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GENDER

Winning the Talent War for Women: Sometimes It Takes a Revolution

by Douglas M. McCracken

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Nine years ago, we came to grips with the fact that women at Deloitte were on the march—out the door. In 1991, only four of our 50 candidates for partner were women, even though Deloitte & Touche—America's third largest accounting, tax, and consulting firm at the time—had been heavily recruiting women from colleges and business schools since 1980. Not only that. We also found that women were leaving the firm at a significantly greater rate than men.

To be frank, many of the firm's senior partners, including myself, didn't actually see the exodus of women as a problem, or at least, it wasn't *our* problem. We assumed that women were leaving to have children and stay home. If there was a problem at all, it was society's or the women's, not Deloitte's. In fact, most senior partners firmly believed we were doing everything possible to retain women. We prided ourselves on our open, collegial, performance-based work environment.

How wrong we were, and how far we've come.

Over the next few years, we analyzed why women were leaving and worked to stop the outflow. At first, the program was largely our CEO's idea; unlike many of us, he saw women's leaving as a serious business matter that the firm could and should fix.

These days, you'd be hard-pressed to find partners within the firm who disagree. It took a cultural revolution, but Deloitte now has a radically different approach to retaining talented women. Based on six principles, it is an approach that other companies might well consider, for its results speak for themselves.

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Today 14% of our partners and directors are women. While we aren't yet where we want to be, this percentage is up from 5% in 1991 and the highest in the Big Five. The number of women managing partners has increased dramatically, and we've eliminated the gender gap in our turnover: women now stay on at about the same rate as men each year. The firm's annual turnover rate as a whole fell from around 25% in the early 1990s to 18% in 1999, despite an intensifying war for talent. Besides saving us $250 million in hiring and training costs, lower turnover has enabled Deloitte to grow faster than any other large professional services firm in the past several years.

A Two-Stage Process

Deloitte's Initiative for the Retention and Advancement of Women grew out of a 1992 task force chaired by Mike Cook, then CEO of Deloitte & Touche. A number of women partners initially wanted nothing to do with the effort because it implied affirmative action. But Cook, along with a handful of partners—women and men—insisted that high turnover for women was a problem of the utmost urgency. In professional services firms, they argued, the "product" is talent, billed to the client by the hour; and so much of our firm's product was leaving at an alarming rate. Cook made sure that both women and men were part of the task force and that it represented a broad range of views, including outright skepticism.

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Once in place, the task force didn't immediately launch a slew of new organizational policies aimed at outlawing bad behavior. Instead, it approached the problem methodically, just as we would approach a consulting assignment. Thus, it first investigated the problem and gathered the data necessary to make a business case—not a moral or emotional one—for change. Then it prepared the groundwork for change by holding a series of intensive, two-day workshops for all of our management professionals. These sessions were designed to bring to the surface the gender-based assumptions about careers and aspirations that had discouraged high-performing women from staying.

Only then did the firm announce a series of policies aimed at keeping women. A major component of these policies was to first get all the firm's offices to monitor the progress of their women professionals. The head of every office received the message that the CEO and other managing partners were watching, and in turn, women started getting their share of premier client assignments and informal mentoring. Other policies, designed to promote more balance between work and life for women and men, also helped. These efforts have opened up our work environment and our culture in ways we never expected.

Preparing the Way for Change

Along the way, we've learned a series of lessons. Other companies, with different traditions and operating environments, may well follow other paths to achieve equitable treatment of men and women. But we think our lessons will apply to a great many organizations.

Make sure senior management is front and center.

Despite its name, the Women's Initiative was always driven by the managing partners—it never became an "HR thing" foisted on the firm. Like other organizations, we were used to having new personnel programs every so often, just one more thing added to an already full plate. I'm sure most of our partners felt initially that the focus on women was the latest "program of the year"; we would try our best and then move on to something else. But from the start, senior management signaled that the initiative would be led by the partners. Cook named Ellen Gabriel, a star partner, as the first leader of the initiative.

Cook's own leadership involved no small investment and risk. In a firm like ours, where the partners are also owners, leadership is not top-down. He took charge of the effort personally and visibly, and with every step, we all got the sense that change was a high priority for him. In Cook's case, a reputation for toughness helped to give this initiative credibility.

Make an airtight business case for cultural change.

The task force prepared the firm for change by laying a foundation of data, including personal stories. Deloitte was doing a great job of hiring high-performing women; in fact, women often earned higher performance ratings than men in their first years with the firm. Yet the percentage of women decreased with each step up the career ladder, in all practices and regions, and many women left the firm just when they were expected to receive promotions. Interviews with current and former women professionals explained why. Most weren't leaving to raise families; they had weighed their options in Deloitte's male-dominated culture and found them wanting. Many of them, dissatisfied with a culture they perceived as endemic to professional services firms, switched professions. And all of them together represented a major lost opportunity for the firm.

