



WOMEN ON BOARDS: A LIFE SCIENCES' PERSPECTIVE



EXECUTIVE SUMMARY



The issue of the gender balance within the boards of UK companies has firmly moved towards the top of the corporate agenda. Lord Davies well-publicised 2011 Women on Boards report outlined the clear business benefits that more balanced boards bring to companies. It recommended that all FTSE 100 companies should aim for a minimum of 25% female representation in the boardroom by 2015.

In the ensuing 12 months progress has been made – the proportion of women on FTSE 100 boards has risen from 12.5% to 15.6% and there are now just 11 all-male boards remaining, according to an update from Lord Davies in March 2012. However there is clearly some way to go and with the European Union debating whether to impose quotas the issue of board diversity remains at the forefront of corporate thinking.

How does the UK Life Sciences sector compare? To find out RSA commissioned the study *Women on Boards: A Life Sciences' Perspective* to find out why there is a gender imbalance in the boardrooms of UK Life Sciences companies and explore what might be done to improve the situation. We also wanted to find out whether the Life Sciences industry is a more favourable place for women to progress to the most senior positions.

To begin we compared the sector to its peers. The initial finding is that Life Sciences is no worse (or better) than other industries. Using data from the Biosciences Industry Association as an example, we found it has 348 registered board members, of which 43 (or 12%) are female, although these women are clustered in a few companies.

However there is obviously work to do. Our *Women on Boards: A Life Sciences' Perspective* study of 417 senior executives found that nearly two thirds (63%) of their boards were made up of 20% or less female members. Over a quarter had no female representation at all.

What do senior Life Sciences executives think about the issue? There were five key findings from our study:

- 1. Balance and diversity make for better boards:**
There is broad agreement that diversity, rather than just gender is important. Three out of five executives believe that men and women should be equally represented and that diversity is the key to creating the ideal boardroom.
- 2. Women make a unique contribution:**
Over six out of 10 respondents thought that women bring different, much needed skills to the boardroom. Three quarters rate them higher than men for both intuition (including awareness of other people) and empathy and in understanding how decisions play out in the wider organisation.
- 3. Culture and life choices determine boardroom balance:**
In order, the three largest barriers identified to greater female representation were the different work/life choices facing women, the dominant male culture of the boardroom and a lack of direct board representation for business functions that typically have a high proportion of qualified female executives.
- 4. Quotas are not the answer:**
Most did not consider quotas as the way to achieve greater board representation and would not support their use by the European Union or the UK government. Support for quotas was greater amongst women, however a large percentage of 'undecided' voters create the potential for a swing vote if the situation doesn't change.
- 5. Better management and staff development:**
Asked what the industry could do to achieve a better balance in the boardroom, almost half highlighted more flexible working, proactive mentoring, greater transparency in recruiting and leadership endorsement as areas where the industry could improve.

So what is the way forward?

At RSA our view is that the Life Sciences industry is well placed to achieve a better balance in the boardroom. The industry has an abundance of talented senior female executives – we need to make the most of this talent and provide the opportunities for them to join boards. We see three key areas to address:

1. Quotas are not the solution but they are the wake-up call:

The majority in the Life Sciences industry don't want to see quotas introduced, but they recognise that a balanced board is also a better one. Therefore cultural change is necessary, along with more support for women if the threat of imposed quotas is to be tackled.

2. The industry needs to listen more and deliver on coaching and leadership commitments:

Senior management needs to listen to what women say rather than simply providing a solution from a male perspective. For example, our study shows that women want pro-active mentoring and coaching together with commitment and endorsement from company leadership, rather than simply greater flexible working practices.

3. Executive Search must work harder to find and promote female executive talent:

Our view at RSA is that the talent management business must work harder to find, nurture and promote senior female executive talent. In line with the Davies recommendations we need to promote the message that a balanced board is a strategic goal worth achieving and one that will deliver competitive advantage moving forward.

