

LEADERSHIP

Five Ways Gender-Diverse Companies Stand Out



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COUNCIL POST | Membership (Fee-Based)

POST WRITTEN BY

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Aug 10, 2018, 08:00am EDT



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As the #MeToo and #TimesUp movements have drawn new attention to the importance of getting more women in leadership, we've also heard others saying, "We get it, some women have suffered horrible experiences in their professional lives. But overall, women are doing fine! Look at all the women who are CEOs and executives now!"

There's no denying that women have made progress. Today, most people can name a handful of female CEOs, and it's no longer a sitcom-style joke for a man to work for a female boss. But these elements of progress may be fooling us into thinking that women are doing better than they really are. Take the results of a [2017 McKinsey and Lean In study](#), which showed that when only one in ten women in senior leadership is a woman, nearly half of men and a third of women think that's enough to be "gender diverse."

The idea that having a couple of women in leadership equals gender diversity is a problem that goes far beyond social justice. Research has shown over and over again that having more women in leadership has significant business benefits. For example, a [study](#) conducted by my company shows that gender-diverse companies are seeing significant business benefits. We found that organizations with women holding at least 30% of leadership roles are 1.4 times more likely to have sustained, profitable growth.

More importantly, our research shows that the reason companies with more women in leadership are doing better isn't related to whether women or men have better leadership skills. Rather, the companies that have more women in leadership tend to have distinct cultures that lead to higher profits.

Here are five ways companies with more women in leadership stand out:

1. They make data-driven hiring and promotion decisions.

Companies that have more women in leadership typically have hiring and promotion practices that make the process more objective and data-driven, rather than dependent on personal impressions about a person. This approach may include incorporating objective assessments about skills and behaviors

into decision making and employing an interview process that asks consistent questions of all candidates that are focused on their behavior and competencies.

Both of these methods help companies select leaders based on what they can do rather than making decisions based only on their backgrounds and manager recommendations, which may be biased.

2. They seek out overlooked talent.

Companies with more women in leadership encourage their leaders to look for hidden talent. That may mean looking for leadership capabilities in people who tend to be quieter, approach problems differently, or have a nontraditional pathway for a role, which often describes many women.

Companies that have more gender diversity coach their executives to seek out overlooked leaders and provide incentives for teams that include multiple perspectives to generate new ideas and solve problems.

3. They build knowledge through mentoring.

It's well-documented that women need more mentors to succeed, but organizations that are succeeding with leveraging mentorship to help women aren't doing it one woman at a time. They are doing it across the organization.

Organizations that have a [formal mentoring culture](#) on average have 20% lower turnover, 46% higher-quality leaders, and are 1.7 times more capable of capturing organizational knowledge before it's lost with the retiring generation.

This formal culture and mentorship expectation also help to decrease concerns in the wake of the #MeToo movement regarding men mentoring women, as the relationship boundaries

are clearer and more standard across the organization for both genders.

4. They offer 'out-of-comfort-zone' opportunities.

Women often hold themselves back due to a phenomenon known as impostor syndrome. It's the fear of being exposed as a “faker” and feeling as though success isn't deserved or they aren't as capable as others. While men can also suffer from impostor syndrome, women are known for being more affected by it.

Companies that do gender diversity right allow their high-performing women to continue building their skills and cross-functional knowledge. These organizations promote a “learn-as-you-go” environment that embraces stumbling occasionally. They know this is what it takes to get women to take on these out-of-comfort-zone opportunities.

5. They seek diverse perspectives to better represent their customers.

Diversity-leading organizations know they need leaders who both understand and reflect the needs of their customers.

Take women's beauty manufacturer L'Oréal. They added two more women to their [board of directors](#) in 2016, bringing the percentage of females on their board to 47%. Their 2017 annual report cited a sharp increase in net income — up 15.3% over the previous year. Is this a coincidence?

The clear reality is that getting more women into leadership takes a major culture shift, not just placing a few women in high-profile roles. Achieving this culture change is a marathon, not a sprint, so it will take some time to see the fruit of your labor.

The end results, however, will go far beyond simply increasing the number of women in leadership. Rather, you'll be creating a

collaborative, open-minded workplace where men and women can excel to move your business toward greater profitability.

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