Horton Ruston Poole

Gender imbalance: still holding up recovery and return on investment

“The headhunting community is a crucial catalyst to introduce more capable women into the boardroom” Vince Cable, Business Secretary, March 2014

By Paul Edwards and Matt Wheeler

Recent data indicate that there is still a very significant gender imbalance at the more senior levels of the biotechnology sector, both in private and public organisations. Our own brief survey, looking randomly at sample of 38 companies in membership of One Nucleus and the Oxford Biotech Network found only one woman CEO, one woman Chair, and less than 12% total female representation on Boards.

We have been keen to explore not only the real reasons for this situation, but also the premises for concern about its effects on the industry: that it damages business performance, and that new approaches may benefit employers. We also wish to understand how Horton Ruston Poole, as a leading global search and selection firm working in the biotech arena, might help in improving practice and outcomes.

In 2011, the Lord Davies report urged FTSE350 companies to take all possible voluntary measures to increase the proportion of women on boards to 25% by 2015, a figure of which we still fall well short. While the provisions suggested in this Report’s code are welcome as reflecting good practice, we have to ask ourselves whether they go nearly far enough, especially in our sector, which is fast moving and represents a major contribution to the economy.

We therefore brought together a number of key players to discuss the issues over a lunch in the new (and very impressive) MRC Laboratory of Molecular Biology building in Cambridge, to see how we might work together to share experience and test more innovative approaches.

The statistics put forward by participants at the start of the conversation confirm our first premise: that women have at least as much to offer as men, and that gender imbalance therefore affects profitability and future commercial prospects. Two delegates from Astia, a global network of experts committed to accelerating the funding of women-led, high-growth ventures, Rowan Gardner and Brian Evje shared statistics from their own evidence base, and also made the important point that this type of discussion should not inadvertently reinforce the idea that women are broken and need to be fixed when ‘It’s the organisations that need to be fixed.’
Women score more highly on 12 out of 16 key competences in 360 degree assessments according to the Harvard Review, and female scientists are more creative (research by University of Reading, 2013). The Sloane School of Management has found that diversity throughout an organisation is critical to innovation. Perhaps most tellingly, Christine Lagarde has asserted that ensuring gender balance, especially at senior level, could unlock 14% additional GDP for a country.

Investors should also be concerned. Our guests noted that women entrepreneurs have been proven to make more effective use of capital, reaching the same development stage with 70% of that used by men, and arriving at point of revenue more quickly and, while only 4% of investment goes to female led businesses, they account for 8% of profitable exits.

Historically, male graduate scientists have heavily outweighed the number of females leaving university, and women have often sacrificed their careers to become family carers. This goes some way to explaining the historical gender imbalance. Today, however, there is not an issue with the ‘supply side’ in that slightly more than half of life sciences graduates are female, but at senior scientist level this has reduced to well below 50% and dropped to around 10% for Board positions.

So who should take the responsibility for addressing this problem? Delegates argued that businesses and investors had to change their views, understanding that diversity drives performance, and that leadership is not about one powerful or charismatic person (Carlyle’s ‘Great Man’ concept).

It was suggested that they need to think more holistically, accepting that they should be seeking to build the best teams at all levels, including the Board, rather than trying to identify particular types of candidate in isolation.

Delegates also believed that this paradigm shift could be facilitated by executive search companies, if they had the courage to accept the role: ‘You are either part of the problem or part of the solution’.

We explored how we could use our knowledge and influence, and were asked to consider ‘redesigning business philosophy’ by bringing clients and experts together to examine attitudes and the ‘tools’ available to effect change. Quotas on candidate lists, for example, are hotly debated: some think they have become essential, others that the decision should only be about the ‘getting the best people’. However, this argument itself highlights a problem, in that defining the ‘best’ may refer back to unhelpful assumptions, focusing on a candidate’s past achievement as an individual rather than her future potential and team fit.

Different models used in different parts of the sector were raised by those familiar with them. Rebecca Aarons of the MRC spoke about the Athena SWAN charter for gender diversity, compliance with which is now obligatory to access certain funding streams in academe, but this has not yet had an effect on balance in the upper echelons of management.
Overall, there was strong consensus that flexible working should be adopted as a business advantage (which it has been proven to be) rather than as a way of ‘allowing women to be good mothers’; and also that the candidate assessment process should take far more account of differences in the ways that men and women tend to present themselves on paper, often using language differently to describe the same achievements. For example, women may well have contributed significantly to a patent licence, but their male colleague’s name will appear on it. These matters can be teased out but, as Tennie Videler of Cambridge AWiSE said, ‘It’s not the size of the pond, it’s the equipment you use to fish it that’s the problem.’

As people who are active in, and observers of the industry, we now intend to use our position to facilitate not only more discussion, but also more radical action. We feel encouraged, for example, to put more ‘unexpected’ candidates on our shortlist, when we are confident that they would perform well; to use our regular industry investment surveys to highlight imbalance; and to talk more to our clients about critically reviewing their criteria and taking fresh ways of interpreting CVs. Ultimately, our job is to ensure that our clients appoint people who will deliver corporate rather than personal success, and to do this we must focus on what the client wants to achieve.

We are more than grateful to the MRC for working with us to make this debate such a success, and to all our guests who contributed such stimulating ideas, which we now intend to take forward.