It is vital to the overall success of Life Sciences companies that they are led by strong and well-qualified boards, made up of high calibre members with a mix of skills, perspectives and backgrounds. The industry recognises that increased female representation is a key element in remaining competitive. Now it needs to work to ensure that talented individuals have the opportunities they deserve within Life Sciences. We hope that the findings and recommendations laid out in this study will help to achieve this.

Nick Stephens, CEO

RSA – Global leaders in Life Sciences Executive Search and Interim Management

WHERE ARE WE NOW?

Since the publication of the Davies report, the proportion of women on the boards of FTSE 100 companies has risen. For example, by March 2012 38 FTSE 100 and 34 FTSE 250 companies had set themselves targets for the percentage of women on their boards by 2013 and 2015.

Industry bodies have also acted on the recommendations from the Davies report. The Financial Reporting Council (FRC) has announced changes to the British Corporate Governance Code which will mean that companies should report annually on their diversity policy for the board, while the Association of British Insurers (ABI) highlighted diversity as one of the key areas of focus for improving board effectiveness in a report published in September 2011. New UK government rules mean that there will be a mandatory disclosure of the proportion of women on the board within the annual report of quoted companies.

However the UK is still some way behind the front runners in Europe when it comes to female representation on boards – Norway (40%), Sweden (25%) and France (22%), although it is comparable to others. Spain and The Netherlands are setting targets, Italy and Belgium are considering legislation and Germany has its eye on quotas.

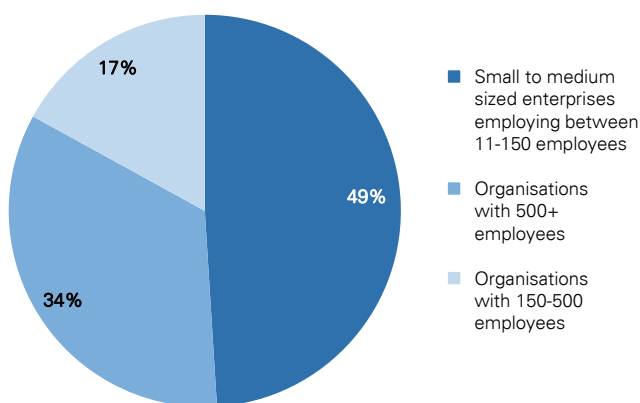
In Europe there is a feeling that quotas may soon be imposed. When European Union (EU) justice commissioner, Viviane Reding asked firms to pledge an increase of women on their boards to 30% by 2015 and 40% by 2020, only 24 firms responded to the invitation. A public consultation has now been launched to come up with a strategy for moving forward, with quotas highlighted as a potential tool to achieve change.

ABOUT THE SURVEY

The *Women on Boards: A Life Sciences' Perspective* survey of senior executives in the UK Life Sciences industry, was completed by 417 people, three quarters of whom were director level. There was a relatively even split between male (57%) and female (43%) respondents, with the majority aged between 41-60.

Almost half (49%) of participants were from SMEs (small to medium sized enterprises employing between 11-150 people), a third (34%) came from organisations with 500+ employees, with the remainder in the 150-500 range.

What is the total number of employees in your organisation?



Respondents were asked about the proportion of their workforce who were women, at both managerial and non-managerial levels. This showed large numbers of potential candidates for female board membership. In over a third (35%) of cases, women made up between 26-50% of the managerial workforce, with this being above 50% in a further 10% of companies.

The boards of these companies ranged from just two people (16%) to 12+ (8%). Around a quarter (26%) had between three to five members and a third (31%) had between six to nine members.

This quantitative survey was complemented by a series of interviews with Board Members and HR Directors within the Life Sciences industry. This qualitative research provides a more personal perspective on the issue, and selected quotes are included throughout the report.

KEY FINDINGS

1. MAJORITY BELIEVE THAT BALANCE AND DIVERSITY MAKE FOR BETTER BOARDS

'The boardroom should have a 50/50 split of women and men - then you get the very best of the particular strengths of male and female behaviours'.

