Unraveling the fabric ceiling

Tracking female leadership in the apparel industry
Picture this:

Mary and Tom both graduate at the same time.

They’ve been on parallel tracks: same university, identical GPA, comparable internships.

Both enter the apparel industry. And both ascend the ranks toward leadership. Along the way, both rate highly on performance evaluations.

Yet, Tom is a CEO today and Mary is stalled in middle management.

- Why is that?
- What happened along the way?
- And what can we do about it?

That’s what we set out to explore.
Acknowledgements

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Chris Bossola  
CEO, NSTO

Sandra Campos  
CEO, DVF

Diane Ellis  
CEO, DME Advisory Group; Director, Stage Stores

Karen Katz  
Director, Neiman Marcus Group

Lizanne Kindler  
CEO, Talbots

Ellen Rodriguez  
Apparel Industry Executive, Former CEO Lela Rose

Amy Shecter  
CEO, Glamsquad

Jenny Whichello  
CFO, NSTO
The dearth of female leadership in the C-suite is not news to anyone, yet the problem persists. Although women comprise half the workforce in the United States, they remain vastly underrepresented at the highest executive levels: A scant 4.8% of Fortune 500 CEOs are women.

In apparel, the void is even more telling precisely because women enter the industry in droves early in their careers. Our analysis of government and industry data found that almost 80% of students at leading fashion schools are women. As are almost 75% of employees at apparel stores.

**Thinning ranks**

Our analysis found that women are fairly well represented in middle management. After that, however, their ranks begin to thin out: Only 12.5% of apparel and retail apparel companies in the Fortune 1000 are led by women, compared to some 20% in both the utilities as well as aerospace and defense industries. In financial services, close to 18% of companies are led by women.

In apparel, of the 61 companies whose clothing lines are intended for women, 75% have predominantly male corporate teams. Meanwhile, even by fairly modest estimates, women make some 80% of all fashion-related purchasing decisions—representing as much as $15 trillion—not just for themselves but for a much wider circle of family and friends, especially spouses and children.
Bumping up against the fabric ceiling

Apparel abounds with entry-level women…

- 73% of employees at apparel stores
- 78% of students at leading fashion schools

…yet their ranks thin out in leadership

- Only 12.5% of CEOs are women
- Only 26% of board members are women

Source: PwC analysis of government and industry data
Advancing women in apparel surely is a matter of equal access and equal opportunity, regardless of financial considerations. Nonetheless, our analysis also found that among apparel companies in the Fortune 1000 (including apparel retailers), female-led companies are almost twice as profitable as companies with male CEOs.

In fact, a wealth of evidence supports the strength of female business leadership:

- **Female leadership is profitable:** When a company augments female leadership by 30%, it experiences a 15% boost in profitability, according to a global survey of more than 20,000 companies from 91 countries.

- **Female leadership is innovative:** A University of Arizona study found that companies with women in upper level management illustrate what the study dubbed “innovation intensity,” producing an average of 20% more patents than teams with male leaders.

- **Female leadership is socially responsible:** A demonstrable correlation exists between the inclusion of female board members and a company’s corporate social responsibility performance.

Sources: Petersen Institute for International Economics, University of Arizona
While correlation is not causation, the evidence for female inclusion in the C-suite is overwhelming. So why are women not more prevalent in leadership roles—especially in an industry such as apparel where both employees and customers are overwhelmingly women?

To find out, we interviewed current and former apparel CEOs, sought input from diversity and inclusion experts and analyzed a variety of data and insights—including CEO Action for Diversity & Inclusion (D&I), a commitment from nearly 600 CEOs to advance workplace diversity and inclusion.

Although solving complex, deep-rooted, systemic challenges takes time, our hope is to advance the conversation about the evolving role of women in corporate leadership. We may not have all the answers; however, we do want to ask the questions that spur ongoing dialogue.

Female-led apparel companies are twice as profitable.
Barriers to advancement

What are the barriers to women’s advancement to the highest levels of leadership in the apparel industry?

As with any long-term, institutional challenge, interlocking reasons exist for gender imbalance. Industry executives and experts in diversity and inclusion point to these key factors impeding female leadership:

1. **Lack of CEO championship:** While companies spend as much as $8 billion on diversity training, many assign diversity decisions to human resource departments without any real commitment from the CEO or any meaningful metrics to measure success.

2. **Unconscious bias:** Research finds that we all spend almost 40% more time looking for information to confirm our beliefs, which can be self-perpetuating. No surprise then that half of all men and a third of all women said women were well represented in companies with merely 10% female leadership.

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I’m not seen as the decision-maker; Chris (the CEO) is. The way we address that is to show people we make decisions together.

*Jenny Whichello*  
CFO of global luxury retailer NSTO
What’s my advice to male CEOs who want to promote female leadership? It’s simple: Hire more women.