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These facts made for a sobering report to the senior partners on the firm's management committee in 1993. As Cook summarized, "Half of our hires are now women, and almost all of them have left before becoming partner candidates. We know that in order to get enough partners to grow the business, we're going to have to go deeper and deeper into the pool of new hires. Are you willing to have more and more of your partners taken from lower and lower in the talent pool? *And* let the high-performing women go elsewhere in the marketplace?"

Let the world watch you.

With the endorsement of the management committee, the firm moved forward. It held a press conference to launch the Women's Initiative, but it also went further and named an external advisory council. Chaired by Lynn Martin, former U.S. secretary of labor, the council comprised business leaders with expertise in the area of women in the workplace. Besides reviewing the initiative's progress, the council brought visibility to the effort. As the task force realized, going public would put healthy pressure on the partners to commit to change and deliver results. And that's what happened, particularly with slow-moving offices in the organization. Local managers received prodding comments from their associates like, "I read in the *Wall Street Journal* that we're doing this major initiative, but I don't see big change in our office."

The council has held the firm's feet to the fire in a variety of ways: an annual report on the initiative; periodic voicemail updates from Lynn Martin to the entire firm; and full-day meetings of the council with the firm's senior executives. The council defines the challenges we still face, and it lets senior management know they're not off the hook.

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Along with helping the task force think about gender, the council has opened the firm's eyes to broader issues. In 1994, the council was meeting with a group of eight professionals—four men and four women—identified by their managers as rising stars at Deloitte. At the end of the meeting, one member of the council asked, almost as an after-thought, "How many of you want to be partners next time we see you?" Only one of the eight said yes. Stunned, the council asked for an explanation.

They were surprised to find that young men in the firm didn't want what older men wanted; they weren't trying to buy good enough lifestyles so that their wives didn't have to work. At the time, the average partner at Deloitte was making $350,000 and working 80 hours a week, but these young people—men and women both—would've been happy working 60 hours a week for $250,000. They believed they were good enough, and they weren't willing to give up their families and outside lives for another $100,000. One council member recalls, "When we asked if they wanted to be partners, we thought they were going to salute and thank us and hope we put nice letters in their files. Instead they looked at us and said, 'Perhaps.'"

Begin with dialogue as the platform for change.

The task force had found that women at Deloitte perceived they had fewer career opportunities than men, but no one could point to any specific policies as the culprits. We had to tackle our underlying culture to fix the problem. Accordingly, the firm held special two-day workshops designed to explore issues of gender in the workplace. We needed to begin a dialogue: in our view, the key to creating cultural change in the firm was to turn taboo subjects at work into acceptable topics of discussion.

During 1992 and 1993, nearly every management professional at Deloitte & Touche—5,000 people, including the board of directors, the management committee, and the managing partners of all of our U.S. offices—attended the workshop in groups of 24. Cook personally monitored attendance; as one partner puts it, "Resistance was futile." Many harbored doubts. I myself saw it as just one more thing to do, and I had always been skeptical of HR-type programs. I'm sure I wasn't the only partner calculating in my head the lost revenue represented by two days' worth of billable hours, multiplied by 5,000—not to mention the $8 million cost of the workshops themselves.

I was dead wrong. The workshops were a turning point, a pivotal event in the life of the firm. Winning the Talent War for Women: Sometimes It Takes a Revolution Through discussions, videos, and case studies, we began to take a hard look at how gender attitudes affected the environment at Deloitte. It wasn't enough to hear the problems in the abstract; we had to see them face to face. Sitting across a table from a respected colleague and hearing her say, "Why did you make that assumption about women? It's just not true," I, like many others, began to change.

The lightbulbs went on for different partners at different times. Many of us had little exposure to dual-career families but did have highly educated daughters entering the workforce. A woman partner would say to a male counterpart, "Sarah's graduating from college. Would you want her to work for a company that has lower expectations for women?" Suddenly he'd get it.

Case studies were useful for bringing out and examining subtle differences in expectations. Drawing on scripts provided by outside facilitators, people in the workshops would break into groups, discuss cases, and share solutions with the full group. A typical scenario would have partners evaluating two promising young professionals, a woman and a man with identical skills. Of the woman, a partner would say, "She's really good, she gives 100%. But I just don't see her interacting with a CFO. She's not as polished as some. Her presentation skills could be stronger." The conversation about the man would vary slightly, but significantly: "He's good. He and I are going to take a CFO golfing next week. I know he can grow into it; he has tremendous potential." Beginning with these subtle variations in language, careers could go in very different directions. A woman was found a bit wanting, and we (male partners) couldn't see how she would get to the next level. As one woman summed up, "Women get evaluated on their performance; men get evaluated on their potential."

