

Catalysts for change.

A male-dominated manufacturing sector must undergo profound culture change to reap benefits that inclusive workforces can offer. What's good for women and diversity also is good for business, sector leaders say.



By any measure, a workforce challenge.

For women in the chemicals industry in the United States, the starting numbers are promising: An estimated 40% to 50% of the industry's college campus recruits are women. But as careers progress, those percentages decline steeply: 30% to 35% of supervisors and first-level managers are female, while a mere 10% of senior-level executives are women. There is just one female CEO of a publicly traded chemical company.

The chemical industry is not alone. In the S&P 500, women account for 45% of the workforce, 36.8% of first-level managers, 25% of senior level managers-executives, and 4% of CEOs (Catalyst 2016). As companies across multiple industries address the dearth of women at the top, extensive new research from Korn Ferry's Hay Group provides insights. Drawing from a database of more than 8 million people in 33 countries, the research finds a disproportionate lack of opportunities for women and underrepresentation of female talent in high-paying industries, senior functions, and leadership positions globally. The problem is not just seniority. Women are underrepresented at every level in high-paying industries such as oil and gas, technology, and life sciences (Frost, Hazard, and Kimmons 2016).

Although there are many reasons behind the lack of diversity in the chemical industry and elsewhere, culture is key. Many organizations lack formal policies and informal practices needed to increase the upward mobility of women and other underrepresented groups at all levels. But the traditionally male-dominated chemical industry is striving to increase the number of women at its senior levels as its organizations also address all forms of diversity. In candid conversations, industry leaders described how new diversity and inclusion practices and policies often are part of broader culture changes intended to create healthier, more collaborative environments.

The issue, one industry leader observed, is creating a business environment in which people feel comfortable and will stay. Responding to that challenge, several firms have formed task forces and launched initiatives to address how their cultures must evolve to support greater diversity and inclusion.

Diversity will not take root in an unhealthy culture. Korn Ferry Hay Group research shows that women in science, technology, engineering, and mathematics professions are more likely than men to leave, often because of "toxic cultures." To stop the loss of valuable, diverse talent requires inclusive, collaborative working cultures that help organizations achieve their goals (Frost, Hazard, and Kimmons 2016).

US chemical companies seeking improvements in this area first must look hard at their culture and determine how to change deeply engrained hiring, development, and promotion practices. They need to ensure that onboarding processes and promotion opportunities, as well as such resources such as mentors, sponsors, and managers who know how to develop people, are equally available to all. Talent management strategies should emphasize early identification of high-potential talent—both women and men—with clearly defined career tracks that provide broad experiences to position people for larger leadership roles.

Women must engage in visible, important, and complex opportunities that position them for advancement. They often are believed to be comfortable as “doers,” even in leadership roles. But women also must focus on doing through others, building mutually beneficial relationships and effectively navigating their environments. Mentors can help women develop their potential to be strategic and to grow comfortable displaying their skills, expertise, and abilities to take on new challenges.

Committing to culture change.

Among US chemical companies, AkzoNobel Surface Chemistry has been an early diversity champion. Its transformation began soon after Graeme Armstrong became its president and managing director in January 2013. As the new leader, Armstrong led the effort to delve into the company’s underlying cultural issues. The response was its Winning Together to Grow initiative that combines several “strategic growth ambitions,” including focusing on customers, collaborating across the globe, enabling and encouraging one another to develop strengths, developing leaders who enable success, treating one another like family, and celebrating individual and team success.

Chevron Phillips Chemical Company LLC also is making intentional culture changes, grounded in talent identification and development. “The honest truth was, when I first joined the company five years ago, we did not have a strong people process or talent management process. We didn’t do talent development or succession planning in any kind of structured way,” said Peter Cella, president and CEO of Chevron Phillips Chemical Company, based at The Woodlands, Texas.

The company, which describes itself as being in the early stages of diversity and inclusion, has put in place a strategy and an organizational structure to guide its talent acquisition and development processes. “Now we have a robust governance structure, including talent stewardship committees that are focused on talent identification and preparation for advancement,” said Greg A. Wagner, vice president of human resources for Chevron Phillips Chemical, who joined the company in 2012. “We are identifying talent earlier and bringing succession planning down to that level. We are looking at the talent pipeline from multiple aspects to ensure we are where we want to be in terms of healthy representation of visible diversity.”

