
Research has shown that star performers often falter when they move to new companies. Further analysis reveals that's true primarily of men.

How Star Women Build Portable Skills

by Boris Groysberg

Included with this full-text *Harvard Business Review* article:

1 Article Summary

The Idea in Brief—*the core idea*

The Idea in Practice—*putting the idea to work*

3 How Star Women Build Portable Skills

9 Further Reading

A list of related materials, with annotations to guide further exploration of the article's ideas and applications

How Star Women Build Portable Skills

The Idea in Brief

A star performer in one company will shine in another, right? Wrong. When stars switch firms, their performance actually dims, along with their new company's market value, author Boris Groysberg argues. Everyone loses.

Except when the stars are women. According to Groysberg, talented women who switch firms maintain their stardom, and their new employer's share price holds steady. Groysberg provides two explanations for this discrepancy:

- Unlike men, high-performing women build their success on portable, external relationships—with clients and other outside contacts.
- Women considering job changes weigh more factors than men do, especially cultural fit, values, and managerial style.

These strategies enable women to transition more successfully to new companies. And that has crucial implications for all professionals. By understanding successful women's career strategies, women *and* men can strengthen their ability to shine in any setting.

The Idea in Practice

HOW EMPLOYEES CAN SHINE IN ANY NEW ORGANIZATION

Groysberg recommend these two strategies:

Strategy #1: Build an external network. Most male stars depend on the internal networks they cultivate. But women lack access to those crucial networks, for these reasons:

- **Uneasy in-house bonds.** Women face less-than-wholehearted acceptance in male-dominated workplaces. They also avoid forging close relationships with men for fear of giving the appearance of impropriety.
- **Poor internal mentorship.** Women receive inadequate access to internal mentors. Thus they miss out on a vital service mentoring provides: access to an internal network of relationships.
- **Neglectful colleagues.** The locker-room and sports-bar cultures characterizing mostly male workforces prevent females from forging strong bonds with males.

To counter these barriers, star women cultivate relationships with external constituencies, such as customers and former mentors, that are not dependent on their current company. When they change jobs, the external relationships that promote their success are not affected.

Strategy #2: Scrutinize prospective employers. Unlike men, who focus largely on compensation, women weigh broader considerations when thinking about a job change, favoring work cultures that emphasize:

- Receptivity to female talent
- Openness to individual styles, personalities, and approaches to work
- Impartial performance measurement systems

Star women who move to employers that offer these features are more likely to succeed

than the typical male star who changes companies.

HOW ORGANIZATIONS CAN FOSTER STAR PERFORMERS

By paying close attention to female stars' careers, organizations can do a better job of attracting top performers—female *and* male—who will continue to excel after they're hired.

► **Example:**

Investment bank Lehman Brothers' equity research department encourages female analysts to participate in recruiting. The department also rigorously pursues gender-blind policies in every facet of its operations. These practices screen out men uncomfortable in a culture where women can thrive and men can learn from them. In addition, the department refuses to prescribe one "right" way to be an analyst. So people can incorporate aspects of their personal identity, including gender, as they see fit.

This approach propelled the department from 15th in the *Institutional Investor* rankings in 1987 to 7th in 1988 and 4th in 1989. And many female stars left other investment banks' research departments to join Lehman Brothers.

Research has shown that star performers often falter when they move to new companies. Further analysis reveals that's true primarily of men.

How Star Women Build Portable Skills

by Boris Groysberg

About four years ago, with the war for talent in high gear, my colleagues and I wrote an article in these pages warning managers of the risks in hiring star performers away from competitors. After studying the fortunes of more than 1,000 star stock analysts, we found that when a star switches companies, not only does his performance plunge, but so does the market value of his new company. What's more, these players don't tend to stay with their new organizations for very long, despite the generous pay packages that lured them in. Everybody loses out.

But further analysis of the data, which I've done over the past three years, reveals that it's not that simple. One group of analysts reliably maintained their stardom after changing employers: women. Unlike their male counterparts, female stars (189 star women, 18% of the star analysts in the original study) who switched firms performed just as well, in the aggregate, as those who stayed put. And while investors appear to believe that companies are overpaying for male stars or anticipate a

drop in performance for men, this is not so for female stars. Firms acquiring male stars experienced a significant share-price loss of 0.93%, whereas the acquisitions of female stars generated a nonsignificant share-price increase of 0.07%.

Why the discrepancy? I found two overarching explanations. First, the best female analysts appear to have built their franchises on portable, external relationships with clients and the companies they covered, rather than on relationships within their firms. By contrast, male analysts built up greater firm- and team-specific human capital, investing more in the internal networks and unique capabilities and resources of the firms where they worked.