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Another scenario had two members of a team arriving late for an early-morning meeting. Both were single parents, one a father and one a mother. The team joked about and then forgot the man's tardiness but assumed the woman was having child-care problems. After the meeting, the team leader, a woman, suggested that she think seriously about her priorities.

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Scenarios like these lent realism to the workshop discussions, and hard-hitting dialogue often ensued. One partner was jolted into thinking about an outing he was going to attend, an annual "guys' weekend" with partners from the Atlanta office and many of their clients. It was very popular, and there were never any women. It hadn't occurred to him to ask why. He figured "no woman would want to go to a golf outing where you smoke cigars and drink beer and tell lies." But the women in the session were quick to say that by not being there, they were frozen out of informal networks where important information was shared and a sense of belonging built. Today women are routinely included in such outings.

Work assignments got a lot of attention in the workshops. Everyone knew that high-profile, high-revenue assignments were the key to advancement in the firm. Careers were made on big clients; you grew up on the Microsoft engagement, the Chrysler engagement. But the process of assigning these plum accounts was largely unexamined. Too often, women were passed over for certain assignments because male partners made assumptions about what they wanted: "I wouldn't put her on that kind of company because it's a tough manufacturing environment," or "That client is difficult to deal with." Even more common, "Travel puts too much pressure on women," or "Her husband won't go along with relocating." Usually we weren't even conscious of making such assumptions, but the workshops brought them front and center.

The workshops also highlighted one of the worst aspects of these hidden assumptions: they were self-fulfilling. Say a partner gets a big new client and asks the assignment director to put together a team, adding, "Continuity is very important on this engagement." The assignment director knows that women turn over more rapidly than men and has the numbers to prove it. So the thinking goes, "If I put a woman on this account, the partner will be all over me—and that's who evaluates me." In the end, John gets to work on the big account and Jane works "somewhere else." After a while, Jane says, "I'm not going anywhere here. I'm never going to get the big opportunities," so she leaves. And the assignment director says, "I knew it."

The task force realized the workshops were risky; the firm was opening a can of worms and couldn't control the results. Indeed, a few of the workshops flopped, disintegrating into a painful mixture of bitterness and skepticism. Some people dismissed the experience as a waste of time. But ultimately the workshops converted a critical mass of Deloitte's leaders. The message was out: don't make assumptions about what women do or don't want. Ask them.

Putting the New Attitudes to Work

The workshops generated momentum, but the dialogue had to be followed with concrete operational steps if we were going to bring about real change. The task force had clear expectations: more of our qualified women should be promoted, and the turnover rate for women should fall. But the firm had to be careful not to set quotas or seem to give women all the plum assignments. The key was to send a clear, powerful message for change while still giving heads of local offices some discretion.

Use a flexible system of accountability.

Since the fastest way to change behaviors is to measure them, the task force started by simply asking for numbers. Beginning in 1993, in the midst of the workshops, local offices were asked to conduct annual reviews to determine if the top-rated women were receiving their proportionate share of the best assignments. Some offices resisted, questioning the usefulness of this time-consuming exercise or fearing that the initiative would lead to quotas. However, a few pointed phone calls from the CEO prodded the laggards. The reviews confirmed our suspicions: women tended to be assigned to projects in nonprofit, health care, and retail—segments that generally lacked large global accounts—while men received most of the assignments in manufacturing, financial services, and highly visible areas like mergers and acquisitions.

The reviews had their intended effect. Like many other managing partners, I began routinely discussing assignment decisions with the partners in charge of project staffing to make sure women had opportunities for key engagements. Most offices began tracking the activities of their high-performing women on a quarterly basis. To complement the connections that men naturally made with one another, we began hosting regular networking events for women—for example, panel discussions where women partners discussed their careers and leadership roles, followed by networking receptions. We also started formal career planning for women partners and senior managers. This planning proved so helpful that women suggested men also be included, thus giving rise to Deloitte Consulting's current Partner Development Program.

Only after the operational changes had percolated through the organization did the task force introduce clear accountability for the changes that were being made. It offered offices a menu of goals derived from the Women's Initiative—such as a recruiting hit rate or a reduction in the gender gap in turnover—yet left it up to the offices to pick the goals best suited for their particular situations. Office heads started including their choices among the objectives that drove their year-end evaluations and compensation. And the firm made sure that results on turnover, promotion, and other key numbers for each office were circulated widely among management, feeding a healthy internal competitiveness. Low-performing offices got calls or visits from task force members to push for better progress. Today partners know that they will not become leaders of this organization if they have not demonstrated their commitment to the Women's Initiative.