Demographics add urgency to its talent strategy. Until five years ago, Chevron Phillips wasn’t investing in growth in the United States, and its workforce is aging. The company, with a workforce of 5,000, has hired approximately 2,000 employees since 2012. Its strategic plan includes hiring 350 people a year for the next five to six years to replace those expected to retire and to staff up for growth. “We needed to get our name out there, to convince people from other firms to join our company,” Cella said.

Chevron Phillips is actively working to strengthen its pool of diverse talent ready to be promoted to senior leadership positions. In addition to internal development and progression, external hiring plays an important supplemental role. Over the last four years, nearly 30% of external hires in mid-level manager positions and higher have been diverse.

Although it significantly strengthens the leadership pipeline, external hiring can cause pushback if the traditional practice has been to promote from within. It also can be challenging when high-potential, diverse, internal candidates are promoted for development purposes as part of new hiring practices. The internal grumbling may be pronounced if these individuals are the right long-term choices but do not appear to be the most logical candidates for promotion based on their current technical skills. Support is crucial, especially when diverse candidates are promoted into challenging roles before they may seem fully prepared; a failure or two with these initiatives can undermine diversity and inclusion efforts.

Leaders’ chances of success in new roles can be increased by using job measurement systems to determine the best size and scope of a challenging position: A full-step move from a functional role into one with profit and loss responsibilities may be too much, and an intermediate step could result in a better outcome.

Success stories illustrate the potential in talent development, as Rohm and Haas Company demonstrated with its Leadership 3000 program, which identified employees with high potential and provided opportunities to challenge them. It was a “culture of developing future leaders,” said Karol M. Wasylyshyn, a clinical psychologist and executive development consultant who worked with Rohm and Haas for more than 20 years to develop and implement Leadership 3000. The program, focused on both leadership competencies and essential leadership behaviors, has been credited with developing many executives who today lead large chemical companies and divisions in the industry.

Other companies also are establishing leadership development programs. Chevron Phillips Chemical has an accelerated program, with two groups of 30 people each who are two jobs away from being leadership team candidates. Most of the participants today are well along in their careers—15 or 20 years on average. “We’re just getting started,” Cella said. “We need an earlier indication [of potential] so we can give people opportunities to perform in several different roles.”

Going hand in hand with identification and development of high-potential talent, particularly those who are diverse, is the individual’s willingness to make a series of career moves—some of them lateral—to gain broader experience. For one high-profile woman in the chemical industry, this was the path to the top.

A trailblazer’s unconventional ascent.

As CEO of Innophos Holdings Inc., Kim Ann Mink is the only female CEO of a publicly traded American chemical company. Mink was hired for the position in December 2015, after more than 25 years at Dow Chemical Co. and, before then, at Rohm and Haas, which was acquired by Dow in 2009. The only female chemistry major in her class at Hamilton College, Mink earned a Ph.D. in chemistry at Duke University where there more women in her class. She joined research and development at Rohm and Haas in 1988; the department was ahead of its time, as 20% to 30% of its employees were women.

Mink credits the culture at Rohm and Haas for her career development, including being championed to assume a career beyond the lab. The company sent her to the Wharton School of Business from 1991 to 1993, when she worked in regulatory affairs. Her longer-term desire, though, was to cross over to the commercial side and eventually to run a specialty chemicals operation. In 1994, one week after returning from family leave, Mink received a call from a senior vice president with whom she had discussed her ambitions. A few days later, at age 34, she became an account manager, selling refinery process chemicals in Texas, Louisiana, and parts of the Southwest. For three and a half years, it was a “tough road,” Mink recalled, dealing with sexist attitudes and behavior in the field. Fortunately, she had strong support and sponsorship within the company.

Because she was mentored and sponsored—that is, actively championed by more senior people—Mink developed broad expertise and experience across the organization. She worked in sales, marketing, and as a commercial manager before joining general management. She became a corporate vice president and global general manager for Rohm and Haas' ion exchange resins business. Within Dow, Mink rose to president of its elastomers, electrical, and telecommunications business. By that time, she said, "I had been in all divisions at Dow—13 different businesses and five functions, each time moving out of my comfort zone with increasing responsibility. That's how you get ready to run a company or a large division."