Second, women took greater care when assessing a prospective employer. They evaluated their options more cautiously and analyzed a wider range of factors than men did before deciding to uproot themselves from a company where they were already successful. Female star analysts, it would seem, take their

work environment more seriously yet rely on it less than male stars do. They look for a firm that will allow them to keep building their successful franchises their own way.

This is not to attribute the fortunes of female stars to innate gender characteristics. The portability of their performance seems to be the result of strategic choices they made in response to situations they faced at work. These strategies made them stars—and also made their skills highly effective in other companies. Former Morgan Stanley star Carol Muratore told us, “For a woman in any business, it’s easier to focus outward, where you can define and deliver the services required to succeed, than to navigate the internal affiliations and power structure within a male-dominant firm.”

Though female stars adopt these career strategies as a way to overcome institutionalized norms that put them at a disadvantage, their strategies are not a second-best alternative. Rather, they constitute a powerful skill set from which any manager would do well to learn. The star performer study focused on one labor market—Wall Street analysts—but the challenges these women face are similar to those in other knowledge-based industries, such as management consulting, health care, public relations, advertising, and the law. Some of the female stars’ actions were designed to help them advance within their firms, and only incidentally increased their portability; others were deliberately adopted to ensure that they would be able to succeed elsewhere. Either way, the strategies of star women can help both men and women enhance their ability to shine in any setting.

Building an External Network

Most salespeople, traders, and investment bankers are men, and men tend to spend time with other men. The star women in the study, thwarted in their efforts to integrate themselves into the existing power structure, went to great lengths to cultivate relationships with clients and contacts at the companies they covered. Their decision to maintain an external focus rested on four main factors: uneasy in-house relationships; poor mentorship; neglect by colleagues (notably the sales force and traders); and a vulnerable position in the labor market.

Uneasy in-house relationships. As a conspicuous minority entering an entrenched culture, women in the study lacked natural alliances when they arrived on Wall Street. Outright malice and deliberate exclusion were rare, but less-than-wholehearted acceptance was not. Firms made few adjustments—either as a result of overt sexism or simply because it never occurred to the men running the business that the corporate culture ought to change. Sara Karlen, a former human resources manager in Merrill Lynch’s equity research department, noted that people are most comfortable forging relationships with those most like themselves; in the world of investment banking this meant other men.

Some women also pointed to the risks of cultivating internal relationships—risks that didn’t apply to men. “You never want to have someone say, ‘She got the top vote from that salesman because she’s sleeping with him,’” said former star analyst Bonita Austin. “I think you’re better served as a woman analyst maintaining a cordial but very professional relationship with all the men in your firm, especially sales force and trading—anybody who can have an impact on your compensation.” Female analysts thus faced a double bind. In an industry based largely on relationships and networks, they could not afford to get close to male colleagues for fear of having their relationships misconstrued.

Poor mentorship. Most female analysts who become stars have had mentors; in fact, the most conspicuous difference between star and nonstar women in equity research is access to a supportive mentor. But star women reported difficulty forging such relationships. They were less likely than their male counterparts to have mentors, and those who did have mentors received less support from them than male stars did.

Moreover, the female analysts in the study reported that even when they were mentored, they tended to be treated as more probationary than their male counterparts. Consequently, they missed out on one of the most valuable services a mentor provides: access to a network of relationships. Karlen related a story about when she joined another firm after leaving Merrill Lynch: “This guy was just brought on board to be the chief risk officer. He has been here for all of three days, and the CEO has started taking him

Boris Groysberg (bgroysberg@hbs.edu) is an assistant professor at Harvard Business School in Boston.

around to the different offices introducing him to people. Whereas I had to figure out for myself: Who do I need to get in front of? I asked the CEO.... He gave me three names. And he goes, 'You don't need to meet more than three people.'" One male star acknowledged that he was reluctant to mentor women because of the risk that he would be wasting his time: "Many female analysts leave because it is just so hard to succeed in this business; many leave for personal reasons....[Men] tend to stay around longer, so the fruit of your mentoring is around."

What's more, men who do mentor women can't offer much in the way of psychosocial support—how to deal with sexism, for instance, or how to balance a career and family—whereas female mentors, when available, may not be in a position to facilitate their protégés' integration into the firm culture. "Women many times don't want to be mentored by a woman, because...it doesn't necessarily help," Karlen said.

Neglectful colleagues. Analysts' reports and investment ideas are customarily disseminated to buy-side clients by the investment bank's sales force, traditionally men. Their locker-room and sports-bar cultures make it difficult for female analysts to forge strong bonds. A salesman will tell you that he's selling both the product and the person, and when he travels with an analyst, having drinks at the bar is an important part of getting to know and trust each other. Women are less likely to travel, especially if they have families, and they're less likely than men to turn up at the bar. It's not about a lack of information exchange—the salesman could glance at an analyst's résumé or pick up the necessary details in a 10-minute cab ride on the way to visit a client. But the easygoing fellowship isn't there. Former star retail analyst Josie Esquivel put it realistically: "[I can't] go drinking with the sales force....This is the way the world is. You get around it by providing services to the client directly."

