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## **CEW'S 25<sup>th</sup> ANNIVERSARY DINNER**

**SPEECH  
by  
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2<sup>nd</sup> September, 2010.

Collette Garnsey, President Naseema Sparks, Members of CEW, other distinguished guests, ladies and gentlemen.

It is indeed a privilege to speak at CEW's 25<sup>th</sup> anniversary dinner. I'm sure you will agree it is an auspicious occasion.

Tonight is an opportunity to acknowledge the work of CEW and pay tribute to CEW's founders. They had the vision to establish this organisation.

In a world where innovation and creativity increasingly matter, Australia recognises the need to make the most of the talents of all its people, be they male or female. With an aging population and a global war for talent, Australia simply has no choice. More specifically, enlightened business leaders, the AICD, the ASX, BCA and governments are asking Australian companies to see if they can better use the talents of women. I suspect that the huge turnout tonight reflects your support for that view.

But it should be said that CEW was a pioneer in asking these questions. One of my Harvard professors used colourfully to say that you could always identify the pioneers. They were the ones with the arrows in their backs. Well, amongst tonight's glitter and glamour, it is hard to see the glint of a single arrow. But we know how difficult it has been at times. For that commitment we say thank you.

So, as we celebrate 25 years, 2010 is hopefully an inflection point. The hope exists that Australian business is at a crossroads in determining whether women will truly break through the glass ceiling. We are at a moment in time when serious efforts are being made to increase the representation of women on boards and in senior management. I am not going to suggest that the going will be easy. Nor am I so naive as to suggest a "Cinderella" ending. However, I do consider that these initiatives are well-intentioned. They could make a difference.

Undoubtedly, we have come a long way. A few anecdotes might illustrate the point.

The progress made is demonstrated by a 1940s leadership training manual that I stumbled on in my father's files after his death. And I quote: "Women, because they are women, have always created out of the ordinary problems for managers....The motives of why women work are a factor..... 'Many more women than will frankly admit it go to work in the hope of meeting a marriageable man'".

The material then goes on to outline eight reasons why women work, which include:

- To provide finance to prepare for marriage;
- Because their husbands can't or won't work;
- For occupation of mind;
- To help support their parents;
- Because they have an intense dislike of housework; and
- (finally) to create a career for themselves".

This creates an interesting insight into the attitudes of the 1940s. Having been brainwashed with attitudes such as this, I wonder how my wonderful dad ever instilled in me the need to achieve.

However, it is the advice in relation to the emotional and mental outlook of women that more than slightly raised my eyebrows. And I quote: "The basic factors that make women behave differently from men are contained in the biological functioning of their internal organs and bodily workings. Some generally accepted emotional differences between men and women are as follows:

- Women's involuntary nervous system is not as stable as a man's;
- The greater sensitivity of their delicate nervous organisation is also reflected in the influence of different weather conditions on their fatigue, headaches, lassitude and moods;
- Women experience pretty well-marked stress periods in which they are not themselves. The periods of menstruation, the age of thirty, of menopause, anxiety, sudden fear and grief are a few of these stress times".

When you hear those words, I hope you will agree....We have come a long way.

However, progress has been slow.

In 1979, not long before CEW was founded, my beloved doctoral supervisor at the University of Queensland told me he intended to support one of my male colleagues rather than me for a lectureship at another university because "he had a wife and child to support". As a consequence, I went off to pursue a career in business. I am eternally grateful to my doctoral supervisor for what today would be considered an act of discrimination.

In 1983, after graduation, I became the first female member of the Harvard Business School Association of Victoria. They were holding a lunch time function at the Australia Club. In response to the "problem" created by a female wanting to enter the hallowed all-male halls of that Club, it was suggested that I sneak in through the kitchen. I declined that honour. Instead, I attended as an Honorary Male. I accepted the compromise because no one could see an invisible "honorary male" sign on my forehead.

Around the same time, one of the major banks—who will remain nameless to protect the absolutely guilty—declared they would not give me a \$20,000 top up housing loan guaranteed by McKinsey & Company, my employer, without first interviewing my husband. Their concern: I would get pregnant. And, of course, women with children did not return to work, did they? After the odd bit of fuss, I got the loan without their meeting my husband. I subsequently became a partner at McKinsey, had children and continued to work. The loan, however, was the first I repaid, they lost out on the interest, and I have retold the story many times.

So we have come a long way!!!!

Today, the number of women in senior positions has significantly increased. Gail Kelly is CEO of Westpac, while another five women are CEOs of ASX 200 companies. Catherine Livingstone, Belinda Hutchinson and Elizabeth Alexander chair Telstra, QBE and CSL respectively—all ASX top 20 companies. Another three women are chairmen of other ASX 200 companies.