Now, as CEO of Innophos, Mink is both a role model for women in the industry and a prototype of the career path that every high-potential employee needs for advancement. Whether that path is driven by a company's talent development program or initiated by the individual, such moves, often lateral, need to be purposeful to deepen knowledge and gain experience.

A diverse talent pipeline, on purpose.

What priorities should American chemical companies set when addressing gender disparities? Industry leaders identified recruiting, retaining, and developing high-potential, diverse talent—both inside and outside the company. To hire diverse talent, firms need a diverse short list of candidates. Many are very clear about that in their recruiting.

A constant challenge for the industry is identifying high-potential talent early enough, then creating a robust pipeline of diverse staff with the traits and competencies that position them for leadership. High potential differs from high performance; it is insufficient to consider current performance only, because people can excel in their present jobs or functions, but that does not necessarily assure success in other roles.

Instead, early identification of high-potential employees manages the talent pipeline more proactively. Companies can identify candidates who are ready for more expansive roles based on a track record of formative experiences; learning agility (applying lessons learned to new experiences and challenges); self-awareness; leadership traits; the drive to be a leader; aptitude for logic and reasoning; and management of derailment risks (Sevy et al 2013).

The US chemical industry's ambition to improve its workforce's visible gender, ethnic, and other forms of diversity requires a careful, rational approach to talent identification and development, rather than reliance solely on executives' goodwill or "gut" instincts. Korn Ferry Hay Group, for example, offers tested, research-validated ways to assess, identify, and develop high-potential talent based on four factors—competencies, experiences, traits, and drivers—that are highly predictive of performance. By assessing high-potential talent with, for example, the Korn Ferry Four Dimensions of Leadership (KF4D), employers get a high-resolution view of how well suited leaders may be for new roles. Using these dimensions, organizations also can build a transformational talent strategy to accelerate business performance (Crandell et al. 2014).

A transformative journey.

Given the challenges of the chemical industry's traditional, male-dominated manufacturing environment, the necessary shifts in gender and other diversity will not occur through entry-level hiring practices alone. Culture change must transform how companies retain and develop diverse talent. The goal is an inclusive culture that accelerates performance. Here are specific ways companies have been making progress toward these goals:

Driving culture change with diversity and inclusion.

The chemical industry may have been slower than some other business sectors to embrace diversity and inclusion. But many companies now are providing training to highlight the benefits of a diverse and inclusive work environment, such as greater creativity and innovation, a higher degree of problem solving, and more experiences and perspectives to draw from when connecting with customers. Organizations need to move beyond diversity alone to capture the potential that comes from inclusion.

To learn more about assessing potential leaders with the Korn Ferry Four Dimensions of Leadership, please see:

<http://www.kornferry.com/institute/precision-talent-intelligence-definitive-four-dimensions-leadership-and-talent>



For more information on the power of inclusive leadership, please see

<http://www.kornferry.com/institute/the-inclusive-leader>



HR partners with senior leadership.

As companies roll out talent development, diversity and inclusion, and other workforce initiatives, chief human resources officers (CHROs) must partner with senior leaders. HR leaders can communicate the importance of aligning talent and business strategies to achieve objectives while also assuring that this occurs across the organization. Best-in-class HR leaders understand the delicate balance between preserving confidentiality and giving enough information to managers so they can participate in team members' development.

CHROs should have ownership of the organization's talent agenda. Their broad responsibilities include talent acquisition, leadership development, human resources technology platforms, compensation, performance management, culture, diversity and inclusion, learning and development, succession planning, and employee relations.

For more information about CHROs operating as CEOs and the crucial roles they can play, please see:

<http://www.kornferry.com/institute/why-chros-really-are-ceos?all-topics>



Mentor, sponsor, and develop diverse leaders.

Mentorship and sponsorship are crucial to developing diverse candidates. Data show that more women, especially, have access to mentors to guide and counsel them. But it is more challenging to find top leaders to advocate for and to sponsor them. As Sylvia Ann Hewlett wrote in her influential book, *Forget a Mentor, Find a Sponsor*. (2013) "Mentors matter. You absolutely need them—they give valuable advice, build self-esteem, and provide an indispensable sounding board when you're unsure about next steps. But they are not your ticket to the top.... If you're interested in fast-tracking your career, in getting the next hot assignment, or making more money, what you need is a sponsor."

