

SEATTLE BUSINESS  
MAY 2017  
WASHINGTON MANUFACTURING AWARDS  
WOMEN ON CORPORATE BOARDS  
RED LION HOTELS

**HOSPITALITY**  
MEET THE NEW  
RED LION HOTELS

**FOOD PRODUCTION**  
WILL WORMS FACTOR INTO  
YOUR NEXT CHICKEN DINNER?

**EXECUTIVE Q+A**  
BUILDING A FINANCIAL  
SERVICES POWERHOUSE

# Seattle Business

MAY 2017 • SEATTLEBUSINESSMAG.COM

**2017  
WASHINGTON  
MANUFACTURING  
AWARDS**  
PAGE 29

**NEW DIRECTION.**  
*Trained by a group trying  
to recruit more female  
directors, local executive  
Erin Lantz represents  
a shift in corporate  
governance.*

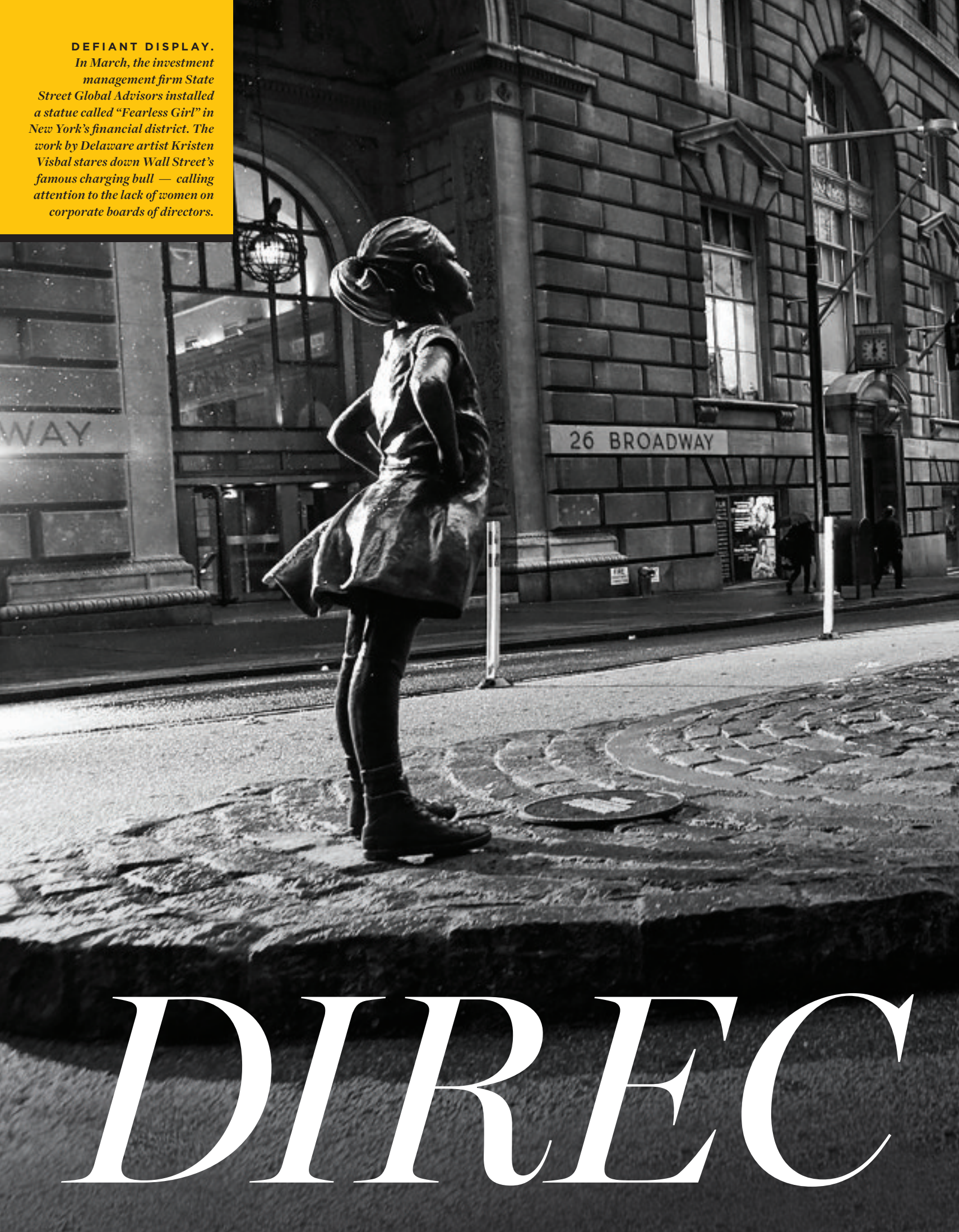
# On Board

**CORPORATIONS BEGIN  
TO RECOGNIZE THE  
BENEFIT OF ADDING  
MORE FEMALE DIRECTORS.**



**DEFIANT DISPLAY.**

*In March, the investment management firm State Street Global Advisors installed a statue called "Fearless Girl" in New York's financial district. The work by Delaware artist Kristen Visbal stares down Wall Street's famous charging bull — calling attention to the lack of women on corporate boards of directors.*



