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Mentorship Gives Women a Pull to the Top in Finance

There might not be any female CEOs of financial companies, but they do oversee divisions. Sponsorship programs can help fill the top ranks.

By Trang Ho

If the showing at *Institutional Investor*'s fifth annual Investment Management Awards Thursday night is any indication, women have made inroads into the financial sector. Out of the 12 individual awards handed out, six went to women, including the Investor Lifetime Achievement Award, to D. Ellen Shuman, former CIO of the Carnegie Corp. Foundation; and the Outstanding Contribution Award, given posthumously to the late Anne Pfeiffer, managing director of J.P. Morgan Asset Management.

These stats roughly break down to the proportion of women in finance as a whole: 53 percent of the sector's workforce. Yet few scale the upper echelons of the corporate ladder. According to statistics in an April report from Catalyst, a New York–based nonprofit that seeks to advance women in business, women account for only 12 percent of executive officers and 18 percent of board directors and are completely absent from the ranks of CEOs.

But whereas women might not be at the top spot at financial institutions, especially in asset management divisions, many can still touch the ceiling. Mary Callahan Erdoes is the CEO of J.P. Morgan Asset Management, where she oversees $1.64 trillion in assets under management and the division's partnerships with New York hedge fund firm Highbridge Capital Management and São Paulo–based Gávea Investimentos. Her name has been bandied about as a potential successor to J.P. Morgan CEO Jamie Dimon. On the West Coast, Karla Rabusch is the president,

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CEO and a director of Wells Fargo Funds Management in San Francisco, which has $479 billion in assets under management.

Writes Rabusch in an e-mail interview with *Institutional Investor*: “Men may not realize that they are more comfortable with someone who is similar to them. I’m personally spending more time pointing these instances out when they arise.”

What apparently gets lost in translation between the sexes could stem from social conditioning: that women can be reticent about negotiations over pay and the demands of a given position. Women also tend to be shy about asking for promotions. Peter Jones, president of Franklin Templeton Distributors and chairman of Franklin Templeton Institutional in St. Petersburg, Florida, sees women as being unwilling to apply for some positions because they think that they’re designed for a man or they assume that the company won’t accommodate their needs as a mother. “We’re trying to change this misperception by educating our female colleagues,” he says.

Women tend to earn less money than their male counterparts in similar positions. Those with MBAs earn $4,600 less a year on average in their first job compared with men; the pay gap widens to $31,000 by the time they reach the C-suite, according to Catalyst. Women also tend to pursue credentials less often than men; they account for only 23 percent of certified financial planners and 16 percent of chartered financial analysts.

With so few role models in the C-suite, female financiers who are earlier in their careers are not getting the necessary mentoring and sponsorship, says Anna Beninger, Catalyst’s director of research. “A sponsor is someone who will advocate for you when it comes to promotions and opportunities,” Beninger explains. “The level of one’s sponsor would predict your advancement, and with so few women to sponsor up-and-coming women, the gap remains unchanged.”

Beninger recommends that financial services firms enact two key changes to close the gender gap. The first is to have men take women directly under their wings. “Since there are far fewer women than men in senior leadership roles, it’s critical to encourage more men to sponsor women,” she says.

Her second suggestion for promoting gender diversity in the workplace is for companies to have someone ensure that men and women get equal access to plum projects. "Most companies don't have formal metrics in place to track who is getting access to the hot jobs," says Beninger. "By giving women a chance to show that they're capable, they subsequently will advance on their own, on their own merits. It avoids the tokenism that can arise when artificially advancing women into senior positions."

Sponsors need to advocate on women's behalf to get them promotions — and the hot assignments that lead to promotions. Not only is it personally rewarding; it helps colleagues too. Executives who sponsored others not only got promotions; they got a salary boost as well. According to a 2012 Catalyst report, executive-level female mentors with MBAs got an increase in pay by an average of just over $25,000 during a two-year period between 2008 and 2010 — which wasn't exactly a prime time for salary increases.

"By investing in up-and-coming talent, you're indicating to the organization that you care about the future of the company beyond your own job," Beninger says. "That also provides you with a followership as you ride in the organization." Jennifer Kulp, managing director of wealth management services at Brinker Capital, a registered investment advisory firm in Berwyn, Pennsylvania, with $16.2 billion in assets under management, can attest to this firsthand. Kulp says her mentors were promoted to vice chairman and CEO because mentoring junior employees helped her mentors' teams reach sales goals.

For sponsorship and advisement programs to offer return on investment, there needs to be a clear course of action in place to monitor employee retention. "Mentoring is pointless if it is not integrated into an employer's growth and succession plans," points out Joanne Cleaver, president of Wilson-Taylor Associates, a communications consulting firm in Chicago that publishes the annual MOVE report on women in accountancy and finance, in an e-mail. "It's just an exercise in personal relationships, unless the mentoring is designed to position women for their next career steps."

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