

Liberté, Egalité and Fraternité – the Plight of Women in Private Equity Real Estate

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Nicolas Sarkozy's centre-right party has put forward legislation that would see women make up half the figures in France's leading boardrooms by 2015, under a bold plan to impose gender equality on the male-dominated business world.²

In a bill submitted to the French parliament in December, all companies listed on the Paris stock exchange would have to ensure female employees made up 50% of their board members by 2015. If passed, a gradual implementation of the law would see businesses obliged to have women in 20% of board seats within 18 months, and 40% within four years.²

Jean-François Copé, president of the majority UMP party, said it could give a "much-needed electro-shock" to the French corporate world, long considered a bastion reserved for the male elite in which only 10.5% of board members in CAC 40 (French stock market index) companies are female.²

French Reaction

Clearly this proposal has rankled some in France as evidenced by the rhetoric of the dinner speakers at the Urban Land Institute Europe Leadership Dinner in Paris on February 2, 2010. The opinions voiced echoed dialogue from at least 30 years ago in the U.S. One gentleman began his speech by asking if there were any women among the senior leadership ranks of ULI Europe – the answer was "no." He ventured to state that women were "best suited as homemakers and baby makers" and suggested that with 80% of French women as homemakers that there was no disagreement among men and women, that all are content with things the way they are. The other gentleman summarized by saying that "we are passionate about women and we are passionate about equality, it is putting the two together that we struggle with." The apology sent to the attendees by the head of ULI Europe two days later attempted to spin the comments by saying "our speakers' intended light-hearted debate on the issue of gender inequality may have overshadowed their conclusion that women should play a more important role in the property industry. Our speakers, like ULI as a whole, are strong advocates for women in an industry that is disproportionately male." Somehow we all missed this message but understood what the problem is.

A Needed Electric Shock

While I found this all quite shocking and it made me wonder if this was a French or European problem. I discovered that women on boards of big companies comprise only 12% in the UK and 15% in the U.S. I began to reflect on how few women there are to this day in the U.S. in investment banking, private equity and private equity real estate. Women are particularly scarce among the ranks of acquisition professionals. Women who start out in acquisitions frequently get "redirected" to investor relations and capital raising. Under the latest version of the French bill, companies will have three years to ensure that 20% of their board is made up of women, and they will have to reach the 40% level in six years. MP Marie-Jo Zimmermann, one of the sponsors of the bill, said: "We have to create an electric shock which puts an end to a situation which is both anachronistic and unjustifiable [and] which keeps women out of positions where they are just as legitimate as men." Should public pension plan investors provide the same catalyst with respect to their private equity and real estate private equity investment managers and force them to nurture and promote women among their senior deal-making ranks to prevent the men from elbowing them out of the roles that potentially produce the greatest financial rewards?

¹ The views contain herein are the personal views of the author and not Clerestory Capital Partners, LLC

² Lizzy Davis, "French Plan to Force Gender Equality on boardrooms", Guardian.co.uk, December 2, 2009