Dr. Melanie Lee, CEO of Syntaxin

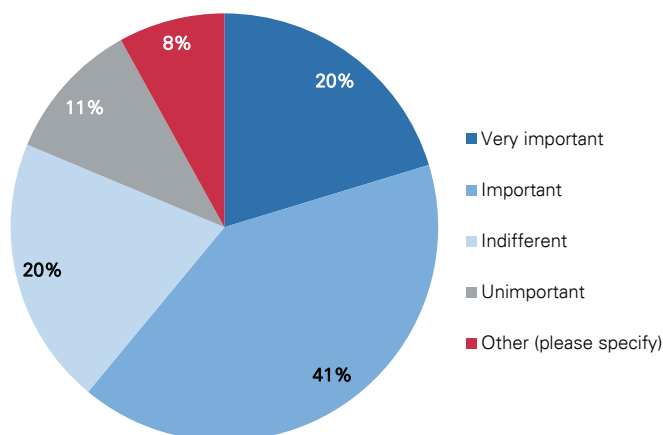
Across Life Sciences there is a widely accepted belief that achieving a boardroom gender balance is important to competitiveness. Over 60% of those surveyed believe that men and women should be equally represented in the boardroom.

However there was a gender difference here with three quarters of women feeling that equal representation on the board was important as compared to just half of men.

The need for diversity beyond just gender is also well-recognised. Just 13% Disagreed with the statement that the ideal board should have a mix of men and women and also a combination of young and old, from different international and educational backgrounds and with varied expertise.

One sounded a warning note: 'Boards should have variety but based on talent and suitability, not age, sex or anything else'.

How important is it to you, that men and women are equally represented in the boardroom? Select one only



Quotes

'I believe in the best person for the job but we should definitely have a woman on our board soonest'

'Wrong question – equal opportunities not equal numbers'

'Equality isn't the issue for me, diversity is'

2. WOMEN BRING EMPATHY AND INTUITION TO LEADERSHIP

Respondents understand the necessity of boards possessing a range of skills – and that women bring a unique contribution to setting and delivering on corporate strategy.

Nearly two thirds of respondents (62%) thought that women contribute differently in the boardroom, compared to their male counterparts. Again, a greater number of women saw themselves as bringing different qualities to the job compared to male colleagues.

‘I think women tend to often have a more practical view of things. I think they’re more aware of the impact of decisions on people and how they need to be communicated’.

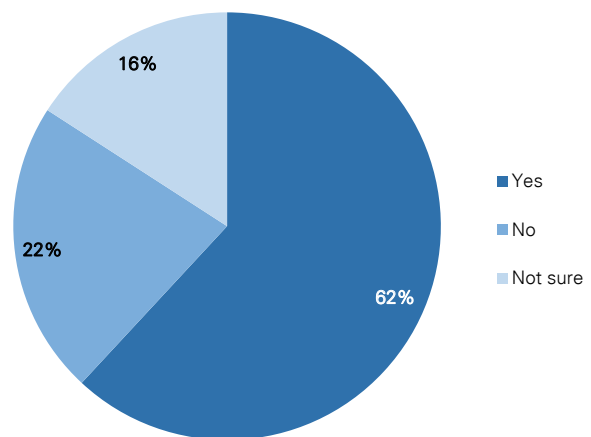
Sally Waterman, CEO of Polytherics Limited

This difference is viewed in an overwhelmingly positive light. Three quarters rated women higher than men for intuition and possessing greater awareness of the motivations and concerns of other people. A similar proportion saw women as more empathic, with a better insight into how decisions play out in the wider organisation. Over half felt that women were better when it came to communications and effective collaboration.

