



Executive Summary

The 2003 Michigan Women's Leadership Index

The pool is there...

Women's Leadership Forum | Center for the Education of Women, University of Michigan

The Women's Leadership Forum

The *Women's Leadership Forum* (WLF), a non-profit education and research organization affiliated with the *Women's Economic Club*, was established in 2002 by some of the most influential businesswomen in southeast Michigan with the mission of promoting the advancement of women in the workplace by providing professional women with pivotal skill building and leadership development experiences. WLF also conducts research to track the progress of business leadership opportunities for women, publishing the annual Michigan Women's Leadership Index for the first time in the fall of 2003. In addition to research, WLF programs include the *Center for Women's Leadership*, an intensive, highly personalized eight-month leadership development experience; the *Senior Executives Forum*, a confidential, peer-to-peer coaching forum; and the *Board Data Bank*, a database of the most influential women in southeast Michigan available for corporate board positions. (www.womenseconomicclub.org)

The University of Michigan's Center for the Education of Women

The *Center for the Education of Women* (CEW), a unit of the University of Michigan in Ann Arbor, was established in 1964 with the mission of advancing women's education, career, and leadership opportunities. It was the nation's first comprehensive, university-based women's center of its kind. Today, the Center's mission continues to include research, services available to the University of Michigan community and to the general public, and advocacy and policy development on a campus-wide, statewide, and national level. CEW's research efforts focus on women in higher education and the professions, on women's leadership, and on education and employment policies and practices, particularly as they affect women. Current projects focus on worklife issues for women faculty, the long-term effects on women of receiving scholarships from CEW, and engaging women in information technology. In 2000, CEW, along with the Michigan Business School and Catalyst, Inc., published *Women and the MBA: Gateway to Opportunity*, a national study of over 1,600 graduates of the country's top-rated MBA programs. (www.umich.edu/~cew)

The Women's Economic Club

The *Women's Economic Club* (WEC) is one of the most prestigious and influential women's business forums in the United States. With membership of over 1,400 professional women and men in southeast Michigan, WEC is a one-of-a-kind organization in the United States and one of the largest business forums in the Midwest, bringing together diverse leaders from a broad cross-section of businesses. Since its creation in 1962, WEC's mission has been to create a vibrant environment and voice for the advancement of women in the workplace. WEC's priority is to provide opportunities for Michigan businesswomen and civic leaders to connect, forge alliances, share information, and continue to develop opportunities for women at all levels of business. WEC invites leaders in politics, finance, and civic and cultural affairs to its podium to discuss vital issues and provides seminars and business networking opportunities for its members. (www.womenseconomicclub.org)

The pool is there;
it has been there,
and now it must be developed
and tapped.

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Dear Colleagues,

We are pleased to present the 2003 Michigan Women's Leadership Index, a first-of-its kind report at the state level.

Our motivation for undertaking this new research is to provide women and the Michigan business and educational communities with an annual, data-based picture of the actual numbers of women executives who have advanced to the highest leadership levels at the top publicly-held companies headquartered in Michigan.

What did we find? That women fare better in the director ranks than the top-five officer ranks. That while large companies have more women on their boards than in their top-five officer ranks, the reverse is true for small companies. That one-quarter of the "Michigan Index 100" companies has at least one top earner who is a woman; however, three-quarters have no women executives at the very top. That multiple female officers are rare and women CEOs even rarer.

At the heart of this study is the Index calculation, a measure designed to assess the degree of leadership parity attained by women. The companies fall into three general groups that we describe with the widely-used language of sports. The first group, the Index "top-ten," are our 2003 "**Most Valuable Players**," who collectively earned more than half (166 out of 300) of the total available index points. The second and largest group (those scoring between one and ten index points) we consider "**In the Game**." The third group is still "**On the Sidelines**," earning zero index points, representing a third of those surveyed.

One reason often cited for the lack of women in the executive suites is that a pool of candidates needs to be developed, which takes time. This was true in the past but has changed markedly in the last two decades. Women currently hold nearly a third of the managerial, executive, and professional positions in the Michigan workforce. The women who began their careers when women moved into the workforce in unprecedented numbers in the 1970s now have three decades of experience.

