiny through the company website.

There are also **businesses who do not recognise they have a problem or, simply, do not want to change**. In this instance, a more assertive position needs to be undertaken.

4. GOVERNANCE

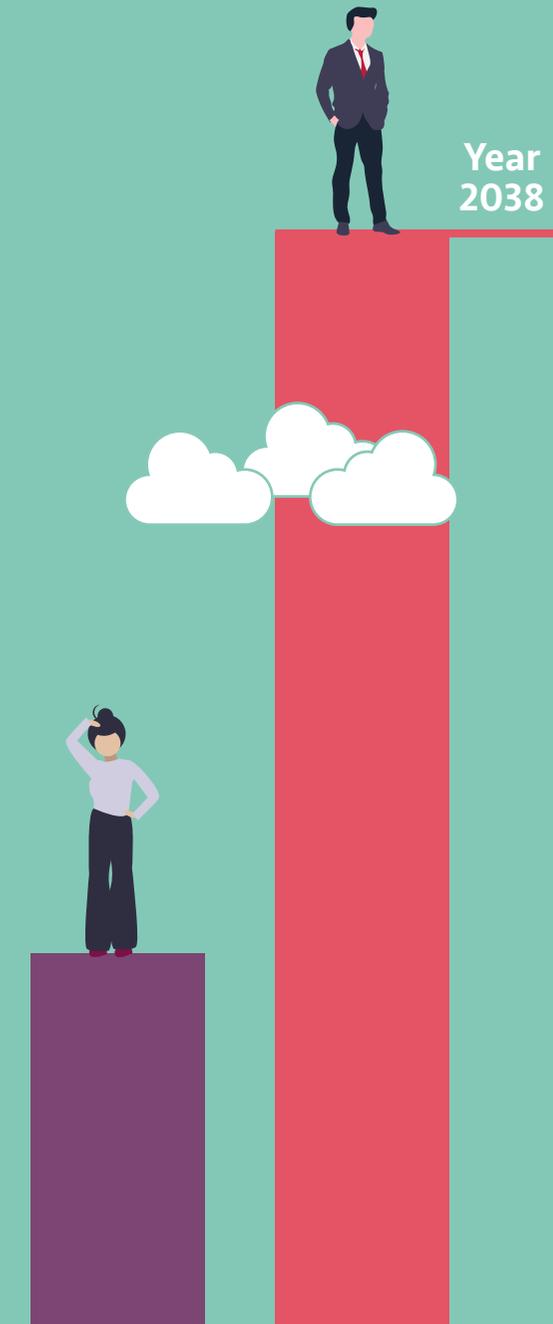
Money talks. If a public company is refusing to take action on addressing the lack of women on their executive committee appropriate influence should be used to force the change that's needed. Government can have a big impact with such organisations, through regulation and the award of public sector contracts. Pension funds can also use the power of their financial investments in businesses to make leaders understand the need for change. We recommend:

- ▶ Government nationally and locally to adopt a target of 33% females on executive committees as a requirement in public procurement for organisations with annual turnover in excess of £100 million. Where this target is not currently

met, organisations will need to evidence a comprehensive plan to meet such a target to a fixed timetable. Where the ownership structure is a partnership model, firms should ensure 33% of all their equity partners are women.

- ▶ Fund managers to take the 33% minimum target of women on executive committees into account when making investment decisions.
- ▶ Pension Fund must also require their fund managers to provide an action plan and timetable to achieve 33% female partners making their investment decisions, as greater diversity leads to better decision making.
- ▶ FTSE 350 companies to have minimum targets of 33% female representation on their executive committee and at least one woman executive director on their main board.

Women Count 2019 shows that without these straightforward, tested measures women will not receive parity for another 70 years.



THE COUNT

Women Count 2019 is an analysis of women executives working for FTSE 350 companies at 5th April 2019. In line with previous annual studies, this report provides powerful evidence of the gender imbalance that exists in the UK's major businesses, demonstrating how a failure to take necessary action continues to limit opportunities for women who are ready to be the executives our companies need. It shows how a lack of action is harming profitability, inconsistent with investor and customer demands, and allows out of date and discriminatory practices to prevail. Business needs to change; this report shows why.

