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Wanted: 3,732 Women to Govern Corporate America

By [Jeff Green](#), [Hannah Recht](#) and [Mathieu Benhamou](#)

RUSSELL 3000 U.S. BOARD SEATS

HELD BY MEN

HELD BY WOMEN WOMEN NEEDED BY 2021

21,4245,088 + 3,732

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A new California law requires most companies in the state to have at least one woman on their boards of directors by the end of this year. By the end of 2021, they'll need three. According to a new Bloomberg analysis, this sea change could offer women 692 seats at the table, enough to cause a measurable shift in the gender balance of U.S. company boards overall.

But what if it doesn't stop there? New Jersey and Massachusetts are considering similar legislation. Other states have passed non-binding guidelines, often as a precursor to legal action.

The possible opportunities for women at the highest levels of corporate oversight are staggering. If every state were to adopt California's lead, U.S. companies in the Russell 3000 would need to open up 3,732 board seats for women within a few years. The number of women on these boards nationally would increase by almost 75 percent.

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You have 9 free articles remaining. Each square represents a U.S.-based company in the Russell 3000. Here's

Save 30% on unlimited access. how the California rule would apply to them.

304 Have no women on boards need to add one this year

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1,760 Have women but need more by end of 2021
717 Comply with the California rule

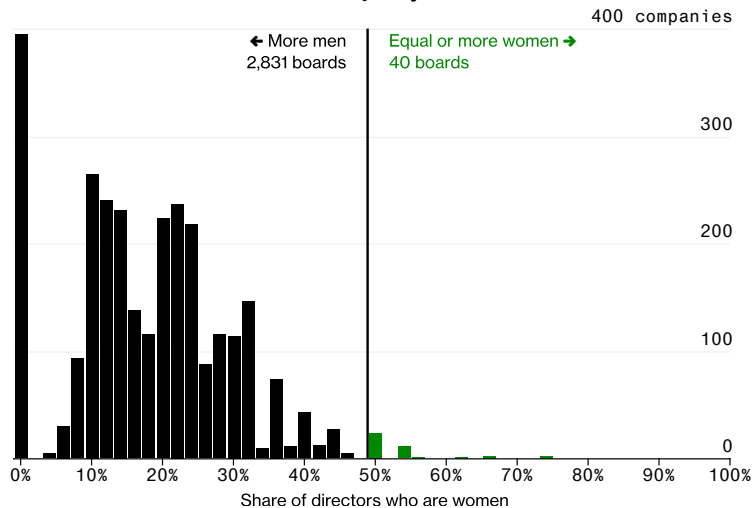
Corporate boards have long been bastions of men. Directors, who are ultimately responsible for a company's direction and supervise the chief executive officer, are often current or retired executives themselves—also a very male crowd. For many people in business and finance, it's a coveted role, a part-time gig that confers access to a wide network of powerful people as well as annual compensation that can run to \$300,000 or more.

But even as the upper ranks of corporate America have begun to diversify, boards have been slower. Vacancies are rare, and when there's an open slot, personal connections matter. The first time Erin Lantz discussed future board candidates with her fellow directors at car-buying service [TrueCar Inc.](#), she saw these network effects play out.

Lantz's male colleagues had plenty of recommendations—almost all of them men. Lantz, the only woman on the board, had a slate that skewed female. “It's not for lack of trying,” she said, noting that the board has been welcoming and supportive since she joined in 2016. “We just have different networks.”

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99 Percent of Boards Are Majority Male



Such gender divisions would be fine, except for math. As of now, women like Lantz, the vice president and general manager of mortgages at [Zillow Group Inc.](#), make up only one-fifth of the directors on U.S. boards. If nothing changes, corporate governance experts say, it could take another two generations before the boardroom matches the workforce, which is about half female.

The glacial rate of progress inspired the California law, which had wide support in the state legislature. From a constitutional standpoint, the measure and its copycats may be on shaky ground, said Doreen Lilienfeld, a corporate governance attorney for Shearman & Sterling. Most Russell 3000 companies are incorporated in Delaware, including 83 percent of those headquartered in California. It's not clear whether another state can, legally, tell them what to do.

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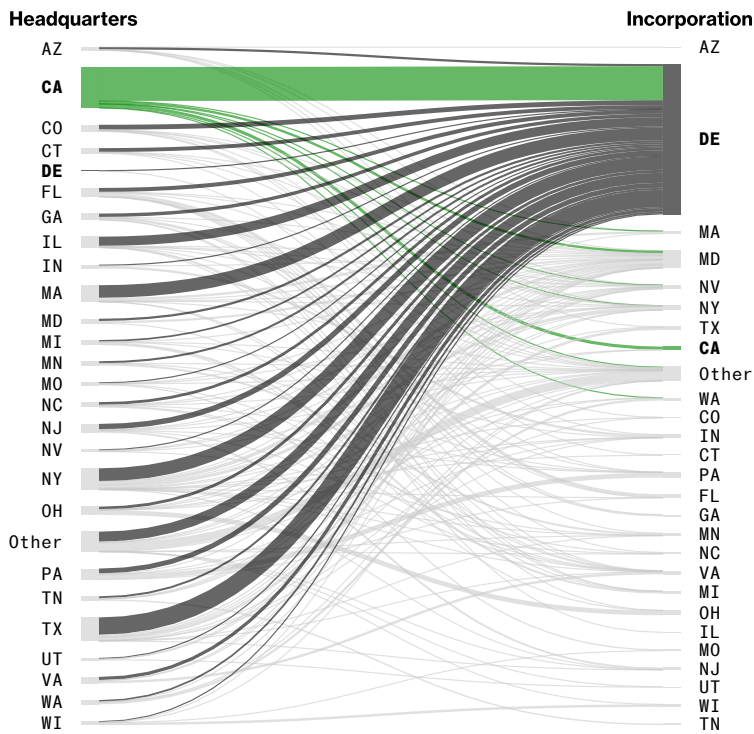
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Most Companies Incorporate in Delaware