*DIRECT*



THE MOVEMENT TO PUT **MORE WOMEN**  
ON CORPORATE BOARDS GAINS MOMENTUM,  
BUT THERE'S STILL A LONG WAY TO GO.

# A **NEW** TRENDITION

---

*Story  
by  
Karen West*

---

# Y

## YOU WOULD THINK THAT GETTING CORPORATE BOARDS OF DIRECTORS TO ACHIEVE GENDER BALANCE

WAS AN ISSUE ADDRESSED — AND ANSWERED — A GENERATION AGO. ¶ *AND YOU WOULD BE WRONG.* ¶ BUT THE PENDULUM MAY FINALLY BE SWINGING IN FAVOR OF ADEQUATE REPRESENTATION OF WOMEN — AND THEIR DIVERSE PERSPECTIVES, VALUES AND IDEAS — ON CORPORATE BOARDS. BOARDROOM DIVERSITY IS NOW — FINALLY! — VIEWED AS A TOP BUSINESS IMPERATIVE, AND MANY COMPANIES ENTHUSIASTICALLY EMBRACE A “DIFFERENT IS BETTER” CORPORATE CULTURE.

With five women on its 11-person board, Alaska Air Group recently won the WomenCorporateDirectors Foundation’s WCD Visionary Award for Leadership and Governance of a Public Company. Alaska also won the first-ever Governance Award in *Seattle Business* magazine’s Executive Excellence Awards program this year.

A group of Pacific Northwest business leaders, which formed an onBoarding Women program two years ago, is pushing to have women make up 30 percent of corporate boards in the region by 2020.

“We want to make sure the Pacific Northwest stays cutting edge on this issue, as we have in so many other ways from technology to biotech to the various social causes that have kept Seattle forward thinking,” says Lucinda Stewart, a Seattle-based recruiter for the executive search and leadership consulting firm Spencer Stuart and cochair of onBoarding Women. “We decided to lock arms and do something about it.”

The diversity buzz is noticeable. OnBoarding Women boot camps are underway in Seattle. Local, national and global studies espousing the benefits of boardroom gender diversity come out almost weekly. Industry trade groups, nonprofits and universities, including the University of Washington, are rolling out training and mentoring programs.

They all share the same goals: to redefine how boards are governed, and to ensure visionary, diverse representation that better reflects the marketplace.

It makes perfect sense. Women account for nearly half the American workforce but make up an average of 19.9 percent of S&P 500 corporate boards — 18 percent in Washington state. As well, women are the world’s most powerful consumers, responsible for up to 85 percent of all purchases. Still, *Fortune* magazine recently reported that, as of 2016, 24 Fortune 500 companies had no women on their boards.

“Public boardrooms don’t look like the average consumer,” says Erin Lantz, VP and general manager of mortgages at Zillow Group. Lantz, who recently was appointed to two corporate boards after graduating from Seattle’s onBoarding Women program, adds, “You want your company to reflect the people you are serving.”

**W**ASHINGTON companies seem to be getting the message slowly but surely. Tableau Software recently added its first female board member and, in 2015, Expeditors International of Washington added its second. In Washington

state, the presence of women on boards has risen from 14 percent in 2014 to 18 percent in 2016, according to Stewart.

Earlier this year, Starbucks said it would add three new directors to its board, including its fourth female, creating one of the nation’s most diverse corporate boards. With these additions, the Starbucks board will grow to 14 people, be 29 percent female and 36 percent ethnic minority, and include a range of ages, from millennials to baby boomers.

“I’ve tried to create an environment within the board that would be culturally similar to that of the company,” says Howard Schultz, the company’s founder and chairman.

Going the high-profile route is another way to call attention to the importance of having qualified women in the board-

room. In March, Expedia Inc. added Chelsea Clinton as a director, making her the third female on a 14-person board.