This is the fourth annual **Women Count** report and whilst it is encouraging to see an increase in the number of companies publishing details of their executive committees (283 in 2019, up from 220 in 2018), there is still a long way to go before all FTSE 350 companies embrace transparency in this vital area. It is noteworthy that the Government's Hampton-Alexander Review calls for all FTSE 350 companies to publish information on the gender balance on their executive committees and direct reports in their Annual Report and Accounts.

THERE ARE SIX KEY THEMES IN THIS REPORT:

- ▶ More women on executive committees = increased profits
- ▶ Women on executive committees
- ▶ The importance of different executive roles
- ▶ Women CEOs and their companies
- ▶ Company boards and women executives
- ▶ International comparisons

1. MORE WOMEN ON EXECUTIVE COMMITTEES = INCREASED PROFITS

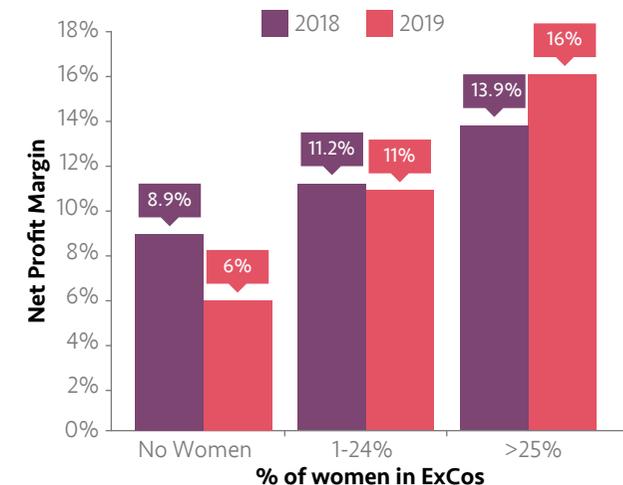
There is a clear financial imperative for FTSE 350 companies to take action on the inexcusable lack of women in key executive positions. The data for **Women Count 2019** shows how businesses with higher numbers of women members on their executive committees achieve higher profits, a fact that should motivate CEOs and boards to take action, whilst also attracting the attention of investors who want to see a better rate of return.

FTSE 350 companies with 25% or more members of the executive committee being women achieve a net profit margin (NPM) of 16% (see fig.3). This NPM has increased markedly since 2018 and shows the value to a business in developing and promoting women.

The correlation between more women executive committee members and better profits is further proven where 1 to 24% members of the committee are women, with a net profit margin of 11% being achieved.

In contrast, companies that do not have any women on their executive committee only achieve a much smaller 6% net profit margin, a number that has fallen from the 8.9% seen in 2018. This relationship between women executives and profits has been

fig.3 Average net profit margin split by proportion of women on ExCos 2018-19



Journey to gender balance in the FTSE 350

repeatedly proven in previous **Women Count** reports. The evidence is clear; many businesses are failing to take actions that can significantly improve the performance of their companies and returns to their shareholders.

There is a £6.35bn gender dividend on offer for UK plc, if all FTSE 350 companies performed at the same level as those with women on their executive committees.

£6,350,000,000

Gender Dividend

There is a £6.35bn gender dividend on offer for UK plc, if all FTSE 350 companies performed at the same level as those with women on their executive committees.



THE COUNT *...continued*

2. WOMEN ON EXECUTIVE COMMITTEES

FTSE 350 companies in 2019 are still reluctant to take the necessary action to address gender imbalance at the top, resulting in almost no change in the number of women on executive committees. The current level of just 17.1% of executive committee members being women remains virtually unchanged, increasing by just over 1% in four years, an embarrassingly poor performance (see fig.4).

The Government is clear; it wants more women in senior roles within FTSE 350 companies. As this report reveals, there has been just a 1.5% increase in the number of women on executive committees in the last 4 years. At this glacial rate of progress, it will take nearly 70 years before genuine gender balance is achieved here.