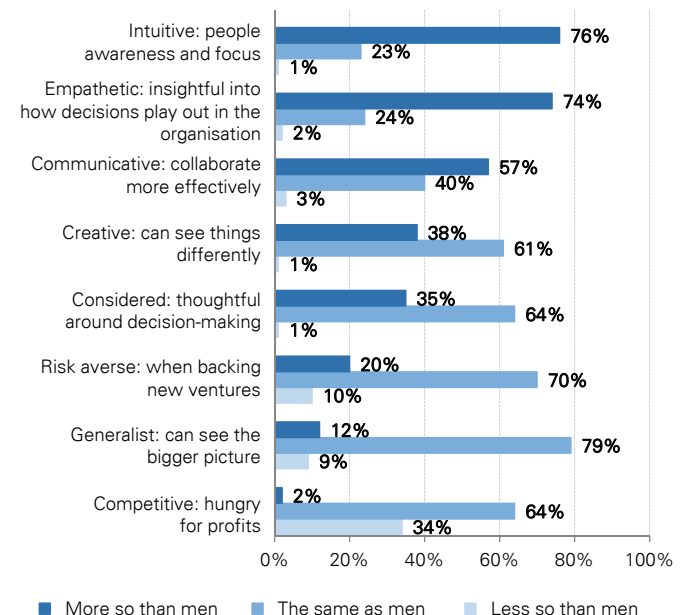
When it came to other skills, there was little difference between the sexes. 80% rated women on a par with men for being generalists who can see the bigger picture and around two thirds regarded them as the same as male colleagues in terms of being risk averse when backing new ventures.

The sole area where there was a substantial negative discrepancy compared to men was in the area of being ‘competitive and hungry for profits’. However only one in three voted for this.

Do you think women contribute differently in the boardroom?



How do you think women contribute differently in the boardroom?
Please give a response to each description



3. WORK-LIFE BALANCE, CULTURE AND PIPELINE ARE KEY BARRIERS

We asked respondents to sum up their view of today's Life Sciences boardrooms. Overall more than one third felt it is 'determined by commercial structures' and slightly fewer believed that it is the 'best candidate irrespective of gender' who is chosen. However a significant number (18%) felt that they are 'largely old boys clubs', with less than 1% describing boards as 'female friendly and encouraging'.

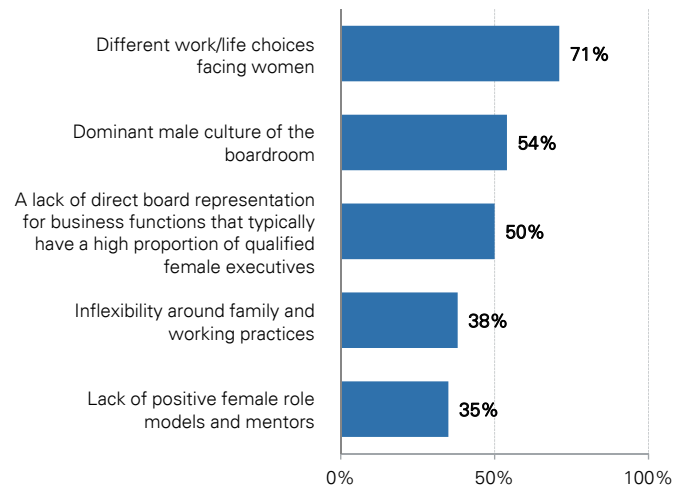
'Create an environment that is more conducive to women being involved. It's not that there aren't enough women in Life Sciences'.

Dr. Ursula Ney CEO of Genkyotex

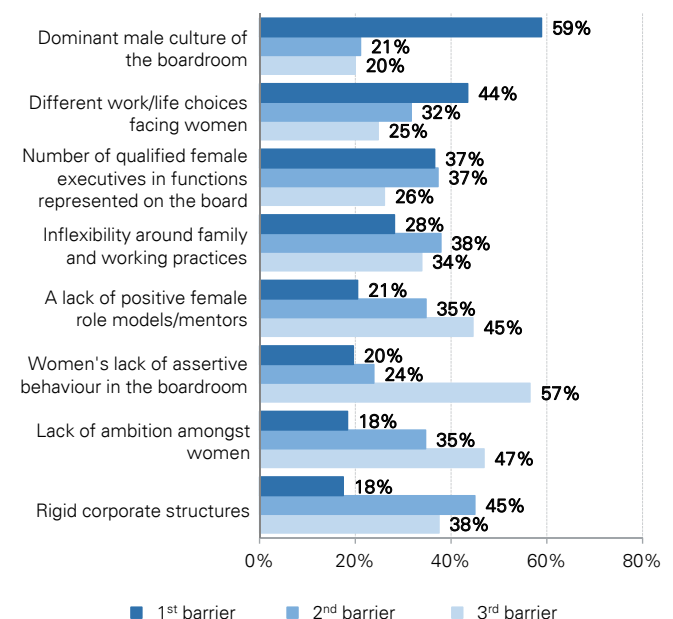
Answers diverged greatly based on gender. The majority of women felt that it was 'largely determined by commercial structure' while men put 'pick the best candidate irrespective of gender' first. Almost a quarter of women gave second place to its being 'largely old boys clubs' as compared to just one in 10 of men.

