

## 2003: Year of the woman among the 'Fortune' 500?

By Del Jones, USA TODAY

**The smart money was on the women in 2003. Eight Fortune 500 companies have female CEOs, and as a group they outperformed the broader market by a substantial margin.**



Clockwise from top left:  
Golden West's Sandler,  
Lucent's Russo, Avon's  
Jung, Rite Aid's Sammons.

Russo: USA TODAY; Jung:  
Getty Images

An \$8,000 investment Jan. 1 in the S&P 500 index would be worth \$10,130 as of the close of stock trading Monday. The same \$8,000 invested equally in the eight companies with women at the helm would be worth \$12,130, including a loss in energy company Mirant (MIRKQ), which has been under bankruptcy protection since July. That's a 52% gain for the women vs. a 27% gain for the index of all large companies. (Related story: How companies performed in '03)

One explanation is that 2003 was a fluke. When the women's performance is examined for the entire tenure they've been CEOs — which ranges from six months to 40 years — results are more mixed.

Nevertheless, 7-for-8 in 2003 is impressive enough to give rise to a Darwinian theory: The glass ceiling has been so difficult to crack that women who reach the top are, on average, better executives than their male counterparts.

"Not to diminish males, but there may be something to that," says Eileen Scott, CEO of Pathmark Stores (PTMK), a Fortune 500 chain of 143 supermarkets in the Northeast.

Another explanation proposed by Marion Sandler, co-CEO of Golden West Financial (GDW) since 1963, is that many recently promoted women were at companies that were on life support at the time. Those companies might have been too desperate to attract men of quality and ambition. Because women of quality and ambition don't yet have the luxury to be choosy, they took a risk where men wouldn't, Sandler says.

"It's really not a good career move to go to work for a company on the brink of failure," Sandler says.

Perhaps, but it proves to be a good move if timed when the economy is turning around. Three of the women-led stocks were less than \$3 a share Jan. 1, which left them with a limited downside and an unlimited upside as the recovery took root.

### The gender factor



Clockwise from top left:  
Pathmark's Scott, H-P's  
Fiorina, Mirant's Fuller,  
Mulcahy of Xerox..

Fiorina, Mulcahy: Getty Images

Other female CEOs  
disagree with Sandler's

theory. Anne Mulcahy of Xerox (XRX) says that Avon Products (AVP) CEO Andrea Jung and Hewlett-Packard (HPQ) CEO Carly Fiorina took over strong companies where many eager and qualified men were available.

And even at trampled Lucent Technologies (LU), the stock certainly didn't have to go up, CEO Patricia Russo says.

Jung and Fiorina declined interview requests, as they typically do when it has anything to do with gender. Fiorina offended some women's groups in 1999 when she was named CEO and told USA TODAY that women no longer face a glass ceiling in the technology industry. She said companies were so hungry for talent, they had no choice but to hire and promote strictly on merit.

Most female CEOs are weary of talking about gender and say their 2003 group performance is nice but means nothing. "Positive generalizations are as dangerous as negative generalizations," Mulcahy says.

Male CEOs tend to agree. Gender "borders on irrelevant," says Max Messmer, CEO of Robert Half International (RHI), a giant staffing company with \$1.9 billion in 2002 revenue. "In our business, I haven't noticed anything instinctive."

"Gender hasn't helped them or hurt them," says Bob Schjerven, CEO of Lennox International (LII). "They are who they are."

But General Mills (GIS) CEO Stephen Sanger says his company does a battery of leadership tests on rising executives, and the data show women are at least as effective as men in most areas and more effective in some areas.

"A sample of eight is pretty small to draw conclusions," Sanger says. "But when you get a larger sample, you will probably see the same thing."

Should that prove true, another year or two of outperformance might cause large investors and boards of directors to take notice, which could hasten the rate at which women land CEO jobs.

"It is about performance. It is about producing results," says Russo, whose board told her this month that she would get a \$3.2 million performance bonus for leading one of the most painful turnarounds in memory.

Russo trimmed the company to 34,500 jobs from 47,000 during the fiscal year ended Sept. 30, while cutting \$5.6 billion in expenses and improving its gross margin to 31% from 13% year over year. It led to the firm's first profitable quarter since March 2000.

Women continue to make strides, although they remain behind. The number earning more than \$80,000 a year, adjusted for inflation, increased 166% to 1.7 million from 1991 to 2001, a rate of growth nearly three times that of men, according to the Employment Policy Foundation. Those gains are from a much smaller base, but nearly one-third of women working full time are earning more than the median salary of a man working full time. The median salary for men is \$36,000, which means half of men earn more and half earn less.

Among the five highest-paid corporate officers at each Fortune 500 company, 5.2% were women in 2002, up from 1.2% in 1995, according to Catalyst, an organization that attempts to advance women in business.

Most CEOs rise from so-called line jobs, heads of divisions where they can be measured by their profit and losses. Although the percentage of female corporate officers nearly doubled to almost 16% from 1995 to 2002, 90% of line jobs are still held by men, Catalyst says. That means fewer women are not given the responsibility, or more women are choosing career paths that put them out of the running for the top job.

Female executives do seem to make harder choices: 65% have children, vs. 90% of male executives, according to Catalyst. Women also experience more career interruptions. The typical 40-year-old female executive has four years' less experience than the typical 40-year-old male executive, according the Employment Policy Foundation.

### **Styles of leadership**

Many women say they lead differently than men, and most academic studies indicate that. "Males are warriors. Females are nurturers," Scott says. "I'd like to think the nurturing side of me might be some of the reason for Pathmark's success."

But a recent study of female business owners by Jennifer Cliff of the University of Alberta found that although many women believe and say they manage differently than men, there is no significant difference between male and female leadership styles. The study examined business owners because they are presumed to be free to manage as they see fit.

This year was a success for female CEOs, but one year is not enough, Sandler says. "Before we say women do a terrific job, we need a good record year after year after year."