There are still many businesses who continue to refuse to appoint women to key senior roles. In 2019

20% of FTSE 350 companies had no women on their executive committee, and in 70% of businesses women accounted for 25% or less of the total number, a level that is virtually unchanged since 2017 (see fig.5).

fig.4 Executives split by gender, 2016-2019

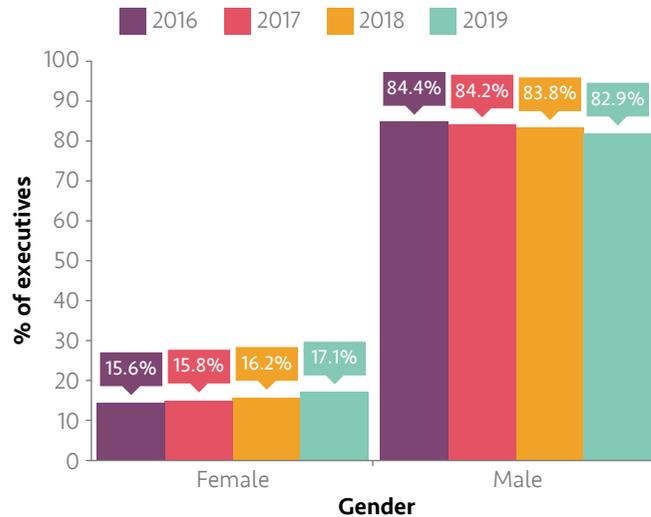
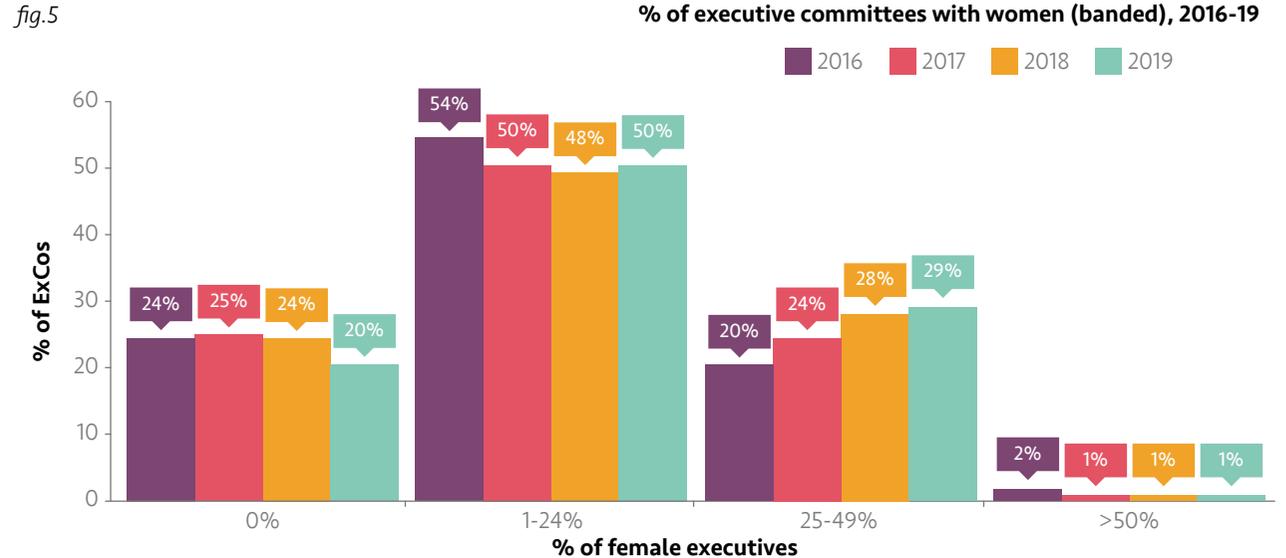


fig.5



Journey to gender balance in the FTSE 350

3. THE IMPORTANCE OF DIFFERENT EXECUTIVE ROLES

Any assessment of the status of women in senior business positions must also consider the type of role undertaken and the data in this report reveals worrying trends in relation to key positions with profit and loss responsibilities. In 2019 just 5% of people holding P&L roles on executive committees were women, with no improvement since 2017 (see fig.6).