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Lessons from Deloitte's Women's Initiative

Make sure senior management is front and center.

To overcome the resistance of partners, the CEO actively led the Women's Initiative. He put his own reputation on the line.

Make an airtight business case for cultural change.

Emotional appeals weren't going to be enough. We had to document the business imperative for change before we could justify the investment and effort that the initiative would require.

Let the world watch you.

We appointed an external advisory council and told the press about our plans. They wouldn't let the initiative be another "program of the year" that led nowhere.

Begin with dialogue as the platform for

It's Not Just About Women

Moving toward equality in career development was fundamental. But as people began to discuss gender issues in workshops, meetings, and hallways, what started out as a program for women soon began to affect our overall corporate culture.

Promote work-life balance for men and women.

We discovered that worklife balance was important to everyone. On paper, we had always allowed temporary, flexible work arrangements, but people believed (rightly, at the time) that working fewer hours could doom an otherwise promising career. In 1993, only a few hundred people were taking advantage of the policy. So now we said that opting for flexible work wouldn't hinder advancement in the firm, though it might stretch out the time required for

change.

We required everyone to attend intensive workshops to reveal and examine gender-based assumptions in mentoring and client assignments.

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Use a flexible system of accountability.

We first required local offices to measure their efforts with women professionals. Next, we worked with the office heads to select their focus areas for change under the initiative.

Promote work-life balance for men and women.

Policies for flexible work arrangements and lighter travel schedules not only eased the strain on busy professionals but also helped open our corporate culture.

promotion. Use of these arrangements became one more benchmark of an office's progress with the initiative. And when a woman was admitted to the partnership in 1995 while on a flexible work arrangement, people really began to get the message. By 1999 more than 30 people on flexible work arrangements had made partner, and in that year, the total number of people on flexible schedules had doubled to 800.

We also reexamined the schedule that all of us work, especially within the consulting practice. A grinding travel schedule had long been an accepted part of the macho consultants' culture. Typically, a consultant was away from home five days a week, for up to 18 months at a time. In 1996, we started a new schedule, dubbed the 3-4-5 program. Consultants working on out-of-town projects were to be away from home three nights a week, at the client site four days a week, and in their local Deloitte offices on the fifth day.

The 3-4-5 schedule hasn't been feasible on all projects—for example, those with tight deadlines like Y2K-driven system implementations. In fact, many of us were concerned initially that the program would compromise client service. But most clients embraced our new program. It turned out that employees from the client's regional offices were exhausted, too, by traveling to meet Deloitte's team at their home offices all week long. One day each week without the Deloitte consultants at their sites was a relief, not an inconvenience! By breaking the collective silence about the personal price everyone was paying, we made everyone happier. We now expect the vast majority of all projects to conform to 3-4-5.

As a result of these and other changes, we've transformed our culture into one in which people are comfortable talking about aspects of their personal lives, going well beyond client assignments and career development. Teams are getting requests like "I want to talk to my kids every night at 7:00

for half an hour," or "I'd really like to go to the gym in the morning, so can we start our meetings at 8:30 instead of 7:30?" This more open environment not only helps us keep our rising stars but also makes us more creative in a variety of areas.

A New Outlook

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The changes at Deloitte are by no means complete. For many years, women have made up one-third to one-half of Deloitte's recruits, so we need to make sure the percentage of women partners and directors rises well above 14%. And we face new challenges. Now that more women are becoming partners, how can we make sure they continue to develop and advance into positions of leadership? In an increasingly global firm, how can we extend the values of the initiative while respecting local cultural differences?

Still, we have transformed our work environment, even in the smallest details. When a visiting speaker—even a client—cracks a joke at women's expense, none of us laughs, not even politely. One partner turned down an invitation to join a premier lunch club in Manhattan when he learned it excluded women. And we've opened our eyes to differences in style that go beyond gender to include culture. For example, on a recent client engagement, the project manager described an Asian consultant on his team as "shy" and therefore not ready to take on more responsibility. But another partner pushed the project manager for details and suggested that consultants could still be successful even if they didn't "command a room" or raise their voices when speaking in meetings.

We've not only narrowed the gender gap; we've narrowed the gap between who we think we are and who we truly are. Now when I say ours is a meritocracy, I'm speaking about men and women. It's not easy to manage a diverse group of people; we have to be creative and flexible in developing coaching and mentoring capabilities. Although the Women's Initiative has made managing more complicated, the benefits are substantial: greater creativity, faster growth, and far greater performance for our clients.

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