Chris Bossola
CEO of global luxury retailer NSTO

3. **Fewer women in the pipeline:** Our apparel industry analysis found that only 25% of female CEOs rose through the ranks while more than double the amount—54%—of male CEOs did. And men in apparel have historically been admitted to executive training programs in higher numbers than women.

4. **Societal constraints:** From a very young age, women receive encouragement for being thorough and conscientious. In the workplace, they typically won’t apply for a job unless they meet 100% of the requirements, while men apply if they meet 60%.
80% of students at leading fashion schools are women, yet only 12.5% of apparel and retail apparel companies in the Fortune 1000 are led by women.

5. **Institutional blind spots:** The vast majority of apparel CEOs have traditionally been men, suggesting there may be institutional blind spots serving to maintain the status quo, for no reason other than any real awareness of the lack of women.

6. **No support structure:** Women who take a break from the apparel industry’s high-pressure expectations of long hours, obsessive focus and frequent travel to start a family often find they have to step back in their careers when they decide to return—placing the C-suite that much further out of reach.
How they did it

Two apparel industry CEOs told us about juggling career and family on the road to the C-suite.

Sandra Campos, now CEO of DVF, found herself working crazy hours, traveling constantly, and caring for three kids under the age of four as a single parent some years ago. So she founded a start-up packaged goods company which allowed her to take on a flexible but varied role close to home. In this role, Campos had responsibility for production, customer service, e-commerce, finance, shipping, logistics and more.

Learning about every aspect of the business proved invaluable to Campos. When she came back to apparel, two supportive male executives, including the CEO, smoothed the transition for her. She says, “They gave you the authority to run your business the way you wanted to run it.”

Karen Katz, former Neiman Marcus Group CEO, who serves on the board, had a similarly rewarding nonlinear career experience. When her son was born, Katz was traveling extensively. So she took a different role to spend time with her toddler. She says, “I needed to be a non-traveling working mom. I could be there to take him to preschool and pick him up and get him into first grade.”

Her advice to young women: “You have to make choices in your life. In the long run, good things will come to those who work hard and persevere.”
Technology: The great enabler

The ranks of female CEOs in apparel and retail apparel thin out quickly when accounting for founders. Founding a business might well be the most reliable way to become CEO. Certainly, well-known founders such as Katrina Lake of Stitch Fix and Jennifer Hyman of Rent the Runway have forged their own paths to success. Both Lake and Hyman founded companies based on tech innovation.

Meanwhile, new research shows that women are actually more likely to start businesses than men. Even in the start-up environment, however, mentors are invaluable: Among mentored businesses, women-owned businesses are as successful as men-owned businesses as measured by business starts, revenue growth, job creation, and number of years in business.

Technology enables, but it’s really about leadership and culture.

Lizanne Kindler
CEO of Talbots
What companies can do

The needle on gender equality has been slow to move, despite all the money and time spent on diversity and inclusiveness initiatives. Bolder actions are necessary to drive meaningful transformational—rather than incremental—impact:

1. **Evangelize the CEO:** There’s no substitute for the tide-changing influence of a committed CEO. A coalition of nearly 600 CEOs working to accelerate progress on diversity via CEO Action for Diversity & Inclusion, have pledged to make the workplace safe for difficult conversations, promote unconscious bias training, and share best practices with each other.

2. **Check unconscious bias:** Training to counter blind spots or decisions made by the unconscious mind allows us to challenge assumptions, enhance objectivity and overcome stereotypes. Rather than looking for the right fit—someone that reflects one’s own background and experience—a trained mind looks for the best candidate.
Gender balance is not a matter of excluding men; it’s a matter of including more women. I don’t want them to go to 48%. I just want it to be 50-50.

Amy Shecter  
CEO of Glamsquad

3. **End opportunity discrimination:** Women may not always receive the same opportunities as men in equal measure, leading to opportunity discrimination. Stem this tide by reviewing current recruitment and hiring policies and committing to gender diversity in hiring, succession planning and promotions.

4. **Measure results:** Accelerate the pace of change by replacing good intentions and vague goals with structural support that includes specific goals and diversity targets at every level. Give teeth to targets by holding leaders accountable for achieving gender equity goals.

5. **Investigate anomalies:** Are women leaving at a higher rate than men? Are they not being promoted in similar numbers? If so, there are probably underlying reasons. Employee surveys, confidential individual interviews, focus groups and exit interviews are all ways to learn where you’re falling short.