This lack of women in key P&L roles is widespread

across FTSE 350 companies. Over 50% of these major businesses do not have a single woman on their executive committee with P&L responsibility, and in 95% of companies, women only account for 25% or less of committee members (see fig.7).

Both findings are extremely concerning for future prospects, as in many instances P&L roles are a platform for progression and limiting women's opportunities here will undoubtedly restrict their chances of becoming CEOs.

fig.6 % of women in P&L roles out of the total number of executive positions, 2017-19

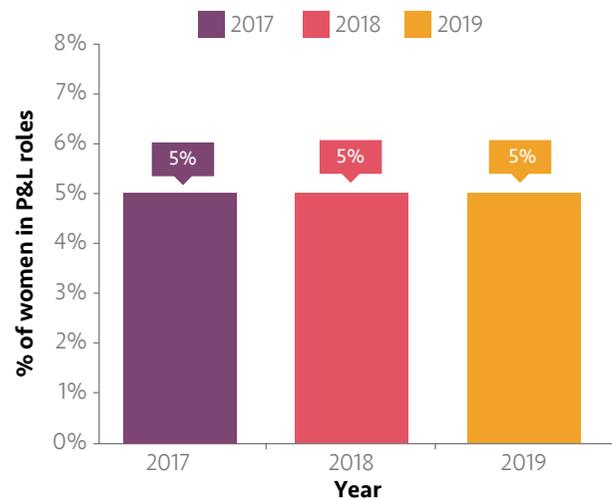
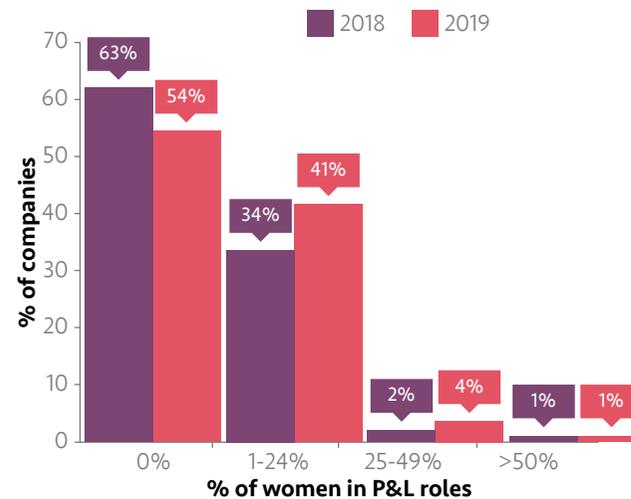


fig.7 Average proportion of executive committees with women in P&L roles, 2017-19



Year 2058



THE COUNT *...continued*

4. WOMEN CEOs AND THEIR COMPANIES

It is widely accepted that having the right person in the top job is critical for business success. The boss leads the way, setting priorities and targets, and driving delivery. Given the importance of CEOs to company life it is a sad fact that in 2019 there are just 13 women CEOs (see fig.8) in the FTSE 350 (at date of collection), with 6 of these in the FTSE 100. This means that a staggering 96% of FTSE 350 CEOs are men, with women relegated to a mere 4% of the total (see fig.9).

Instead of making progress to correct the awful imbalance between the numbers of male and female CEOs in the FTSE 350, things are going from bad to worse. In 2017, there were 16 CEOs in the FTSE 350, dropping to 13 in 2019, a rate of decline of almost 20% in the last 3 years. Women CEOs at the top of the UK's major companies are an endangered species.