As demonstrated by our "Most Valuable Players," clearly there are Michigan companies that are finding ways to tap this talent pool and retain top women executives. What are the lessons we can learn from them? We believe the time has come for a realistic look at the levels of executive leadership women have presently achieved and a re-examination of the reasons why their leadership influence is still so rare at the top, even today.

We salute the leaders, urge new thinking about this complex topic and offer the resources of the Women's Leadership Forum and the University of Michigan's Center for the Education of Women. Both organizations bring decades of expertise to companies, educators and women with the drive, credentials and wisdom to pursue new possibilities.

The pool is there; it has been there, and now it must be developed and tapped.

Terry A. Barclay
President and CEO
Women's Leadership Forum

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What is the Michigan Women's Leadership Index?

The Michigan Women's Leadership Index (WLI) is a data-based tool for measuring and reporting on the numbers of women executives holding positions in the highest levels of leadership - *top-five compensated officers and board directors* - at the 100 largest, publicly-held companies headquartered in Michigan (hereinafter called the Michigan Index 100). Computed annually, the WLI will track the progress of top executive women attaining and retaining positions of influence in the business community. The Women's Leadership Forum partnered with the University of Michigan's Center for the Education of Women to develop the 2003 Index, verify the accuracy of publicly-available information, analyze the data, and write the report.

What is the Value of the Women's Leadership Index for Michigan?

Women have made up over 40% of the national workforce for 27 years. In Michigan, women represent 46.7% of the labor force and currently hold one-third of the managerial, executive, and professional positions, the pool from which future corporate leaders are recruited and developed. Yet women still represent only single-digit proportions at the top of the Michigan employment triangle. As the first x-ray of a significant element of the fabric of Michigan's business environment, the Women's Leadership Index offers the business and academic communities, as well as high-potential women, a powerful tool for measuring the degree to which a corporate environment is not just "female friendly," but where women have a degree of parity in corporate leadership and realistic opportunities to move beyond the glass ceiling.

Definition of Companies by Size

While the Michigan Index 100 includes some giants, the majority of companies are not; only 24 are Fortune 500 companies. Two-thirds of the companies have annual revenues less than \$1 billion, and of these, over one-third have revenues less than \$100 million. Because of these significant differences, the Index companies are separated into the following three distinct groups:

Group I: Fortune 500 companies (24)

Group II: Companies with revenues of at least \$100 M, but not Fortune 500 (41)

Group III: Companies with revenues under \$100 M (35)

Scale for Measuring Women's Leadership Influence

At the heart of this study is the Index calculation, a measure to assess the degree of women's leadership influence in individual companies. Scores range from 0-24 out of a possible 30, with an average score of four points. (The methodology is described fully in the report.) The scores reveal three general categories of companies. First are the top ten scoring companies; at the other extreme are the 33 companies that have no women as either directors or top-five officers and therefore earned zero index points. In between, are the 57 companies earning between 1 and 10 points.

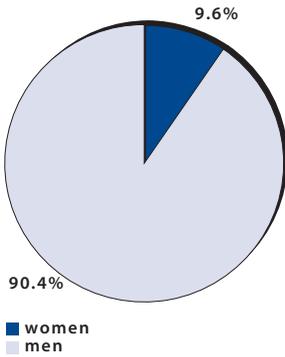
Index Score Break-Down

Point Range	Total	Number of companies		
		Group I	Group II	Group III
11-30	10	1	4	5
1-10	57	20	22	15
0	33	3	15	15
Total	100	24	41	35

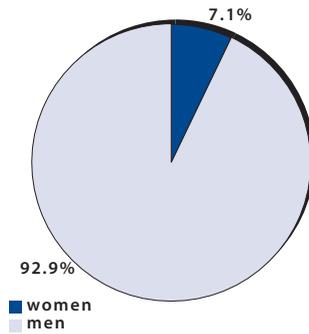
Key Findings for the Michigan Index 100

- In total, women executives hold 9.6% of the seats on corporate boards and 7.1% of the top-five compensated officer positions.¹

Board Seats Held by Women

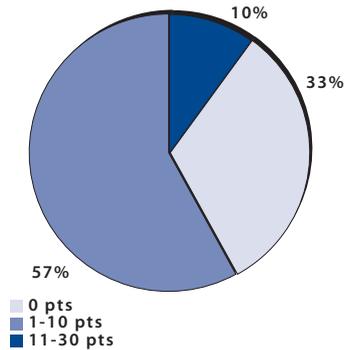


Top-five Compensated Officer Positions Held by Women



- Michigan's results for Fortune 500 companies are generally comparable to Catalyst, Inc. national results regarding board seats (12.4% nationally compared to 12.1% in Michigan), but significantly lower for top-five compensated officers (3.4% compared to 5.2% nationally - 35% fewer female officers).
- Women fare better in the director ranks than the top-five officer ranks.
- The majority (90%) of companies earned 10 Index points or less and only six earned more than half the available Index points.