Pick just one of the following to best sum up the general view of today's boardroom?	Female	Male
Largely determined by commercial structure	1 (42%)	2 (33%)
Largely an old boys club	2 (27%)	3 (11%)
Pick best candidate irrespective of gender	3 (14%)	1 (43%)
Only recruit females to meet diversity requirements	4 (6%)	4 (3%)
Female friendly and encouraging	5 (0%)	5 (1%)

Barriers to Balancing Boardroom Ratings



What do you consider to be the three key barriers to achieving a balanced male/female board? Select your TOP three only



Given the widespread support for more balanced boards, we asked what the barriers were to delivering this.

Overall 'different life choices for women' was seen as the biggest hurdle (71%), followed by dominant male boardroom culture (54%) and a lack of direct board representation for business functions that typically have a high proportion of qualified female executives (50%).

Exploring this further, we asked respondents to rate which of these barriers was most important. This gave a slightly different perspective, with the dominant male boardroom culture overtaking different life choices as first choice.

Key barriers cited

'I see few if any barriers to women being represented on boards'

'Hidden male culture and the intangible, less obvious barriers are the strongest'

'Often women are not interested in the politics of the boardroom'

'The struggle to balance both home and work'

4. QUOTAS ARE NOT THE ANSWER BUT ARE THE WAKE UP CALL

Given the potential for imposed quotas from the European Union we assessed people's views on their usefulness and whether they supported their introduction.

'Quotas are not the best solution but they can be a solution if companies persistently fail to demonstrate a proportional representation of women in the senior positions.'

Anonymous

The research found that EU imposed quotas don't currently have majority support. 56% said they weren't in favour of board gender quotas, with just 13% agreeing they were necessary. However a substantial number were undecided – 21% saying 'Maybe' and 6% 'Don't Know'.

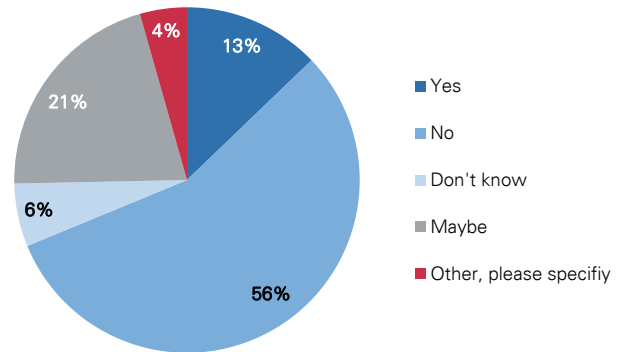
These figures were greater amongst female respondents, with a third of women voting 'Maybe' or 'Don't Know'. Essentially this means that if progress doesn't happen and they lose patience and change their minds, women could poll a majority of 55% in support of quotas.

We also wanted to get views on how useful quotas actually would be and whether executives agreed with the statement by EU Justice Commissioner Viviane Reding that 'quotas are a tool and they can be very effective'.