The small number of women CEOs in charge of major companies are making a big difference

to the career chances of other women in their organisations. Where a company has a woman CEO there are an average of 2.4 women members of the executive committee (see fig.10). This outstrips the performance of male CEOs by nearly 50%, as they only appoint an average of 1.7 women. In 2019 the disparity between the results achieved by women and male CEOs remains consistent with the pattern seen in previous years, showing once again why the person at the top of a business matters.

fig.8

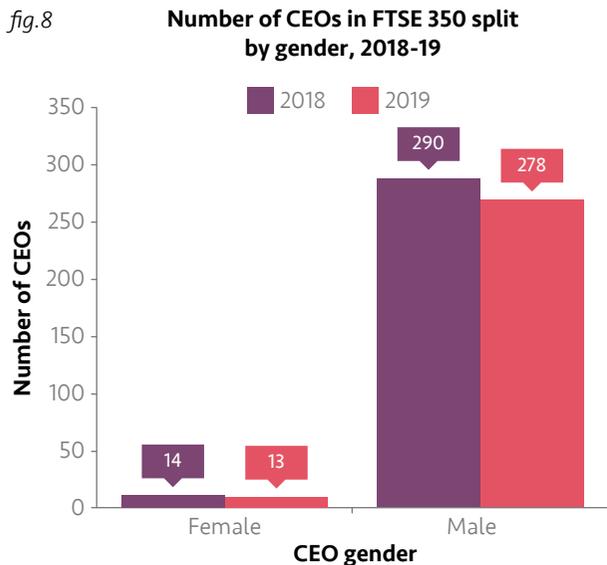


fig.9

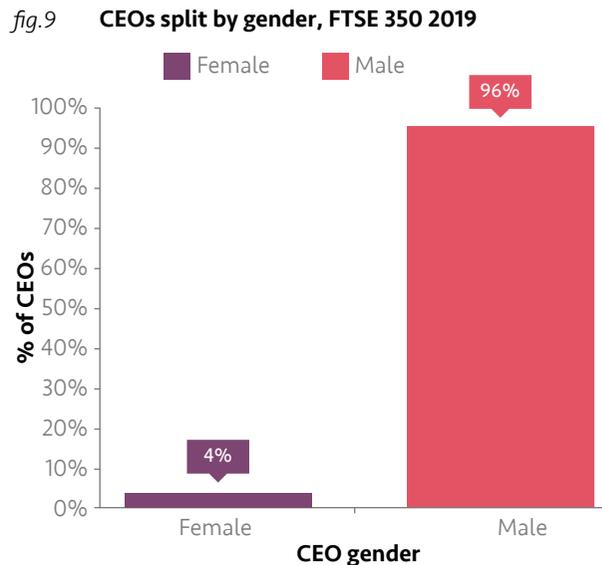
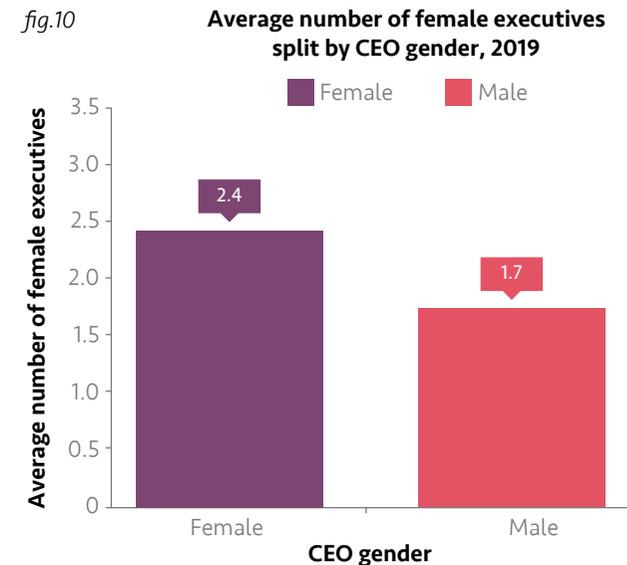


fig.10



Journey to gender balance in the FTSE 350

5. COMPANY BOARDS AND WOMEN EXECUTIVES

The lack of women in key roles on the operational side of many FTSE 350 businesses is evident, but there is also a huge problem on company main boards⁴, with women executive directors largely excluded from these vital forums. **Women Count 2019** shows that an astonishing 91% of executive directors on boards are men, with women accounting for only 9%. This indefensible situation has remained virtually unchanged since 2017, with only a marginal 1% increase in the number of women executive directors attending main boards

in that time (see fig.11). It is another example of the failure of the UK's major businesses to make progress in the key area of gender balance.

