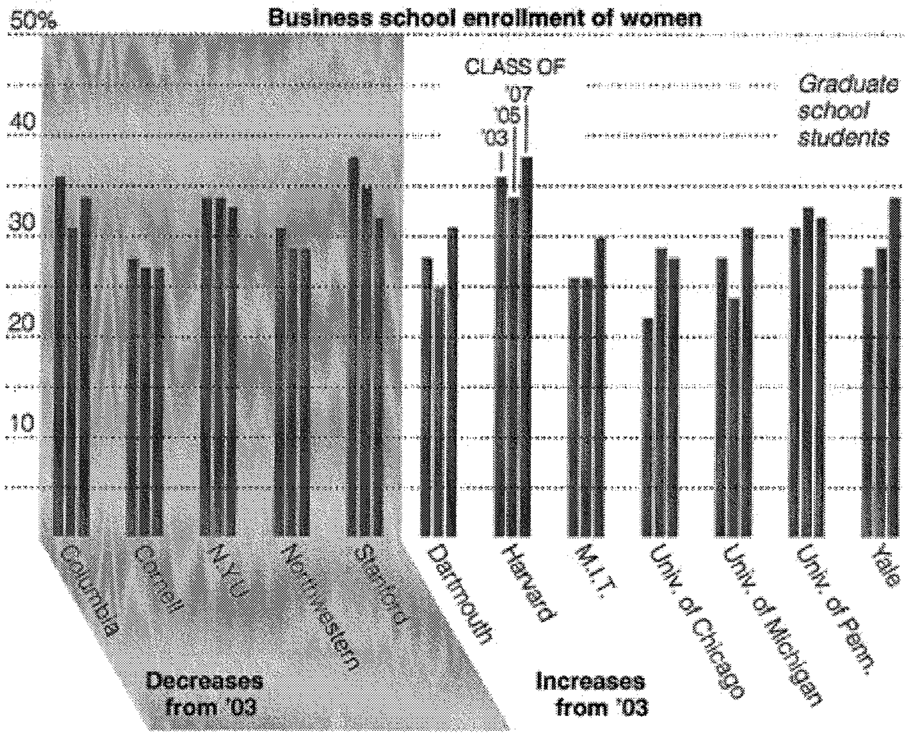
The New York Times August 5, 2006

G109

A Matter of Degrees

Five out of 12 major business schools had a slight decrease in the female enrollment in the class of 2007 compared with the class of 2003.



Sources: the universities

The New York Times

Close Window

Print This Image

The New York Times
nytimes.com

August 6, 2006

Wall Street's Women Face a Fork in the Road

By JENNY ANDERSON

IN the spring of 2000, Elizabeth Stoeber, an ambitious 32-year-old investment banker at Morgan Stanley, flew to California to visit a client in the throes of a multibillion-dollar stock deal. The technology boom was under way, and Ms. Stoeber was on a roll; she was working on a high-profile deal in a profession she adored. With her in first class was her 9-month-old son; in coach sat her German nanny.

By Ms. Stoeber's account, it was an ideal time. During the day, she visited investors; at night, she used a company car to cruise around Beverly Hills with her son. "I thought I was making it work," Ms. Stoeber, now 39, recalls. She had a successful career in the cutthroat, male-dominated world of banking, a happy family, a good marriage and a supportive boss.

Within a year, things had fallen out of balance. Resenting handing her son's childhood over to nannies, she accepted a job as chief operating officer within Morgan Stanley's media banking group, an administrative post that allowed her to work part time. That plan fizzled. "Off" days ended up as afternoons in the park doing business on her cellphone while her son begged her to play.

When the tech bubble burst in 2000, Morgan Stanley cut her job. To stay, she would have had to reconsider full-time work. Yet three days a week was already a struggle. In 2001, Ms. Stoeber left Wall Street. Since then, she has started a consulting firm and now works for a boutique investment bank.

"I was absolutely determined to stay professionally attractive," she said.