Note: States with fewer than 25 headquartered companies, excluding Delaware, are grouped in to Other

But so far, no one has sued. The most vocal opponent of the law as it was debated, the California Chamber of Commerce, said through a spokeswoman that the group doesn't plan to sue to stop enforcement of the law and is not aware of any other efforts at this time.

"The important thing is that we've raised the consciousness so much," said Betsy Berkhemer-Credaire, a member of the National Association of Women Business Owners, which lobbied for the bill, as well as CEO of 2020 Women on Boards, a non-profit that educates women on getting a board seat. "It's just an anachronism and an embarrassment if a picture of board members of a public company is all white males from now on."

Nationwide, some industries have made bigger strides toward gender balance than others. In the utility industry, where one

quarter of board members are women, including the CEOs of

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[Duke Energy Corp.](#), [CMS Energy Corp.](#) and

[PJM Resources Inc.](#), the collective boards would have to fill

only 43 additional board seats with women to meet the full

California requirements. Energy companies, on the other

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hand, would have to more than double women's directorships, from 184 to 475, according to Bloomberg's analysis.

Board Members by Industry

Currently held by women
 Held by men, women needed by end of 2021
 Held by men
 10 board seats

Loading...

The California mandate is the first legislative action, but investors such as **BlackRock Inc.** and **State Street Corp.** and advocates for women in business have been raising the issue for decades. That's borne some fruit. Among the new directors appointed at Russell 3000 companies last year, nearly 44 percent are women, pushing the overall share to about 18 percent.

Every year, researchers estimate how long it will take these boards to reach gender parity. Typically, they say it'll be several decades. But the new appointees have made a difference, says consulting firm Equilar Inc., which accelerated its projection by 20 years in its most recent analysis: Russell 3000 companies could get there by 2034, it said.

Corporate Board Requirements by the End Of 2021

Total Board Members	Share of Companies	Minimum requirement
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Four or fewer

0.01%

REQUIREMENT



Women are getting ready. The number of groups dedicated to helping women get directorships has swelled in recent years, along with the number of companies making public promises to add female directors. (Bloomberg LP Chairman Peter Grauer is the founding U.S. chair of The 30% Club, which encourages both.)

The next class of executives signing up for director professionalism training from the National Association of Corporate Directors is about 40 percent women, according to Peter Gleason, the group's CEO. A decade ago, it would have been half or less than that, he said.

"We see the demographics shifting," said Gleason. He gets as many as 15 queries a week from people interested in being on a board. "We've got an older generation that's in their last five to 10 years of service. We've got another generation coming in."

Search for a Company

Marriott International, Inc.

SECTOR	HEADQUARTERS	INCORPORATION
Consumer Discretionary	MD	DE
BOARD OF DIRECTORS	REQUIREMENT	
4/13 are women (31%)	<input type="text"/>	
Complies with the California rule.		

Data as of March 18, 2019

Even if it takes several more years for another state to adopt a law that mimics California, 2020 Women on Boards plans educational meetings in November in at least 30 U.S. cities to help women learn how to use their own networks to get on boards.

For the first time, Wilmington, Delaware, is among the participants, she said. Almost 1,800 of the companies analyzed by Bloomberg are incorporated in the state, or 62 percent. One solution to the constitutional question, of course, would be to see Delaware pass a similar measure.

That's a long shot, said Berkheimer-Credaire of 2020

Women on Boards. "But who knows? I'm a total amateur at this, and I was able to initiate and navigate getting the bill done here in California, so maybe there's a chance."

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Methodology: Data in this story are from Bloomberg LP, as of March 18, 2019. This analysis includes companies that are headquartered in the U.S. New board members are assumed to

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fill existing seats for the purpose of this analysis, rather than added seats.

Editors: Janet Paskin and Yue Qiu

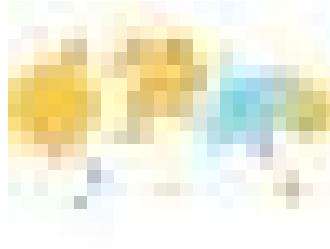
With assistance from Alicia Ritcey, James Calixto and Joshua Masci (Bloomberg Global Data)

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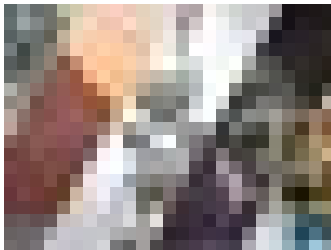


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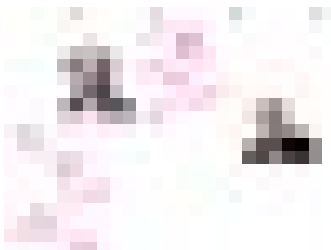
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