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## As Boards Regroup, More Women Join

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LEGISLATORS, regulators and stock exchange executives all seem to agree: Give boardroom audit committees sharper teeth, and corporate chiefs will no longer be able to slip funny numbers to, and through, the auditors.

But here's an unexpected impact: More women are joining the committees. A few are even leading them.

The trend is too new to document, but anecdotal evidence is piling up.

"I'm definitely being asked to join more boards, and I'm sure they want me on the audit committees," said Irene R. Miller, a retired chief financial officer of Barnes & Noble, who serves on five audit committees.

**Blythe J. McGarvie's** phone is ringing more, too. Ms. McGarvie, chief financial officer of the BIC Group, the maker of pens, lighters and shavers, is on the audit committee of the Pepsi Bottling Group and is chairwoman of the audit committee at Accenture. She turned down an invitation to join another board — which she is certain would have put her on its audit committee — because she "didn't think the C.E.O. would make the changes" that were needed. She turned down another that she saw as a closed club of East Coast men. And she turned down a third because she felt she could not "add value to its business model."

"There are a lot of suitors out there, and women are getting to pick and choose among them," she said.

So why the flurry of courtship?

For one thing, the need for qualified audit committee members of either sex has grown sharply. According to the Investor Responsibility Research Center, more than one-quarter of large companies must change the makeup of their audit committees to qualify as independent under new guidelines. And many audit committee members are not seeking re-election.

“The workload has increased, and directors are starting to bail out of audit committees,” said Dennis R. Beresford, an accounting professor at the University of Georgia’s Terry College of Business and a member of three audit committees.

Moreover, regulators now insist that audit committees include at least one independent financial expert. Gordon Grand III, a managing director at Russell Reynolds Associates, the search firm, notes that many women clear that hurdle now.

“Companies have been filling financial posts with women,” he said, “and other companies are putting these women on audit committees.”

By doing so, they are also enhancing their track records for diversity. Julie Daum, who heads the board practice at the search firm Spencer Stuart, said that nearly one-quarter of the firm’s board searches were for audit committee members.

“Many of those clients have told us, ‘We’d love this person to be a female,’ “ Ms. Daum said.

Perhaps most important, putting women on audit committees seems to assuage shareholders who, in the post-Enron environment, are clamoring for impartial, probing eyes to review corporate behavior. Many do not think it coincidental that it was a woman, Sherron S. Watkins, who blew the whistle at Enron.

Dee A. Soder, president of the CEO Perspective Group, a consulting firm, interviewed 50 directors from various companies and found that women were often the first to raise concerns about the conduct of chief executives. “Women are more direct by nature, and they don’t know that the rules say they are supposed to shut up,” Dr. Soder said.

ALL that explains why the women are being wooed. But why are they accepting what Ms. Miller calls “the hot-potato job”?

Ambition is certainly a factor, said Thomas L. McLane, vice chairman of the Directorship Search Group, which recruits directors. “Women feel that sitting on a board adds something to their résumé and that volunteering for the audit committee increases their chances of getting on a board,” he said.

Others say women are accustomed to working twice as hard to achieve the status that men take for granted. “It just doesn’t occur to us to shy away from chairing an audit committee if that’s what we’re asked to do,” said Leslie Frécon, president of L Frécon Enterprises, which manages private equity funds. Ms. Frécon serves on six boards, is on the audit committee of three of them and is the chairwoman of one.

Women also seem more willing to take risks — not an insignificant virtue for directors whose personal wealth can be at stake.

“I’ve had male directors tell me that they will opt out of their audit committee memberships rather than face increased liabilities,” said Eleanor Bloxham, co-president of the Corporate

Governance Alliance, which consults with boards on governance issues. “The women directors say, ‘Well, it’s finally a tough job, so we’re getting a crack at it.’ “

In fact, many women who are directors say women are psychologically hard-wired to do the kind of investigating and finger-pointing that audit committees now must do.

Ms. Frécon, for one, described herself as “a lot less likely than male directors to accept an over-general or simple answer.”

Martha Clark Goss, the chief financial officer of Blaqwell, a consulting firm, and a member of the audit committee at Foster Wheeler, the engineering company, said women — and members of minorities, for that matter — lent a fresh perspective on accounting, as well as subjects beyond it.

“The more diverse its members, the more sensitive the committee is likely to be to sexual harassment or other nonfinancial issues,” she said.

Others say women seem apt at raising sticking points without stabbing egos. “Maybe it helps that we don’t have such deep voices, but somehow women seem better able to ask tough questions and deliver heavy messages in a nonconfrontational way,” said Barbara Hackman Franklin, the former commerce secretary who is on five audit panels.

There is an important corollary: women have little to lose by ruffling feathers. They have rarely been part of the old boys’ club, so they do not fear being ostracized from it. “All our studies show that women feel excluded from the informal networks,” said Sheila Wellington, president of Catalyst, a research group specializing in women’s issues. “If you never felt part of the team, you’re less afraid you’ll be asked to pick up your bat and go home.”