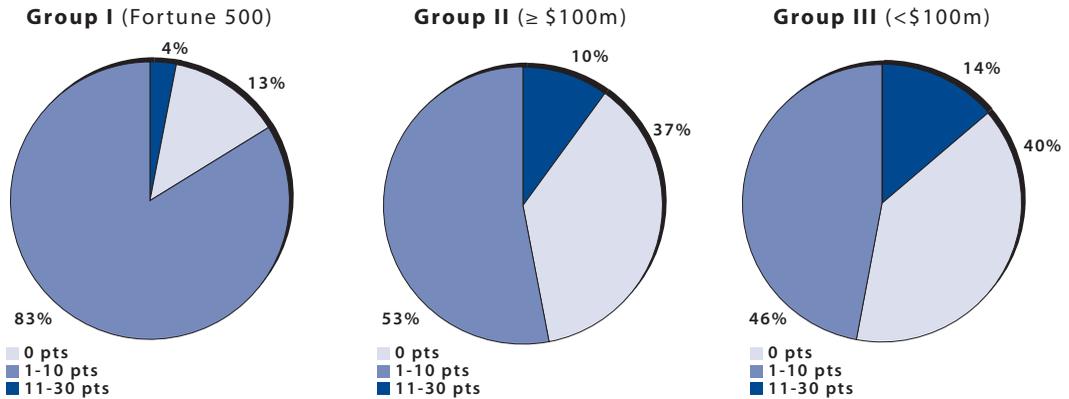
Overall Index Calculation Score



- Of the top 10, half are in Group III, four are in Group II, and only one is in Group I. These groups vary in size: 24 companies in Group I, 41 in Group II, and 35 in Group III.

¹To facilitate comparison with the national results, both here and in Section C, the numerical data is displayed with one decimal place. Data throughout the remainder of this report is most often displayed with no decimal places.

Index Calculation Score by Size Group



**The Top 10 Scoring Michigan Index
100 Companies**

- Group I: Borders Group, Inc.
- Group II: Compuware Corporation; Flagstar Bancorp, Inc.; Herman Miller, Inc.; Tower Automotive, Inc.
- Group III: FNBH Bancorp, Inc.; Energy Conversion Devices, Inc.; Somanetics Corporation; Pavilion Bancorp, Inc.; X-Rite, Inc.

Data Highlights

Boards of Directors

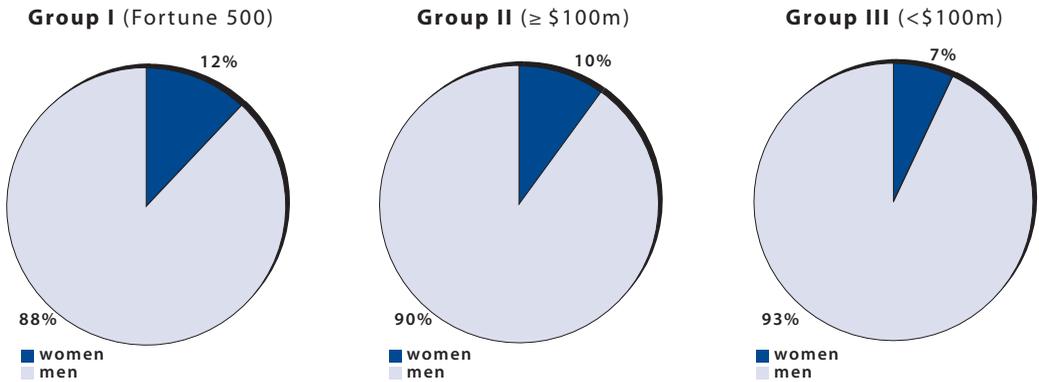
- As a proportion of all directors, women hold 9.6% of the seats on corporate boards
- 59% of companies have at least one female director
- Less than one quarter of the companies (23%) has more than one female director and none has a female board chair
- Women hold 20% or more of the board seats in 11 of the companies in the study
- Group I companies have the highest percentage of female directors (12%) compared with Groups II & III with 10% and 7%, respectively