Now she wants to rejoin banking's major leagues. And her timing should be perfect: Wall Street says it is looking at women like Ms. Stoeber with new interest, hoping to rehire those who left for personal reasons while continuing to woo new female recruits.

But getting back on track on Wall Street has proven more difficult than Ms. Stoeber, or the banks seeking her services, might have imagined. Although banks are doing much more than paying lip service to the notion of retaining women or enticing them back to work, executives say long-term success means fundamentally changing the way Wall Street works. Gordon Gekko, Hollywood's idea of a swashbuckling, suspenders-clad banker, did not telecommute. Women remain the minority sex on the Street and many young recruits say they have grown more circumspect about a career there.

The Street says it wants to change all of this, not simply because it is socially expedient but because the financial world needs a diverse work force to make money and court clients — especially when clients themselves are not homogeneous.

"You can't build a great company without great people, and great people are not just white, straight men aged 25 to 40," said Joe Gregory, president of Lehman Brothers. According to a study by Columbia

"The first generation was about access of opportunity," said Sylvia Anne Hewlett, president of the Center for Work-Life Balance. "It worked. It got us there. Now we have to learn not to lose the talent at 35."

In March 2005, Ms. Hewlett co-wrote a Harvard Business Review article summarizing the findings of a private sector task force, "The Hidden Brain Drain: Women and Minorities as Unrealized Assets." The task force, which Goldman Sachs and Lehman Brothers sponsored, surveyed 2,443 "highly qualified" women — with high-honors undergraduate, graduate or professional degrees — about their work patterns; among the women in the survey with children, 43 percent reported that they had left work voluntarily at some point in their careers. Of those, 93 percent wanted to return; 74 percent managed to do so, though only 40 percent of that group did so full time. Only 5 percent of women looking to return to work wanted to return to the places they had left. For those returning to business jobs, however, that figure was zero.

Wall Street has a treacherous history when it comes to recruiting, managing and retaining women. Harassment lawsuits like those involving Smith Barney's infamous boom-boom room of the 1990's to more recent judgments against Morgan Stanley and Merrill Lynch have revealed flagrantly discriminatory behavior and compensation practices untethered from the notion of equal pay for equal work.

For this story, Wall Street banks were initially hesitant to reveal any data related to their recruitment and retention of women. Nine banks did so after The New York Times agreed to aggregate the data and not break it out on a firm-by-firm basis. In part, they said, their reluctance to release such data was caused by potential litigation risks related to sexual discrimination.

On average, women represent 33 percent of top banks' analyst class, those who have just graduated from college, according to data provided to The New York Times. They represent only 25 percent of incoming full-time associates (those who have M.B.A.'s). Women constitute just 14 percent of managing directors, the top executive tier at most banks. "You leave a lot of money on the table with what might have happened if you could have attracted the talent you wanted," said Steven D. Black, co-head of J. P. Morgan's investment bank.

To be sure, the Street's overtures to women wanting back in the game have become more sophisticated in recent years. In November of 2005, Lehman ran "Encore," a seminar geared toward helping women return to the Street, educating them about what they had missed, assisting them in overhauling their résumés and reacquainting them with top management. In the spring, Lehman replicated the program in London, and another is being contemplated for Asia.

Goldman Sachs ran a similar program in May and its popularity inspired another event for this fall. Citigroup will sponsor an 11-day executive education course at Dartmouth College's Tuck School of Business this fall to encourage women to revisit the Street.

"The work force of tomorrow is at home," said Patricia David, global head of diversity and talent management at Citigroup's investment banking unit. "They are not old or retired. They are in their 40's and 50's."

And like Ms. Stoeber, some of them want to return to the Street.

MS. Stoeber said she had reason to feel encouraged. She was stunned earlier this year when she saw shifted. Today, Ms. Stoeber hopes that banks are serious about recruiting women like her.

But, for all of Wall Street's best intentions when it comes to recruiting women, the structure of the business often appears to drive the sexual diversity of its work force. While many women look to flexible schedules and part-time work to overcome Wall Street's grind, those ideas do not often meld well with around-the-clock client service.