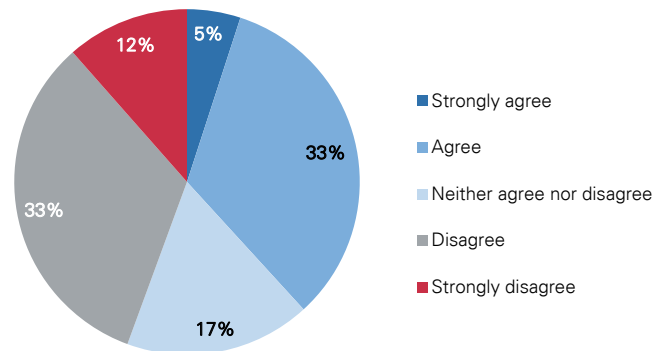
Results from this were less clear cut. One third agreed with the Commissioner and one third did not. Those with stronger opinions tipped the balance in favour of 'Disagreed', with 11% Strongly Disagreeing versus just 5% who Strongly Agreed. It is worth noting however that there was a substantial 17% sitting on the fence and offering the potential of a swing vote.

Overall the survey uncovered a general feeling that quotas are not currently the answer. But the large numbers of undecided respondents demonstrate that this could change if other, less coercive tactics fail to bring about board transformation.

Would you support the introduction of gender quotas for the boardroom by the European Union?



To what extent do you agree with this statement? "Quotas are a tool and they can be very effective, it's clear that they can be a solution when the top positions in companies are blocked for women. There is nothing demeaning about bringing diversity to Europe's companies." Viviane Reding, EU Justice Commissioner



Quotes

'Without a government mandate I believe that the lack of women in top positions in companies will remain a problem'

'Quotas make me cringe but so do 100% male boards'

'I believe in meritocracy within a supportive environment. Quotas are artificial'

'As a woman I would not like to be appointed to a board because of gender'

5. FLEXIBILITY, MENTORING, LEADERSHIP AND TRANSPARENT EXECUTIVE SEARCH PROCESSES KEY TO BALANCE

Having outlined the need for change, we asked what the Life Sciences industry needs to do to address the boardroom gender imbalance.

‘We have to help senior leaders to see the business case and encourage our colleagues to apply for roles even when they don’t fill 100% of the requirements’.

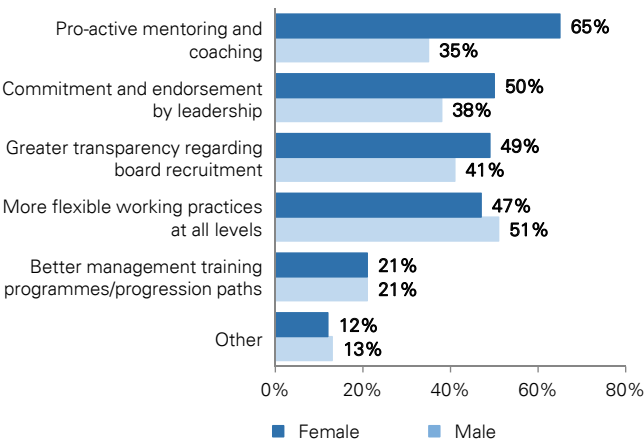
Ulla Lottenbach, Global HR Business Partner
RPD of Roche

The most popular answers, cited by just under half of respondents were:

- More flexible working
- Proactive mentoring
- Greater transparency regarding board recruitment
- Commitment and endorsement by business leadership

Again, there were marked differences between the sexes, with over half of men suggesting more flexible working as the number one solution. This was only ranked fourth by women with nearly two thirds of them seeing proactive mentoring as the key way of increasing female board membership. Essentially this demonstrates the need to consult with female managers, understand their concerns and act on them, rather than relying on first instincts.

What could the Life Sciences industry do in order to achieve better balance in the boardroom? (choose all that apply)

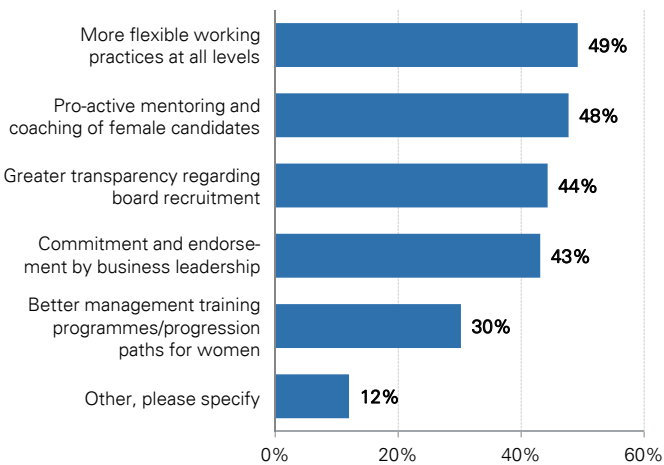


As the Davies report pointed out, all those involved in business need to address the gender imbalance, with Executive Search firms having a role. Consequently we asked respondents how the likes of RSA could assist in addressing the problem.