Top-five Compensated Officers

- As a proportion of all highly compensated officers and directors, women represent 7.1% of the top-five compensated officers
- 24% of companies have at least one top-five compensated female officer; 76% have no women executives among their top-five compensated officer positions
- Only 6% of companies have more than one female officer in the top-five compensated officer positions

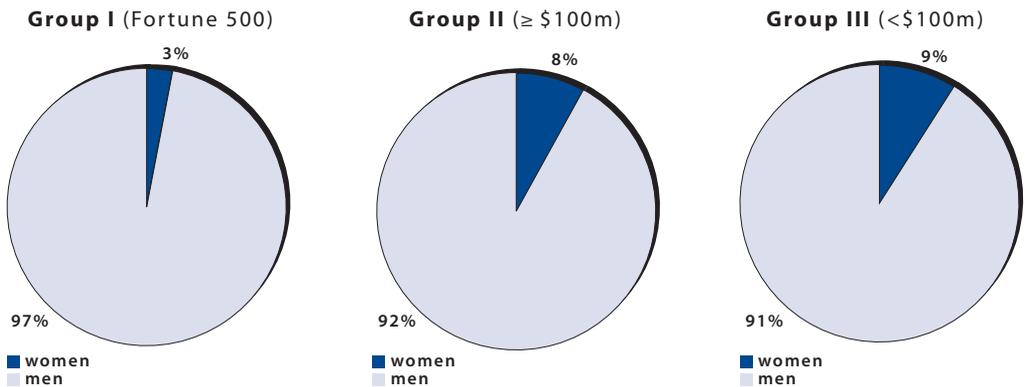
Findings by Corporate Size Grouping

Percentage of Board Seats Held by Women



- Overall, larger companies are more likely to have more female directors than smaller companies; however, the reverse is true for top-five officers.

Percentage of Top-five Compensated Officer Positions Held by Women



- In each of the size groups, a substantial majority (68-83%) of companies has no women executives among their top-five officers.
 - o 83% of the Group I companies have no women executives among the top-five compensated officers, compared to only 13% of this group that have no female board members
 - o 68% of Group II companies have no women among their top-five officers
 - o 79% of Group III companies have no women among their top-five officers

Findings by Industry Sector

Michigan companies operate in a wide range of industries. In order to compare like-with-like more effectively, the data are analyzed using eight major industry categories based on Standard Industrial Codes:

Automotive	Non-Automotive Manufacturing
Consumer Business	Real Estate & Construction
Energy & Utilities	Services
Financial Services	Technology & Life Sciences

- Technology companies, as a group, tend to have better female representation than other sectors
 - o 16% of the Technology sector companies have three or more directors compared with
 - 10% of Consumer Business sector companies
 - 3% of Non-Automotive Manufacturing and Financial Services sector companies
 - o 36% of the Technology sector companies have at least one female officer compared with
 - 10% of Automotive sector companies
 - 10% of Consumer Business sector companies
- Financial Services companies have the best representation of senior women with one CEO and four CFOs or COOs

Methodology

A list of all publicly-held corporations registered in Michigan was compiled and sorted by market capitalization as of November 2002. The 100 largest companies were selected for inclusion in this study². A data sheet was prepared for each company, listing the members of the board of directors and the top-five officers along with their titles. This is information that is publicly available through the companies' Securities and Exchange Commission filings. Each of the Michigan Index 100 was asked, via email, mail, and telephone to verify the accuracy of the information we had compiled. Every effort has been made to ensure that the information reported is as accurate and up-to-date as possible. Corporate responses to our requests for verification were incorporated up to September 1, 2003. Changes made or communicated after that date are not reflected herein. A more complete description of the methodology used in this study is included in Appendix A of the report.

