

Too-bright spotlight burns female CEOs

Many firms faring poorly now, but women pay dearly

By Gary Strauss and Del Jones
USA TODAY

Are female CEOs getting a raw deal? At a time when turnover in corner offices seems to be intensifying, management experts say the corporate performance among major and high-profile companies run by women could be as damaging to other female executives as the sexism and gender discrimination that dominate Corporate America's boards and executive offices.

Despite rampant turnover, women are getting virtually no chance to run major companies. Since 1998, more than 200 Fortune 500 companies have replaced CEOs — some, such as AT&T, Coca-Cola and Procter & Gamble, more than once. But only Hewlett-Packard and Avon Products named women CEOs. Given the perception that they're already scrutinized and judged more harshly than male executives, there's growing fear that the current track record among key female CEOs may make it even tougher for other women trying to crack the glass ceiling, says Sara Tes-

"There are so few women CEOs, the spotlight on them is even brighter. When they fail, they get disproportionate notice."

— Sheila Wellington,
Women's advocacy
group Catalyst

lik, director of the Council of Institutional Investors. Examples:

► Carly Fiorina became the world's most powerful businesswoman when she was named H-P's CEO in July 1999. Her marquee value has slipped in tandem with H-P's market value — down \$92 billion since April alone. Especially damaging: a surprise quarterly earnings shortfall just weeks after Fiorina assured Wall Street the company would meet forecasts.

► Jill Barad was forced out at toymaker Mattel in February, after a string of earnings disappointments and the misguided \$3.5 billion acquisition of software provider Learning Co. Under Barad, Mattel's market value sank more than 75%.

► Under Linda Wachner, apparel maker Warnaco shares are down 90% from 52-week highs. Most Wall Street analysts see no quick turnaround.

Female CEOs may be unfairly singled out at a time when Wall Street is making mincemeat of entire industries and CEOs no matter what their gender. That's why Lucent and Xerox recently replaced CEOs, and why Coca-Cola, AT&T and Procter & Gamble have gone through three white, male CEOs in short order.

Still, "Men screw up all the time, but they're held to a different standard," says White Rain products marketing executive Maureen Gregory, who has held management slots at Duracell, Procter & Gamble, Calvin Klein and Estee Lauder. "When a woman screws up, she's held to a different standard."

"There are so few women CEOs, the spotlight on them is even brighter," says Sheila Wellington of Catalyst, a women's advocacy group. "When they fail, they get disproportionate notice."

In recent years, Silicon Valley and New Economy businesses have provided women far greater management opportunities. But this year's broad downturn of the Internet and tech-related industry has focused more attention on the women in top management.

Having left established companies for the lure of power and fat stock option packages, Internet flame-outs are hurting many fast-track careers and pocketbooks among both men and women. Several women once considered a lock for promotions at major firms are mired at out-of-favor New Economy companies.

Former Sprint Chief Operating Officer Patti Hart joined broadband services provider Telicity as CEO in June 1999. Since a March initial public stock offering, Telicity shares have sunk 90%, from \$16 to \$1.63. eBay — run by CEO Meg Whitman — is off 70% from its 52-week high.

Candace Carpenter, a former executive at American Express and upscale home shopping channel Q2, co-founded iVillage, an online network aimed at women.



Carly Fiorina: CEO has faced tough times as H-P's market value has fallen \$92 billion since April alone.



Jill Barad: Female execs are often judged by appearance. Mattel's ex-CEO was noted for her short skirts.



Linda Wachner: Women CEOs haven't been around long. Wachner, at Warnaco since '87, is an exception.



Andrea Jung: Despite a broad Wall Street slump, Avon shares jumped 33% since Jung's appointment.

She stepped aside as CEO in late July. iVillage shares are down 97% from their high.

Former Citigroup CFO Heidi Miller joined Priceline.com as CFO in March before resigning in late October. The stock has fallen from about \$95 to \$1.81.

Geraldine Laybourne continues to struggle with another high-profile young start-up targeting women, Oxygen Media. While the privately held firm is trying for a bigger foothold in cable television and the Internet, Laybourne has laid off 10% of her workforce, closed Internet commerce sites and overhauled TV programming.

Clearly, there are many successful female CEOs running small to medium-size companies, but most of the high-profile successes, such as Martha Stewart and Oprah Winfrey, gained business world clout by creating their own companies.

Lengthen the track?

One could argue that women have been in the top jobs too short a time to be judged. Only Wachner, at Warnaco since 1987, has protracted tenure. Barad lasted as Mattel CEO just 37 months.

But shareholders these days are cutting few CEOs of lousy-performing companies much slack to get their companies back on track. Douglas Ivester lasted just 30 months as CEO of Coca-Cola. Procter & Gamble's Durk Jager was ousted after less than two years. Lloyd Ward lasted 15 months at Maytag, while Robert Nakasone left after 18 months at Toys R Us.

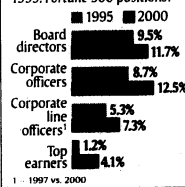
Gillette, Lucent, Hershey and several other major firms continue to have "help wanted" signs posted for CEOs. Headhunters say it's doubtful any will select a woman. Not that there aren't sufficient candidates.

There are easily 100 qualified female executives available to run Fortune 500 companies, says Jeff Christian, CEO of headhunter Christian & Timbers.

Look no further than Andrea Jung, Avon CEO since November 1999. Despite a broad Wall Street downturn, Avon shares have jumped 33% since Jung's appointment.