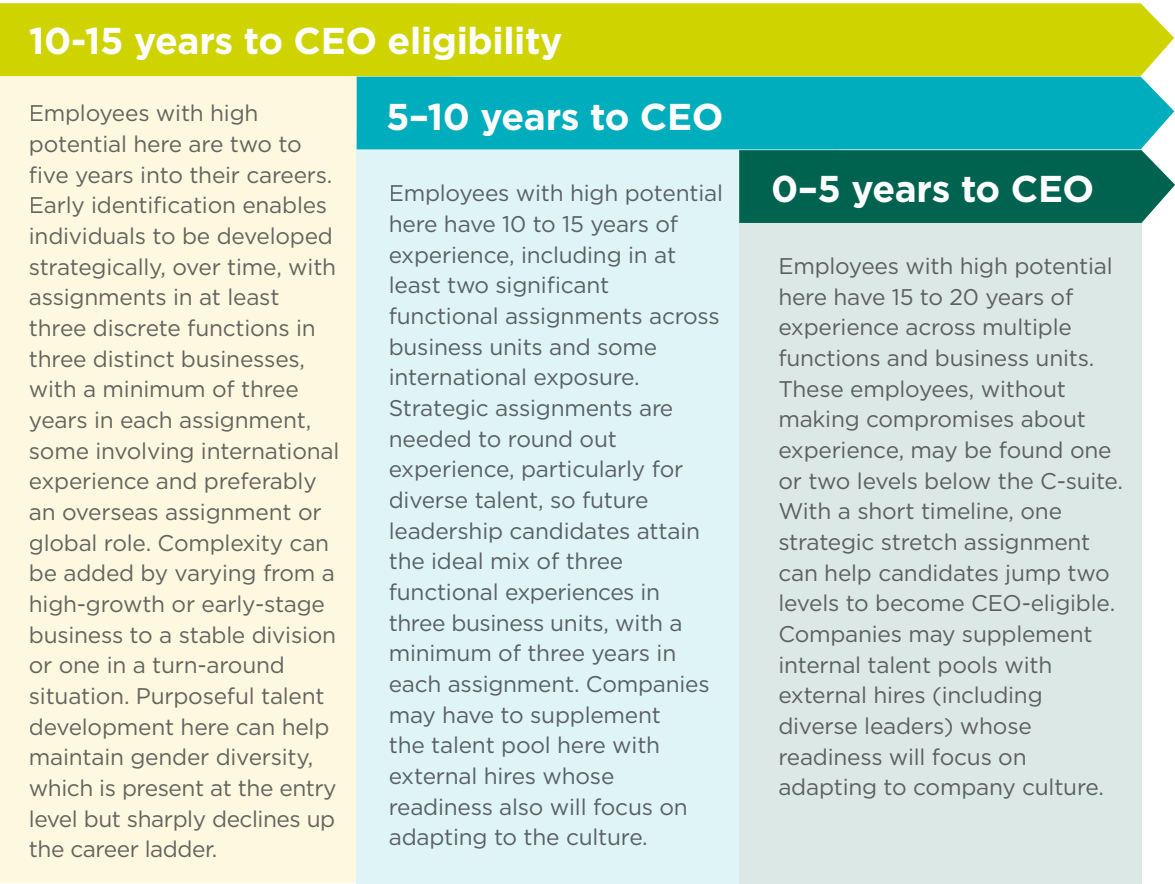
For women in the US chemical industry, sponsorship can help open doors and provide encouragement, especially as younger professionals take on challenging or seemingly less desirable positions (such as turning around a poorly performing unit) to gain critical experience and visibility in organizations.

Conclusion

As the American chemical industry strives to become diverse and inclusive, with more senior women leaders, culture change must come first. With greater awareness and a desire to do things differently, companies can enhance talent identification and development, bringing more diverse high-potential people into the pipeline and with support and sponsorship that helps them accelerate career paths to the top.

Figure 1
Developing a talent pipeline.

A key to developing a robust pipeline of diverse talent is early identification of women and men with high potential. They must be given strategic assignments to prepare them to become CEO candidates one day. Even when talent is developed later in their careers (a current challenge in the chemical industry), stretch assignments can still be effective.



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