"This is new and cutting edge. We are not there yet," said Melinda Wolfe, managing director of the office of global leadership and diversity at Goldman Sachs. "It's hard to be in a client-service industry where you are on call to clients. We don't have a good paradigm as to how we can repackage that work."

Even among the new recruitment programs aimed at women, the numbers are anemic: Goldman has hired four women through the recruitment effort it began in May, while Lehman has hired 15 since starting its program last fall.

Drive by any bank at midnight and many floors are still brightly lit. Take an elevator upstairs, and many offices are still filled.

"Has the Street changed?" asked Janet Hanson, a former Goldman Sachs banker who founded 85 Broads, a network devoted to professional women. "No, it's a brutal business. It's fun, but you are working weekends and until 2 a.m., and a lot of men and a lot of women, without any bitterness, are saying, 'No thanks.' "

While wooing women back to the Street is daunting, the pipeline of new female talent also appears to be stagnating. At almost half of the nation's top business schools, fewer women will make up the class of 2007 than that of 2003, according to the schools' data. Columbia Business School, a top feeder to Wall Street, has seen its class size grow 5.5 percent from 2003 to 2007; women represented 36 percent of the class of 2003 but 34 percent of the class of 2007. According to Universum, 13 percent of 881 first- or second-year women at top-tier M.B.A. programs chose Wall Street as a preferred industry in 2002: by 2006, that figure had fallen to 6.9 percent (and that from a larger sample size of 1,603 women).

Among the reasons? Generation Y cares less about money if it comes at too high a price, says Universum, throwing a wrench into Wall Street's past assurance that it could demand cultlike devotion from employees in return for fatter paychecks than any other profession. "The days of the psycho-workaholic with no work-life balance are numbered," said Lehman's Mr. Gregory. "It's just not a recipe for success."

To draw more women, Lehman has a bonus pool that rewards "inclusion" in its recruiting efforts and it has invested heavily in technology to enable trading from home. Goldman and Lehman say "on-ramping" — helping veterans return to the work force — will become an important part of their recruiting strategies. J. P. Morgan has built smaller networks of professionals around specific functions, including trading. The bank is considering running simulated trading runs for female summer interns with the thought that women might display raw talent more comfortably without men around.

"The real difference between today and 5 or 10 years ago is that now everyone recognizes that there is a true business case for having a diverse work force," Ms. Wang from J. P. Morgan said. "You don't have to justify that diversity is good. We've all concluded we want the top talent, however it comes."

FOR Wall Street, new recruits rarely get any more promising than Lucia Bonilla.

IT remains to be seen if the banks will succeed in finding ways to integrate women like Ms. Stoeber, whose enthusiasm and patience derive from her uniquely positive experience on the Street. For the armies of women who faced discrimination, overt or discreet, Wall Street has already lost the battle.

Finding a place for even Ms. Stoeber has proved challenging. She and one of her partners at Tobin Advisors, the North Carolina investment banking boutique where she now works, have proposed an arrangement to a number of banks that reflects the kind of flexibility that banks say they embrace: she and her partner will share a full-time job at a bank and then split their responsibilities.

So far, no banks have accepted her proposal. "Firms say they love it, but it's hard for them to say, 'We'll do it,' " she said. "They say, 'We have a full-time job.' "

Many banks have arrangements similar to the one Ms. Stoeber is proposing, but they grant them to senior female executives — usually managing directors — who have the tenure, clients and revenue to justify special treatment. And Ms. Stoeber is aware that she is not in that category.

Early one recent afternoon in South Orange, Ms. Stoeber's nanny returned home with her son, who eagerly showed off his Lex Luthor cards. She gave him a hug and checked to see if he had remembered to bring his backpack home from camp.

When he left, she continued to talk about her choices in life. She savored details about her two kids, the rewards of banking, and the split personality she sometimes feels working part time as she shifts from the sandbox to the boardroom. She said she was happy with her priorities.

"The travel, the places I've been, the people I've worked with — I wouldn't trade it for anything," she said. "The only question is whether I can have it again."