In many FTSE 350 companies, the boardroom is very much a 'men only' place. As the outside world lives in 2019, many of the UK's major businesses continue to live in the past with 85% having no women executives on their boards (see fig.12). Such a lack of diversity leaves companies vulnerable without the critical thinking, and differing and challenging views that come from people with alternative experiences of business life.

fig.11 Proportion of executive directors on main board split by gender, 2019

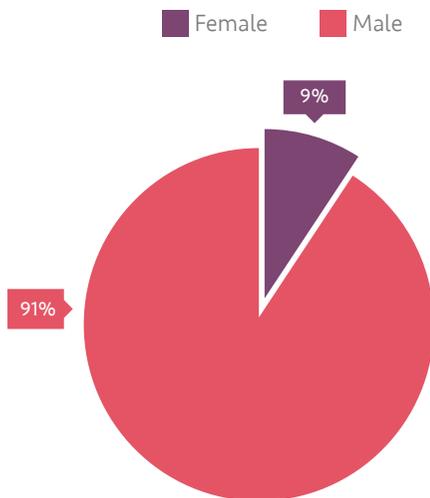
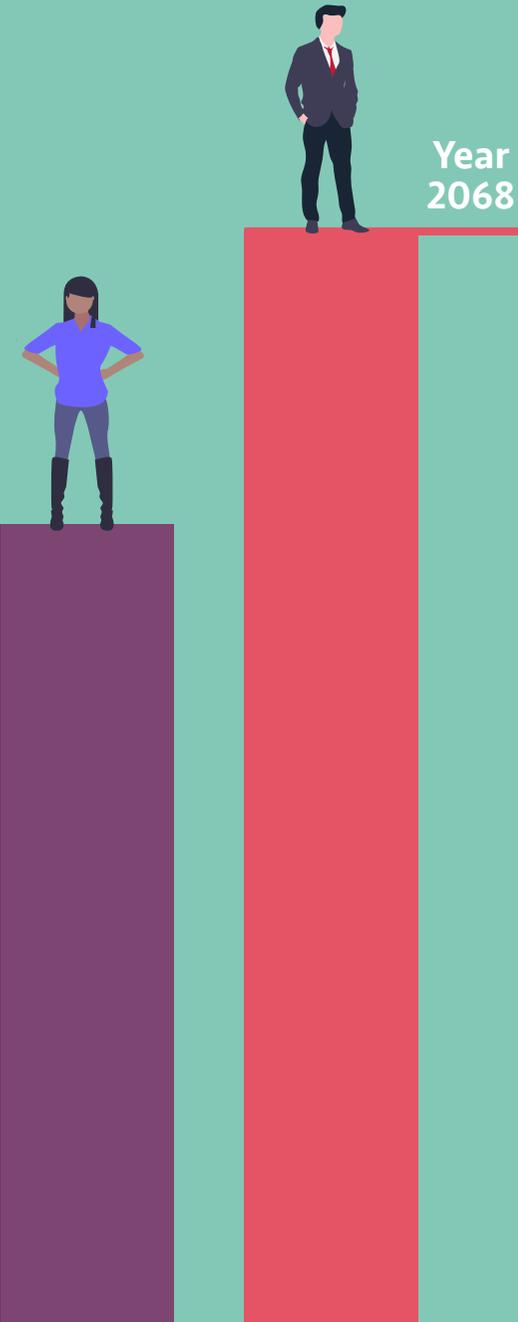
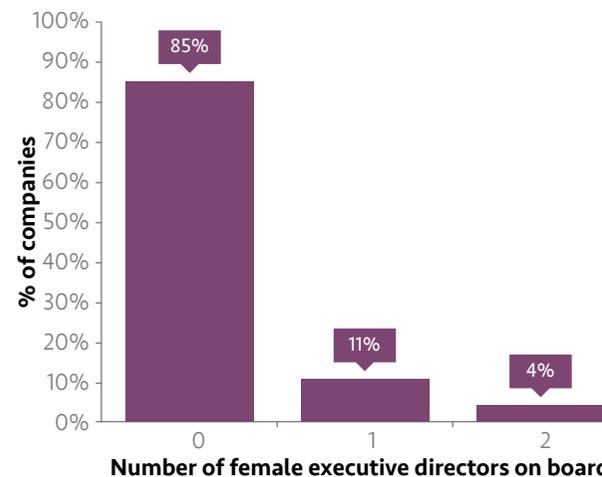
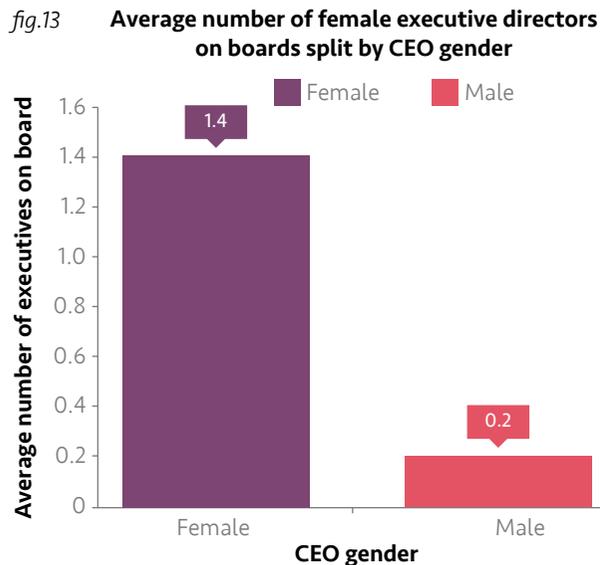