The key themes that came from their answers included:

- Do more to ensure that women are included on shortlists
- Make greater efforts to find and promote female talent
- Promote the value of a mixed board and challenge clients that don’t see it
- Coach, mentor and nurture female talent
- Promote female-friendly job specifications

What could the Life Sciences industry do in order to achieve a better balance in the boardroom? (choose all that apply)



RECOMMENDATIONS FOR BALANCING THE BOARD

The whole industry needs to act together to address the current gender imbalance. We've taken this research and the views of the senior executives we surveyed and combined them with our own experiences to come up with a set of recommendations for both Life Sciences companies and the Executive Search industry.

By working together we believe that we can ultimately achieve a better gender balance on boards, benefiting the entire Life Sciences industry by enabling it to access a wider range of skills and delivering competitive advantage in all it does.

Actions for the Life Sciences Industry

Senior executives identified three key areas where the Life Sciences industry could be doing better:

- 1. Promote a more empathic business culture and working environment:**
Organisations must show greater empathy and intuition around decision-making and communications to ensure that the right messages are getting through. There is a need to further break down any remaining institutional chauvinism and provide a more flexible working environment where presentation time in the office is not necessarily a requirement.
- 2. Undertake appropriate and sustained learning and development:**
The industry needs to be planning and investing well ahead. The focus should be on developing the board leaders of the future rather than throwing candidates in at the deep end. To support this, more resources must go into providing women with the necessary new skills, coaching, mentoring and supporting them with a personal growth agenda.
- 3. Coach female candidates to succeed in the boardroom:**
Making the transition into the boardroom successfully requires experience and a degree of training for the role. Women will need coaching in a new set of skills to ensure they are comfortable in their new roles.

Actions for Executive Search

Senior executives identified three key areas where the Executive Search industry could provide greater support:

- 1. Be pro-active about including women in the process:**
Always look for female candidates, and ensure that they are brought into the process. Consider having quotas for the inclusion of women candidates in shortlists for interviewing. Coach them to ensure they understand how CVs and interviews are seen by clients and ensure that job specifications are female friendly.
- 2. Scout harder for female talent:**
Men find it difficult to opt out, whereas women find it difficult to opt in. Be aware of the executive potential that is out there from the female population. Headhunt suitable women because they are less likely to put themselves forward.
- 3. Promote the benefits of a mixed board:**
Promote the value of mixed boards and mentor the business around getting the best mix for their organisation. Encourage a diverse senior management environment by setting an example and putting forward the right mix of candidates. Strive for greater transparency in evaluating women candidates and keep stating that women need more opportunities until you don't need to say it anymore.

Conclusion

The Davies report and the threat of EU quotas has shone a spotlight on the gender imbalance in corporate boardrooms. In terms of the number of female board members, the Life Sciences industry is currently neither better nor worse than other sectors. However, our study shows a heartening willingness to embrace change and benefit from the skills and advantages that more diverse leadership brings to the industry. Ultimately, as Lord Davies said in his report "Corporate boards perform better when they include the best people who come from a range of perspectives and backgrounds." Now is the time for everyone involved to review their current procedures, identify barriers and work together to dismantle them to ensure that Life Sciences is a vibrant, competitive and successful industry that is built on talent, both currently and in the future.



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ABOUT RSA

RSA is a global leader in Executive Search and Interim Management to the Life Sciences industry with offices in China, Germany, Singapore, Switzerland, UK, Turkey and USA. RSA was ranked 38 in the 2010 UK Sunday Times' International Track 100. To find out more go to www.theRSAgroup.com.

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