6. **Balance the board:** Almost half of directors ranked gender diversity a very important attribute in PwC’s Annual Corporate Directors Survey, up from 25% in 2012. As Diane Ellis, CEO of DME Advisory Group, Director at Stage Stores, former CEO of The Limited and former President of Chico’s, says, “The more women you get on boards, the more women you’ll get in the C-Suite.”
More emphasis on board diversity

(% responding that gender diversity is very important)

Q1: How would you describe the importance of having the following skills, competencies or attributes on your board: Gender diversity

Benefits of board diversity

- Brings unique perspectives to the boardroom: 94%
- Enhances board performance: 84%
- Improves relationships with investors: 81%
- Enhances company performance: 72%
- Improves strategy/risk oversight: 72%

Q7: To what extent do you agree with the following about board diversity?
Responses: Strongly agree or somewhat agree
Base: 706-713

A lot of women struggle in our industry when they leave to care for their kids, then try to come back four, five or six years later.

Sandra Campos
CEO of DVF

7. **Support nonlinear career progression:** Flexible work arrangements and nontraditional career paths without repercussions or stigma—including adjusting workloads, paring down travel and scaling back responsibilities—can help address attrition as women juggle career and family. Diversified roles provide much-needed grooming for executive roles.

8. **Encourage male participation in family-friendly policies:** When men avail themselves of options such as family leave and flexible work arrangements, negative perceptions that these policies are designed solely to accommodate women no longer prevail.
Change starts with an awareness that there are gender inequities. Getting better balance means changing the way you network, the way you recruit, the way you evaluate candidates.

Chris Bossola
CEO of global luxury retailer NSTO

What men can do

Men might well be among the most powerful weapons in the equal-opportunity arsenal. Especially when they recognize that gender equality is not a zero-sum game.

Here’s what many men already do—that others can learn from—to move the needle on progress:

1. **Understand blind spots:** Be aware of the mindset that leads you to the familiar; it contributes to bias in hiring, promotions and workplace treatment. It’s impossible to address blind spots or overcome them if you’re not fully aware of them. More than 60% of men believe their company is already improving gender diversity.

2. **Be a change agent:** You don’t have to be CEO to promote gender diversity. Men can be change agents in the workplace by doing something as simple as speaking up for a female colleague who is repeatedly cut off by another male colleague at a meeting. Male managers can ensure equal consideration for women in development and promotions.
3. **Commit to mentoring women:** In the wake of the #MeToo movement, some male bosses have said they’re less willing to mentor junior female colleagues. To counter this type of harmful backlash, several high-profile CEOs have stepped up to publicly commit to mentoring women.

4. **Be an invested sponsor:** Mentoring is sometimes perceived as a passive activity with no skin in the game while sponsorship implies a vested interest in the other’s career. It suggests a willingness to actively open pathways. The female CEOs we spoke with told us that male sponsors were invaluable in their career progression.
You have to advocate for yourself.

Amy Shecter
CEO of Glamsquad

What **women** can do

Many successful women have forged ahead, despite societal and systemic challenges, paving the way for more women in their path. They’ve upended the status quo to increase access to opportunities for women. Here are some ways they’ve moved the needle that others can learn from:

1. **Ask for what you need to advance:** Hard work *doesn’t always speak for itself.* Actively pursue opportunities and experiences that will advance your career, rather than waiting to be asked. This may mean seeking feedback, exposure, stretch assignments, time, resources and more.

2. **Give other women a hand up or a path back:** Because women typically have less representation in leadership, they need advocates to pull them through the ranks. Be open to requests from women advancing or relaunching their careers. As one industry expert told us, “The men in my life were helpful, absolutely, but it was the women I really counted on; they could relate to me.”
Younger women need advocates to go to with questions like: ‘How do you break into this industry?’ or ‘What do you do first?’ or ‘How do you approach this?’

Diane Ellis
CEO of DME Advisory Group,
Director at Stage Stores,
former CEO of The Limited and
former President of Chico’s

3. **Assess what’s in your control:** Less than half the female millennials we surveyed believed they could rise to the leadership level at their company. That may not reflect what’s actually possible; instead, it might well be a lack of confidence. Even though they are thoroughly prepared and often overqualified, women can hold back.

4. **Be accountable to yourself:** Jenny Whichello, CFO of global luxury retailer NSTO, told us she and her female colleagues meet regularly over lunch to talk about problems and issues. “We hold ourselves accountable,” she says.
5. **Navigate gendered norms of leadership:** Societal expectations of women as warm and nurturing can clash with corporate expectations of leadership: tough, competent. Societal change is slow; meanwhile, women who’ve blazed the leadership trail navigate these gendered norms by being adaptable while also reframing the discussion.

“Calculated risk-taking is one of the best ways to develop as a professional and as a person.”

Lizanne Kindler
CEO of Talbots
Weaving a tapestry of inclusion

The trend line toward gender parity is clear; however, progress has been slow. Bolder actions, championed by CEOs leading with passion and sincerity, can accelerate gender balance, a business imperative.

As one industry expert told us, “If you don’t have gender balance on your leadership team and on your board, that’s a risk—to your bottom line, to your ability to grow, to maintain and attract talent.”

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