fig.12 % of companies in FTSE 350 with female executive directors on their board



THE COUNT *...continued*

There is a stark difference between women and male-led businesses in addressing this issue. In FTSE 350 companies with a woman CEO there are, on average, 7 times more female executives on the main board than those where a man is the boss (see fig.13). Women CEOs have an average of 1.4 female executives on the main board, but it is worth noting that this figure will include the CEO, so even where businesses are led by women, there remains much to do.



6. INTERNATIONAL COMPARISONS

The inability of the UK's major businesses to appoint and develop female talent into the most senior positions is, sadly, mirrored in countries across the world. It is an international problem.

Currently, only 6% of FTSE 100 CEOs are women, an extremely low level of achievement. For companies

listed on each major domestic stock exchange, in India (Nifty 50) and Germany (DAX 30) there are no women CEOs, whilst in China (SSE 50), Hong Kong (HSI 50), the USA (Dow 30), Spain (IBEX 35) and France (CAC 40) there is only one woman CEO running big businesses in each country (see fig.14). It seems that across the world, familiar problems and barriers remain for talented businesswomen.

fig.14



CONCLUSION

It will take another 70 years for the UK's major businesses to achieve full gender balance on their executive committees. This is just one of many worrying findings contained within **Women Count 2019**, and, as in previous years, the story of FTSE 350 companies in this area is characterised by ongoing failure and a resistance to change by male-dominated businesses.

It is desperately sad to report that in 2019 only 17.1% of executive committee members in these businesses are women, with virtually no progress being made over the four years of **Women Count**. There is no credible reason for the lack of action by companies in addressing this vital issue. After all, there is a growing consensus among key groups – the Government, activist investors, employees, broader stakeholders – that such gender imbalances will no longer be accepted, and companies have been made more than aware of their responsibility to change.

It's not just external voices that must be heeded. There is a bottom-line issue for businesses that should be motivating them towards better behaviour and new practices. Companies with 25% or more women executives on their executive committee achieve an average net profit margin of 16%, far outstripping the meagre 6% of those with no women at this senior level.

Better gender balance equals increased profits. It seems a no-brainer, yet for so many leading businesses it's just too much bother. Instead of much-needed change, the same old status quo prevails. Such attitudes must be rejected if the UK is to prosper in the modern world.