It's hard to believe that it was only ten years ago that Margaret Jackson created headlines when she was appointed Chairman of Qantas, the first ASX 50 female chairman.

On the other hand, try as I might, I cannot unequivocally confirm the first woman appointed to the board of a major publicly listed Australian company. In itself, that is an interesting insight. However, my digging indicates it is an American—Marietta Peabody Tree—who was appointed to the Lend Lease Board in 1977. She is described in Wikipedia—that well known source of historical research—as an “American socialite and political supporter” who, and I quote, was not just “an effervescent leggy blonde” but an “accomplished flirt “ who was “irresistible to men”. “When asked to predict her own future, she wrote: ‘parties, people and politics’”. We certainly have come a long way.

As best I can ascertain, prior to the establishment of CEW in 1985, the only other woman appointed to a major publicly listed company board was Dame Leonie Kramer. She became a director of the ANZ and Western Mining in the early 1980s.

Not until 1992 to 1996 was Margaret Jackson appointed to Pacific Dunlop, Qantas, ANZ and BHP; Jill Kerr Conway and Diane Grady to Lend Lease; Eve Mahlab to Westpac (Helen Lynch was appointed in 1997); Meredith Hellicar to James Hardie; and Adrienne Clarke to Alcoa, Western Mining, AMP and Woolworths, where she was joined by Diane Grady in 1996.

Today, two ASX 200 companies have three female directors, namely, Westpac and QBE. Pacific Brands gets the gold star where five out of eight directors are female. Interestingly, two of those companies have female CEOs and the other has a female Chairman. I do not believe that is an accident. Numbers count.

Thirty-three ASX 200 companies have two female directors. They include some of our larger companies such as NAB, Rio, Telstra, Wesfarmers, Woolworths, AMP and Fosters, as well as two boards on which I serve—Macquarie and Origin. These organisations should be recognised for what they are doing.

But having rejoiced in these successes, the news from the business front is still grim. According to AICD data, only 9.6 percent of ASX 200 directorships are held by women. Women hold 140 out of 1463 ASX 200 board positions. Those 140 positions are held by 106 women because some female directors hold more than one directorship, allowing them to sustain a non-executive director career. While the improvement from 8.3 percent at the beginning of the year to 9.6 percent today is encouraging, there is still a long way to go.

To illustrate that point: 101 of the top 200 companies have no female director. Mining related companies dominate that list. 73 percent of materials companies and 60 percent of energy companies have no female director.

Is this acceptable? Self-evidently, the answer is no. More so, because we know there are women with mining sector experience who have never been approached about a board seat on a mining company.

The situation is even worse when we look at senior management for the ASX 100. The percent of female CEO's and CEO direct reports stands at 12 percent. But that overall number disguises a more worrying statistic: only 3 percent occupy line roles. A senior line role enhances the chances of becoming a CEO or making it to the Board table of a major company.

To emphasise that point, 67 percent of male directors of Australia's largest 25 companies are former CEO's. In contrast, for the same companies, the finance industry provides the single largest number of females, with 47 percent.

The recently released ASX corporate governance guidelines are asking listed companies to set diversity targets. Through the AICD, leading company chairmen and directors are mentoring 62 women. I am delighted to be one of those mentors.

Well might we ask why such support is forthcoming? The answer is relatively simply.

First, in a world where creativity and innovation create value, global studies by McKinsey, Catalyst and Goldman Sachs have established the correlation between superior business performance and senior female representation. Such organisations gain both by recruiting talented women and from the diversity of their thinking. Australia's vast mineral resources make us the lucky country, but can't we also gain advantage from our women (and men) and be the smart country?

Second, a global war for talent exists. Women now represent 55% of graduates. Why would we ignore half the talent pool?

Third, the cost associated with losing experienced and high performing women (and men for that matter) is high. It is in a company's best interest to address this issue.

Finally, a concern exists that if something is not done, the government will impose quotas.

This has occurred in Norway and France. Despite varying degrees of success in Norway, the fear exists that quotas will lead to tokenism. In that context, let me quote a recent Australian Financial Review article entitled "Boardroom Quotas with a French Flavour": "In private, chief executives say they will look for female board members of a particular type: those who

will look decorative and not rock the boat. One boss asked a head hunter for photographs of candidates and said he would treat looks as his first criterion, ahead of industry experience. A board member of a multinational company who opposes the 40 percent quota said that bosses could simply appoint their wives, or more subtly, their girlfriends”.