² It should be noted that this definition excludes a number of well-known and highly visible companies, many of whom are major players in the Michigan economy and who employ significant numbers. These include companies in the not-for-profit sectors, hospitals and health care operations, universities and colleges, and privately-held businesses of all types. Also excluded are non-Michigan companies, notably DaimlerChrysler, now a German firm.

Recommendations for Future Research and Programming

1. **Conduct this research on an annual basis.**

The real value of the Index Report will be a repeated measure that examines trends over time. Ideally, the Index should be calculated annually.
2. **Conduct additional research.**

Much of the data required to complete additional studies are not publicly available and would therefore require more extensive research resources. These proposed studies are listed in order of increasing difficulty and cost:

 - a. **Research on public companies not headquartered in Michigan that are significant employers in the state.**

Several large public companies that are significant employers in Michigan are not included in this study because they are not headquartered in the state (e.g., DaimlerChrysler Corporation, Pfizer, Inc.). A study of Michigan's leading employers should be a top priority.
 - b. **Research on companies that employ significant numbers in Michigan but are not-for-profit organizations.**

Corporations that are significant Michigan employers were not included in this study because they are not-for-profit corporations (e.g., Trinity Health, Henry Ford Health System). Obtaining information on these organizations would require more extensive research resources.
 - c. **Research that examines data on all officer positions, not just the top-five most highly compensated officers.**

This study restricted the definition of officer to include only the top-five most highly compensated individuals as reported in the company's proxy statement. An additional study of all officer positions (which are not included in proxy filings) would be desirable in order to describe more fully the status of women in all executive-level leadership positions.
 - d. **Research on companies that employ significant numbers in Michigan but are privately-held companies.**

Several corporations that are significant Michigan employers were not included in this study because they are privately-held (e.g., Penske Motorsports, Inc., Guardian Industries Corporation). Information on privately-held companies is not publicly available.
3. **Share practical tools and best practices from top scorers in this Index and similar national reports.**

Educational programs can provide corporations access to pragmatic leadership succession planning and talent management tools for developing and tapping into the pool of talented women. Forums should be developed for exchanging best practice information, particularly the steps that the top scorers have taken to produce desired outcomes, including executive development and mentoring programs.

Summary

Michigan's economic well-being relies on a vibrant and creative business community and the talents and skills of its leaders. Attracting and retaining a diverse workforce of the best talent is critical to the success of Michigan's leading corporations and, indeed, all employers. In order to attract the best talent, the state's business environment must be perceived as one which offers legitimate opportunity for talented individuals - women as well as men - who aspire to the highest levels of business leadership.

This triangle³ depicts women's participation at various levels in the Michigan workforce.

The 2003 Women's Leadership Index is a beginning, a place to start, by objectively evaluating where Michigan stands today in attracting, developing, and retaining executive women leaders. The real value will come in tracking this Index over time to measure the pace of progress at Michigan's top publicly-held companies and their ability to tap the widest possible talent pool to achieve business goals.

One reason often cited to explain the lack of women at the top is the belief that a pool of candidates needs to be developed and that this will take time. Certainly, this was true in the past but has changed markedly in the past three decades. Women have made up over 40% of the national workforce for 27 years, since 1976. Those who began their careers when women moved into the workforce in unprecedented numbers in the 1970s now have three decades of experience in their professions. Currently, women hold nearly a third of the managerial, executive and professional positions in the Michigan workforce, positions from which future corporate leaders are recruited and developed.



*Source: Geographic Profile of Employment and Unemployment 2001 www.bls.gov/gps/home.htm

Moreover, for more than 20 years, significant numbers of women have pursued degrees that would help prepare them for corporate leadership. For example, 24 years ago, in 1981, women made up 39% of the students enrolled in bachelor's programs in business; at the MBA level women comprised 28% of the students. Today these numbers have increased to 49% and 41%, respectively.⁴ Enrollments of women in other fields such as law and engineering have also reached record levels. Yet women still only represent single-digit proportions at the top of the Michigan employment triangle.

The pool is there; it has been there, and now it must be developed and tapped.

³ Inspired by the Catalyst Pyramid as published in the 2002 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500
⁴ Table 280, Digest of Education Statistics 2002, Washington, D.C. National Center for Education Statistics, 2003.
(www.nces.ed.gov/pubs2003/digest02)

Location of the "Michigan Index 100" Companies in the Women's Leadership Index Report



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