Few new women in corporate power

The number of female corporate officials has slightly increased since 1995. Fortune 500 positions:



Source: Catalyst By Quin Tian, USA TODAY

"Andrea has exceptional leadership skills, physical stamina and the ambition to succeed," says Avon Chairman Stanley Gault, who says companies engaging in gender-bias are in peril. "There's a tremendous amount of (female) talent out there. Industry will pay the price if their progress is retarded."

Other oft-mentioned CEO candidates: Dawn Lepore, vice chairman at broker Charles Schwab; Betsy Holden, CEO of Philip Morris' Kraft Foods unit; and PepsiCo President Indra Nooyi.

Women continue to lose out to white men. Despite substantial gains in the mid-1990s, just 12.5% of the senior executives at Fortune

500 companies were women last year, according to a Catalyst study. Only 11.7% of Fortune 500 corporate directors were women. Yet critics note that many female Fortune 500 directors also hold multiple board seats — "celebrity directors" picked more for their names and former government titles than for business acumen.

With that kind of mix, "there's definitely a bias against hiring a woman" CEO, says Christian. Shauna Sowell, a Texas Instruments vice president who has often been the first woman promoted to several of her assignments, says the first wave of female CEOs faces unfair pressure in the work environment not unlike what Jackie Robinson faced when he broke through Major League Baseball's color barrier. "Failure is not an option," because it gives decision makers justification for not hiring other women.

Combined with the relative scarcity of female mentors and peers in executive management ranks, women have few allies to help them advance or provide safeguards when they fail, says Aaron Brown, portfolio manager of the Allied Owners Action Fund, which takes stakes in firms that can profit from aggressive shareholder oversight.

Shareholders, Brown says, don't care if CEOs are women or minorities as long as the companies perform. Teslik says. But, Brown says, female managers are allowed far less slack by others in the company. "It's quite possible that at the older, established com-

Strong showing by women

The year 2000 may not have been a stellar one for most large companies with female CEOs, but nine of the 10 Fortune 1,000 companies with the most women on their boards of directors have outperformed the S&P 500 index.

Percentage of board members who are women	Gain (loss) in 2000
Golden West Financial	56% 81.7%
Avon Products	50% 25.9%
Beverly Enterprises	44% 54.3%
Wellpoint Health Networks	43% 48.3%
JoAnn Stores	38% (38.3%)
Consolidated Edison	36% 2.0%
Omnicare	33% 54.7%
Aetna	31% 22.1%
Northeast Utilities	30% 9.4%
Wisconsin Energy	30% 8.3%
S&P 500	(10.7%)

Sources: USA TODAY research, Catalyst

panies, they're more willing to dump on a woman because they don't have the safety net of strong allies on the board," Brown says. "And a lot of women promoted to CEO don't have strong allies below, either. They've been brought in from the outside or promoted from within, but through areas like marketing."

Lingering gender bias

When Coca-Cola, AT&T and Procter & Gamble first replaced their CEOs within the past few years, they tapped white men. When they failed, they quickly got other white men. General Electric, known for its largely white, deep pool of management talent, just named Jeffrey Immelt, who is white, to succeed Jack Welch. Also-rans James McNerney and Robert Nardelli were quickly tapped to head 3M and Home Depot.

"It's uncool to voice these thoughts, but men are much more comfortable with other men," Christian says. "There aren't enough women in Corporate America, so they don't necessarily see them as peers."

And while gender bias is less pervasive at Silicon Valley firms — which tend to be more receptive to women both when it comes to management positions and providing venture capital — it still lingers.

Anu Shukla, who recently sold her marketing software company, Rubric, to Broadbase Software for \$331 million, says even in enlightened Silicon Valley, old habits die hard.

Shukla is on the boards of directors of six privately held companies. "There are some prominent women CEOs in Silicon Valley, and this area is definitely more advanced," she says. "But women still have to take matters in their own hands. I had to start my own company to become a CEO. And it still amazes me when I'm at a board meeting and I hear talk about 'getting a good man to fix a problem.'"

Judging a CEO by her skirt

Women are also judged for their sartorial style in ways men aren't. Barad, for example, was noted for her short skirts and flamboyant style, which occasionally included dancing at management meetings. Katrina Garnett, former CEO of high-tech start-up Cross-Worlds Software, gained both notoriety and backlash from feminists for appearing in a \$1 million corporate ad campaign in a little black dress.

And women tend to be judged more harshly on behavior. A woman may be labeled temperamental or emotional, while a man exhibiting the same behavior might be lauded for his aggressiveness and pragmatic style, says Susan Annunzio, a partner in global management consultant Nextera Enterprises and author of *Leadership*, due out in February 2001. Those who work long hours might be considered control freaks, while men in similar positions might be viewed as dedicated, she says.

"The what's-acceptable margins are much narrower for women than men," Wellington says. "A woman in power still makes many people feel uncomfortable." Christian, Gregory and others expect women to capture more CEO slots, but not in substantially larger numbers for a decade or so.

Women now in their 20s and early 30s will be viable CEO candidates, in part because they learned to compete and win at a young age. That's thanks to having had working mothers and federal mandates such as Title IX, which banned sex discrimination in athletics and provided funding for school sports programs that taught young women how to compete and win, Gregory says.

And as more women enter the management ranks, they'll achieve "critical mass," says Sowell, as they've done in professions such as law.

Contributing: Barbie Hansen and Shannon Reilly

Economists fight battle of the dull



votes much energy to making herself available to the press — what she calls the "celebrity part" of her job. The obvious reason is that press quotes "are seen as free advertisements" for the bank, Swonk says.

But the less obvious reason is that she can use the help. "Part of what