My experience is that female directors in Australian boardrooms are not tokens. But, the potential for a perverse outcome in the stereotypical French way envisaged by this article is in no one's interest. Such perceptions would not be good for women.

So, for these reasons I say Australia is at a crossroads. And the current efforts of the ASX and the AICD should be supported.

So what can we do? Let me make four points.

First, we can empower women by believing in them. Why is it that only 15% of highly qualified women aspire to positions of power against an average of 27% for men? Why is it that 70% of females rate their own performance as equivalent to that of their co-workers, whereas 70% of men rate themselves better than their peers? A lot of it is about having the confidence to articulate a vision for their future and go after it. Men do that. Women don't to the same extent.

But supportive individuals who provide opportunities can empower women. I have benefitted enormously from working with such individuals.

At McKinsey, Fred Hilmer took a chance with me as a two year associate, allowing me to meet clients at the most senior level. At the same time, he supported me with the benefit of his deep insight.

At Westpac, Bob Joss pushed me out of my comfort zone to gain the Olympic sponsorship for Westpac and oversee its implementation until I left Westpac in 1999. Ten years later the IOC hails the Westpac sponsorship as the most successful in Olympic history.

David Clarke, having tried to hire me out of business school and having worked with me at McKinsey, invited me to join the Board of Opera Australia and later, Macquarie Bank.

These are but a few of the individuals who have supported and empowered me. They have made a real difference to my career.

Second, we can encourage women by providing stretch opportunities. As a junior associate at McKinsey, I benefitted from working with Sir Roderick Carnegie, the Executive Chairman of CRA, on ground-breaking projects that mattered to the company. He pushed and challenged me in ways that created value for CRA, but which, at the same time, increased my passion for business.

Such experiences are enhanced when they occur in line roles. Typically, that requires a commerce or engineering degree. Today, women comprise 51% of Commerce graduates, but only 15% study engineering. The engineering outcome is explained by the HSC profile. Only 19% of physics candidates are women. Extension maths and chemistry at 40 % and 45% respectively are somewhat better, but still not great. We can do better.

Third, we can help build women's personal resilience. I have seen talented women, women who have just been promoted, take a knock that causes them to go from feeling valued to consider they are barely tolerated. As a result, their self-esteem and performance suffers and they often leave. Many have not developed the personal resilience that comes from experiencing failure.

That can be learned in a relatively safe environment. My personal resilience was enhanced by the grind of failures blended with some successes that came from three cases a day five days a week at the Harvard Business School.

I vividly recall laying out in excruciating detail a marketing plan in the Lamb Producers case. However, I had entirely missed the point of the case which was that you can't sell a product people don't like. I had failed to understand that Americans are put off by the smell of lamb. I made a complete goose of myself before my 87 classmates, who 29 years later, still tease me with bleating sheep noises. But in the process I gained personal resilience. This was a prize far greater than a lamb-loving Aussie girl learning about the vagaries of American culinary tastes.

Fourth, and most importantly, deep and on-going cultural change can help create more sensitive and tolerant organisations. Organisations that succeed will be merit-based and performance-oriented. They will recruit and promote on the basis of genuine capability, in a way that explicitly avoids unconscious bias. Their leadership will be committed to such an outcome. Certainly, such organisations will offer flexible working conditions, maternity leave and child care support, along with mentoring. But as history has demonstrated, that is simply not enough. Deep cultural change is required.

Given my interest in the arts, my belief in the power of unconscious bias was reinforced by reading anecdotes in Malcolm Gladwell's book "Blink". Gladwell recites how the Metropolitan Opera first employed women as violinists. They used screens to conduct blind auditions. Women were selected for all four positions. The reaction by some of the male players said it all: "You're going to be remembered as the SOB who brought women into this orchestra". Subsequently, the unconscious bias has been removed and women now play a vital role as violinists in most orchestras. We need such tools in business to create awareness of unconscious bias.

More specifically, we need organisations that unleash human potential because they are supportive and encouraging, yet frank and straightforward in the feedback provided to staff. We need organisations where staff, regardless of gender, will be culturally aware that thoughtless words and actions can have unintended consequences. We need organisations that become consciously aware of their unconscious biases. These will be the organisations that all of us, male and female, want to work for.

As I said earlier, Australia is at a crossroads. We are at a moment in time. We do not want another false dawn. The catch phrase "yes we can" was popularised during the USA elections by Barack Obama. Like CEW's pioneers, we too can be known as a generation who put up their hand and said "Yes we can". We can make a difference. Let's seize the moment.

Thank you for listening and happy 25<sup>th</sup> anniversary to CEW.