This report doesn't simply criticise what's going wrong; it also offers a clear way forward for companies to help address their gender imbalance. Making the CEO responsible for the issue, establishing hard targets for appointing women to executive committees, going public with your information and plans for improving the situation; practical measures that will deliver real improvements for businesses requiring change. And, for those companies who refuse to move forward, there is a call for firm action by the Government and investors alike.

FTSE 350 businesses, especially male-dominated organisations, should wake up to the brighter, more profitable future on offer by developing and promoting women to senior roles.

Journey to gender balance in the FTSE 350



ABOUT THE PIPELINE

As a leading gender diversity business, The Pipeline is proud to be working with hundreds of organisations to build sustainable pipelines of female talent and more than 1,000 women to reach their potential. As a result, over 60% of our senior alumni attain executive

committee and board roles and over 50% in middle management graduates secure a promotion to join the executive pipeline. Examples of our interventions include:



TOP FLIGHT

Our flagship programme for women with potential taking that last difficult step to Executive Committee and CEO roles.



LEADERSHIP SUMMIT

Our results driven programme for women stuck in middle management trying to break through to executive roles.



GENIE™ DIAGNOSTIC

Our diagnostic tool showing organisations where and how to intervene so all their workforce maximise their careers and feel supported to thrive.



ELEVATING DIVERSE TALENT

Our bespoke programme focusing on the specific challenges women from different ethnic backgrounds face and how to overcome them.



MASTERING COMMUNICATIONS

Our transformational programme turning solid communicators into those rare individuals that motivate others to achieve more than they thought possible.



ACCELERATING TALENT

Our practical workshop building senior leaders' and line managers' confidence to advance diverse talent effectively and make developmental breakthroughs.

METHODOLOGY

Women Count 2019 is the fourth annual report by **The Pipeline** on the role, value, and number of women executive directors on FTSE 350 executive committees and main company boards. The data contained within was gathered through a mixed-methods approach, including research of company websites, annual reports, and other company communications, as at 5th April 2019 (for FTSE 350) and as at 18th April 2019 (for international indices).

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FOOTNOTES

1. The Lord Davies Review focused on female membership of FTSE 350 main boards. Mervyn Davies's sterling work has made a huge difference in increasing the number of women non-executives on FTSE 100 boards to 31.4%. However, it has made less difference to the number of women taking up executive seats. Sir Philip Hampton produces the Hampton-Alexander Report, which is the most comprehensive report on the number of female executives in leadership positions in the FTSE 350. In Sir Philip's review leadership positions include direct reports to the executive committee, this means that the Government aim to have 33% women in leadership roles could be met without one extra woman joining a FTSE 350 executive committee or main board in an executive capacity. It can also be met without one further woman having P&L responsibility, which is a stepping-stone role to CEO.
2. For the purpose of this research, we identified the following roles as having P&L responsibility: Chief Executive, Deputy Chief Executive, Chief Finance Officer, Finance Director, Managing Director, President/Executive Vice-President/Senior Vice-President/Director of a division, country/region or product, Chief Operations/Supply Chain Officer, Chief Commercial Officer, Sales Director and Trading/Merchandising Director. We also analysed biographies on company websites to determine if their role involved responsibility for running P&L accounts.
3. Net Profit Margin is the ratio of net profits, before tax, to turnover (i.e. revenue). Expressed as a percentage, Net Profit Margin expresses how much of each pound collected in revenue is converted into profit.
4. This section of the report focuses on women executive directors only and must not be confused with non-executive directors. FTSE 350 company boards are made up of executive directors and non-executive directors. Executive directors are responsible for running the organisation full-time on a day-to-day basis. Whereas, the non-executive director's role on main boards is to represent shareholders' interests and, more broadly, of wider stakeholders including responsibility for oversight and governance.

Journey to gender balance in the FTSE 350



Year
2088

50%

50%



WOMENCOUNT2019

Role, Value, and Number of Female Executives in the FTSE 350

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