As today’s business landscape increases in complexity, executives realize the importance of having directors with differing backgrounds to ensure the making of sound decisions and creation of strong oversight of senior management, says Ed Thomas, Seattle managing partner of Deloitte, the accounting and professional services consulting firm.

Thomas serves as cochair of onBoarding Women with Lucinda Stewart and Stewart Landefeld, a partner in the Seattle law firm Perkins Coie. He believes diverse experiences and views are critical to handling emerging issues like cybersecurity, social media, international markets, analytics and recruiting new generations of talent. Without diverse representation, Thomas says a board “could miss having a [finger on the] pulse on the trends and demographic changes” that affect corporate strategy.

“We [Deloitte] have seen firsthand how greater diversity in gender, background, experience and thought results in more effective boards, boards that ask the tough questions, look beyond usual solutions and constructively challenge management,” Thomas adds.

Is 30 percent female representation by 2020 doable? Does it even matter?

Here's why Thomas and others believe the answer to both questions is yes:

- The products a company sells are most likely being purchased by women, who, by the way, are making more money these days. Women are responsible for the bulk of consumer purchasing — buying everything from cars to health care. The global income of women is predicted to reach \$18 trillion by 2018, according to the London-based professional services firm EY, formerly Ernst & Young.

- Shareholders are questioning through letters, resolutions and dialogues why most board members are white males in their 50s and 60s. Investors of Apple and Chipotle Mexican Grill, for example, are calling for gender diversity and more accountability. In 2014, U.S. investors controlling a combined \$578 billion of assets said they considered diversity in the boardroom a metric for making investment decisions, according to the Washington, D.C.-based Forum for Sustainable and Responsible Investment.

- Women hold nearly half of all management positions, according to the Bureau of Labor Statistics. In addition, according to the National Association of Women Business Owners, 10.1 million firms are owned by women, employing more than 13 million people and generating more than \$1.9 trillion in sales.

**M**OUNTLAKE Terrace-based 1st Security Bank of Washington has three women on its eight-member board.

“I’m always amazed that there are still so few women board members, especially in banking,” says CEO Joseph Adams. “I suspect a large majority of employees who work for banks are women, yet there are very few women on bank boards. This is insanity, in my book.”

With an employee base that’s 71 percent female, the bank’s core values were recently rewritten to include the phrase “celebrating diversity and supporting equality for all.” Notably, 1st Security was the only bank in the state to publicly support the “marriage equality” act when it was on the ballot in 2012. It opened up the front of its Capitol Hill branch as a visitors’ center for the gay community.

“Culture,” Adams says, “is a very big deal for us.” He adds 1st Security’s female board

members have been important role models who ask tough questions at board meetings and offer crucial oversight to the business. “I have had numerous employees over the years tell me how inspirational it is to have Peggy [Piesik], Judith [Cochrane] and Marina [Cofer-Wildsmith] on our board. They have literally helped inspire the next generation of outstanding female leaders within the bank.”

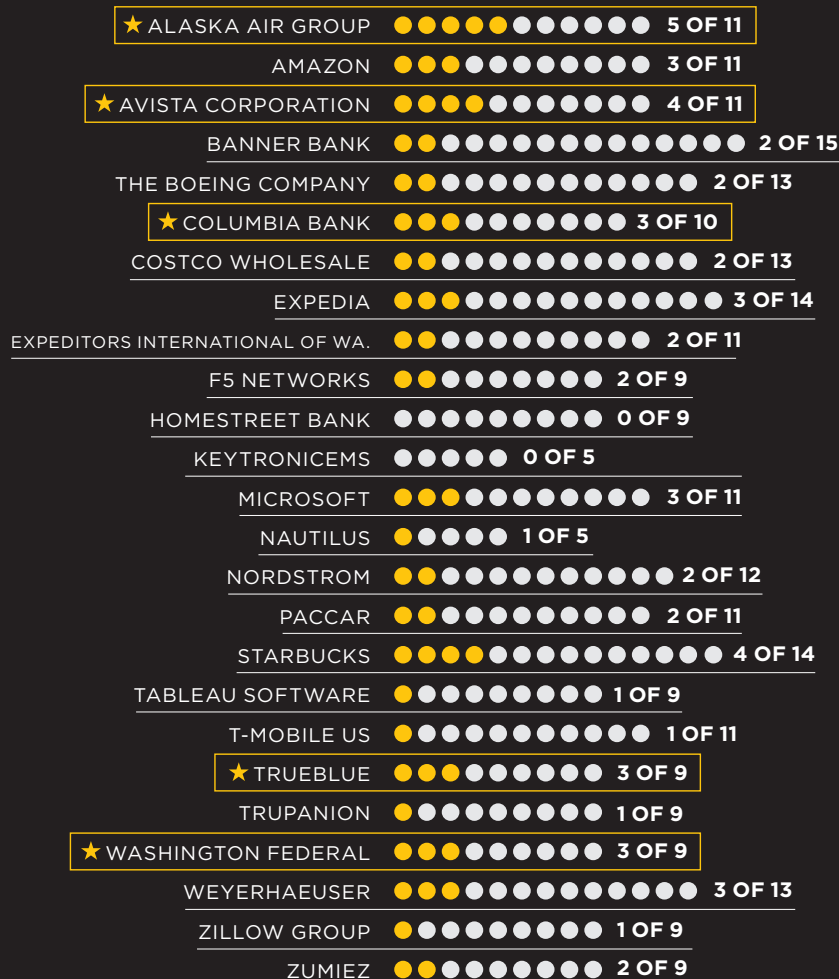
Of course, board diversity is not just about women’s equality. Studies show that com-

