

Kathleen Franklin's Chamber Awards Speech

Greeting:

Thank you Dee. I am honored to have this opportunity to speak to you this evening about the DirectWomen organization.

As Dee mentioned, I have worked in the area of corporate governance for many years both in my current role at Sony and in my prior role as a Partner at Boies, Schiller and Flexner.

I am also an alumnae of the DirectWomen Board Institute, and currently serve as Chair of its Strategic Alliance Committee. Our mission at DirectWomen is to increase the representation of women attorneys on corporate boards by serving as a resource for companies seeking qualified female board candidates. We identify a select group of women attorneys each year from a national pool of applicants and invite them to attend the DirectWomen Board Institute where they meet and interact with distinguished faculty to discuss key issues facing boards. The women selected are also given an opportunity to network with other women attorneys with extensive board experience.

The facts show that women attorneys make good corporate directors.

Why women/attorneys on boards?

A recent study conducted by Professors from the University of Arizona and Cornell determined that inclusion of an attorney on a corporate board contributes to increased firm value and a more informed perspective on regulation and litigation risks.

In addition, study after study illustrates that companies with the highest percentage of women on their boards demonstrate the best financial performance.

For example, Catalyst research shows that Fortune 500 companies with 3 or more women on the Board gain a significant performance advantage over those with the fewest:

- + 73% return on sales
- + 83% return on equity
- + 112% return on invested capital

There is also a correlation between companies with a higher percentages of female directors and companies with increased gender diversity throughout the organization. Of the top fifteen companies with the highest percentage of female directors, six have women CEOs or Board Chairs.

Stats (existing):

Despite these convincing statistics and many other studies with similar findings, progress remains virtually stagnant. Over the past 8 years, the percentage of women on boards has only increased by .3%. On the boards of Fortune 500 companies, the percentage of women on boards in 2013 was only 16.9%. On the boards of all publicly traded companies, women only hold 12% of board seats. In the retail and consumer industry, where most of the consumers and workers are women, that number only goes up to 18.4%. With women making 85% of buying decisions in the U.S. and 65% globally, this is simply a poor business strategy.

These numbers tell us what we already know, and what many of us have experienced: that boardrooms are still very much an old boys' club. Most board appointments are based on recommendations from existing board members or the CEO. When companies select board members, it seems they ask the wrong question. They ask “Who am I familiar with?” Rather than asking “How can I obtain diversity of perspective to drive innovation in the board room? Who understands my consumers and stakeholders?”

Anecdotes: We all can recall the frustration we felt when Twitter, most of whose users are women, went public with an all-white male-only board. In response to criticism, Twitter CEO Dick Costolo tweeted that he doesn't want a woman on the board just to check a box.

The implication in Costolo's “checking a box” remark – that it hadn't been able to find a suitable female candidate - seems rather silly, particularly in light of the fact that we all know of many qualified women in this space including Marissa Mayer at Yahoo and Sheryl Sandberg at Facebook. The Twitter execs were right about one thing: Board seats are key appointments and it's up to a company to treat them as such. There's no room for picking another retired CEO who plays golf with the Chairman, nor should they be “checking the box” and adding a diversity candidate who does not have the necessary set of skills.

I am not suggesting that there aren't innovative, qualified men serving as directors who are making significant contributions to their companies but they do have female counterparts and the system as it now exists continues to ignore them.

We can all name 30 women who are skilled strategizers with sound analytical judgment, but many company leaders can't.

So we need a new system .

We need to create our own networks and our own clubs that we can utilize to affect change in the boardroom.

Why We Need Direct Women:

We need DW and organizations like it that focus on identifying qualified women and providing them with a platform for getting their names out. DirectWomen's network has grown to include over 100 Board Institute alumnae and nearly 30 Sandra Day O'Connor Board Excellence Award honorees, as well as a vibrant group of volunteers, including leaders of the business community. As DirectWomen and other similar networks continue to grow it will get harder and harder for boards to use the tired excuse that "there just aren't any qualified women for the job." And company directors will realize that adding women to boards isn't a favor to women, it's a favor to themselves.

I am optimistic about the future of women in public companies but we need to be proactive to move the needle on gender diversity.

With organizations like DirectWomen, we'll start to see boards with not just one woman to "check off a diversity box", but instead at least three qualified women directors. And when a board has at least three women, their voices really start to be heard. Corporate leadership becomes more collaborative. Diverse opinions are respected and appreciated. Bottom line: companies perform better.

So DirectWomen is an important organization to me, not only as a woman attorney who is concerned about gender equality, but also as a businesswoman and consumer. By supporting programs like DirectWomen we can all work together to create positive and significant change.

Thank you.