panies with women on their boards tend to perform better, mainly because of the fresh perspectives women bring to the table. Credit Suisse Research Institute reports that, from 2005 to 2011, companies with women on their boards had higher average returns on equity and higher net income growth.

A study by Catalyst, a New York-based nonprofit that has studied the issue for years, concluded that Fortune 500 companies with the highest percentage of women board

## WORK TO DO

HERE’S A SNAPSHOT OF BOARD REPRESENTATION BY GENDER AMONG 25 PROMINENT COMPANIES BASED IN WASHINGTON OR, IN THE CASE OF BOEING, HAVING A DOMINANT PRESENCE IN THE STATE. FIVE — HIGHLIGHTED BELOW — HAVE REACHED A RATIO OF 30 PERCENT FEMALE OR GREATER.



NOTE: FIGURES ACCURATE AS OF MARCH 23, 2017



## GETTING ON BOARD

### WOMEN BOARD DIRECTORS DEVELOPMENT PROGRAM

For information on the next seminar at the UW Foster School of Business, visit [foster.washington.edu/women-on-boards](http://foster.washington.edu/women-on-boards).

### SEATTLE ONBOARDING WOMEN PROJECT

There is no formal application process. Individuals are nominated and invited to join the next cohort by co-chairs Stewart Landefeld ([slandefeld@perkinscoie.com](mailto:slandefeld@perkinscoie.com)), Lucinda Stewart ([lstewart@spencerstuart.com](mailto:lstewart@spencerstuart.com)) and Ed Thomas ([edthomas@deloitte.com](mailto:edthomas@deloitte.com)).



## BOARD SHORTS

CORPORATE DIRECTORS MAKE GOOD MONEY.

- Compensation ranges from a median of \$142,000 at small-cap companies to \$276,000 at large companies.
- Compensation is split more or less equally between a cash retainer and the granting of company stock.
- Companies in the energy, information technology and health care industries tend to pay the highest compensation.
- Companies in the utilities, consumer discretionary and materials industries tend to pay the lowest.

SOURCE: STEVEN HALL & PARTNERS

directors outperformed those with the least by 53 percent in return on equity and by 42 percent in return on sales. The group recently announced a new board-mentoring initiative in the United States, which pairs CEOs and board chairs with women who are candidates for boards.

Understanding why men still outnumber women in the boardroom depends on whom you ask. People who support the status quo argue that there is a lack of qualified female candidates. Others say there are plenty of talented women, but they just haven't been discovered.

"The pipeline for board members usually starts in the C-suite," Thomas explains. "This makes for a small pool of women candidates if boards are only looking at titles and not the breadth of a candidate's qualifications."

He urges boards to consider looking at skills, not necessarily titles, given that women hold fewer than 5 percent of the Fortune 500's CEO positions.

**M**EN DIDN'T start out intentionally excluding women from the boardroom. It's more of an unconscious bias. Historically, when

male-dominated boards had a vacancy, they reached into their own networks of like-minded colleagues — usually older white men — with whom they had bonded on the golf course or over lunch.

"Women aren't in the network, so they don't readily come to mind," says Phyllis Campbell, chair, Pacific Northwest, for JPMorgan Chase and one of the five women now serving on Alaska Air Group's board.

Campbell thinks female board members are more likely to ask the "right" questions and offer differing perspectives. "It's sometimes messier," she says of the gender and racial mix on Alaska's board. "We don't always agree, by definition. That's what diversity brings to the table. Innovation is linked to different points of view."

She recalls that some of her early board experiences with other companies were challenging. "Sometimes," Campbell says, "I would get ignored. One time, a guy repeated something I had said five minutes before."

Cate Goethals, an executive coach and adjunct professor in the Foster School of Business at the University of Washington, has similar theories.

"Boards are intimate, collaborative environments," she says. "Board members, women as well as men, want to make sure they are

bringing on new directors who can both bring a lot to the table but also be able to comfortably support and challenge others in the group."

Goethals, who has been working to elevate women into the boardroom for the past decade, says personality fit is often a key ingredient.

"This makes directors want to appoint 'known quantities' — people they not only know but have seen in action," she explains. "There are so many qualified women. I've heard some men say that there aren't, and it's simply not true. What is true is that those men don't know that many qualified women."

Goethals runs the Women Board Directors Development Program at the Foster School of Business and says senior managers need to stop assuming that the men who advocate for themselves most aggressively will be the most effective choices. Women, too, need to develop greater confidence and learn to advance themselves by finding mentors who will sponsor their journeys to the boardroom.

The Women Board Directors Development Program, which consists of a two-day seminar, has graduated 120 participants. It will be offered again in June and October of this year.

**O**NBOARDING WOMEN, meanwhile, is working on a twofold plan of action: raising awareness among women in the Pacific Northwest of what is involved in board service as well as connecting these women with executives and nominating board committees.

The impetus and mission of onBoarding Women became clear in January 2015, Thomas says. It's when the group fully realized there is a national shortage of senior women executives in the boardrooms of both public and private corporations. At that time, only 18 percent of board seats nationally were held by women. In the Northwest, that figure was 14.5 percent.

The third onBoarding Women cohort is expected to "graduate" 50 to 60 board-ready women next year. This program also pairs women with mentors who are actively sitting on boards. So far, nearly 40 women have gone through the program and several have been approached about board appointments, including Lantz.

At 37, Lantz is living proof that companies are willing to search outside traditional

sources for qualified board members. Since graduating with the first onBoarding Women cohort of 22, she has been appointed to the boards of two public companies: Seattle-based Washington Federal and TrueCar Inc., an automotive pricing and information provider in Santa Monica, California.

Lantz is the only woman on the TrueCar board and the youngest person on the Washington Federal Board. She says her experience in consumer lending, technology and online marketplaces helped differentiate her from other, more traditional candidates.

“It’s no secret that the typical profile of a public company board member is decades my senior, male, and has typically served as a CEO or possibly another C-level officer,” says Lantz, an internet executive with expertise in consumer lending and technology.

While many agree having women in the boardroom provides a competitive edge, some stop short of endorsing quotas, even though European countries such as Germany, Norway, Spain, France and Belgium have passed legislation requiring a certain number of women on their boards. Germany mandates 30 percent, Norway 40 percent. The national

***“IT’S NO SECRET  
THAT THE TYPICAL  
PROFILE OF  
A PUBLIC COMPANY  
BOARD MEMBER  
IS DECADES MY  
SENIOR, MALE, AND  
HAS TYPICALLY  
SERVED AS A CEO  
OR POSSIBLY  
ANOTHER  
C-LEVEL OFFICER.”***

— Erin Lantz, VP and general manager  
of mortgages at Zillow Group.

governments of Australia and Canada have also proposed board diversity guidelines.

The Virginia-based Committee for Economic Development, a business-oriented public policy group, does not endorse quotas, but it is lobbying nominating committees of prominent corporate boards to refresh their selection processes to recruit more women. Specifically, the group wants companies to bring in one woman for every man who gets a new board seat in the next four years.

Still, Campbell and other business leaders won’t stop pushing until the 30 percent goal — at the very least — is reached. She is one of about 30 “Champions of Change,” a group of CEOs and business leaders from prominent U.S. companies who are working on the Thirty Percent Coalition’s U.S. initiative, which was launched in 2014. The coalition is supported by asset managers, state pension funds and women’s organizations that aim to increase women on listed company boards because it simply makes good business sense.

“We are just trying to enlarge the pool,” says Campbell. “We need to hammer home that this is a business imperative.” **SB**



**BANK STATEMENT.**

Seattle-based Washington Federal is one of a handful of local firms to have achieved at least 30 percent female representation on its board of directors. Seated from left: Randall Talbot, Barbara Smith, Chairman Roy Whitehead, Brent Beardall and Mark Tabbutt. Standing from left: Thomas Kelley, Erin Lantz, Anna Johnson and David Grant.