Salesmen acknowledge the dilemma. One put it in stark terms: "Say there are two analysts, John and Joanne—equally smart, equally good analysts, both in their late twenties/early thirties, both spend 14 hours a day at work. The day is only 24 hours long, so I have to allocate my time intelligently....Who is most likely to stay at the

firm? Based on my experience, I have to say John. Joanne is going to get married...she might decide to have children....Is this not rational? It's just the way the business is."

Vulnerable position in the labor market. Certain aspects of the choices the women in the study made represented a knowing effort to protect their portability in the event of a layoff. Even female-friendly firms tend to lay off more women than men during economic contractions. Although women accounted for just 21% of Wall Street analysts in 1986, for instance, they represented fully 64% of those who were let go following the 1987 crash.

Women focused on building external relationships with clients to counterbalance these internal disadvantages. This is a highly adaptive and strategically shrewd strategy. Not only does it protect their portability, but it has the added benefit of boosting their reputations with colleagues. Women who proved themselves by achieving *Institutional Investor*, or *II*, ranking on the strength of client rela-

Research Methodology

The research behind this article is part of a larger study I did with Harvard Business School's Ashish Nanda and Nitin Nohria, documented in "The Risky Business of Hiring Stars" (HBR May 2004), in which we examined Wall Street's jet-setters and the degree to which their star performance followed them from one firm to another. We zoomed in on star stock analysts for several reasons. First, there are reliable data on both the performance of star stock analysts and their movements between companies. (We defined a star analyst as one who was ranked by *Institutional Investor* magazine as one of the best in the industry. The rankings are accepted both by Wall Street and academics as a reliable proxy for performance.) Second, analysts suffer relatively few distractions when they change jobs: They stay in New York, they stick with the same sectors, and they retain the same customers. And third, their performance is widely believed to be dependent on their talent.

Over a nine-year period, my colleagues and I examined 1,052 star analysts who worked for 78 investment banks (4,200 analyst-year combinations). To round off the research, we conducted 167 hours of interviews with 86 stock analysts and their supervisors at 24 investment banks. Over the past three years, I have continued to analyze the data and have conducted additional interviews as part of the star analyst project. By further comparing the rankings of star male and female analysts who stayed in their jobs with those of star female and male analysts who switched companies, controlling for many individual and firm characteristics, I was able to figure out how their performance shifted when they changed companies. This article draws on the frank and detailed interviews my colleagues and I conducted, as well as the hard data we've gathered, to shed light on the complex dimensions of mobility and performance of male and female analysts.

Women look for organizations that welcome them as individuals, with distinctive styles and methods of distinguishing their franchises.

tionships found that they were taken more seriously in-house. One female star, after being ranked for the first time, began to get calls from colleagues who had previously ignored her. One salesman unapologetically confirmed the reality of this phenomenon from the other side. When clients start to ask about a newly anointed female star, “they force me to learn [about her],” he said.

Scrutinizing Prospective Employers

Women and men overwhelmingly agree that women are more deliberate in changing employers, probably because experience has taught them the importance of environment and culture in both their performance and job satisfaction. While men tend to concentrate on compensation, women are more likely to weigh multiple considerations in making a move, such as the apparent attitudes of the research director and the existence of female colleagues and role models. Recruiter Debra Brown stated that “compensation is not as significant a factor for women as it is for men when making decisions on job moves.” Josie Esquivel summed up her male counterparts’ focus on compensation versus the overall package like this: “I was a star here, I can be a star there, I just want to make more money.” Bonita Austin, who moved from Wertheim Schroeder to Lehman Brothers, acknowledged that while her new boss doubled her compensation, she wouldn’t have made the move if she hadn’t sensed an overall fit. Women look at the culture of a department, in terms of how women fit in, along with its values, atmosphere, and tone.

Receptivity to women. When a man makes a move, he doesn’t have to wonder whether there will be male role models. Sanford C. Bernstein’s Lisa Shalett noted that “for a lot of guys, it just never comes up.” The general observations that might be made about a firm’s culture—that it is collegial, white-shoe, competitive, open-minded—don’t necessarily reflect the experience that women will have at that firm.

Indeed, many of the female stars in the study moved precisely because they believed they would get more internal support in their new companies than they had in their old ones. Strategist Abby Joseph Cohen pointed out that the hiring firm signals interest from the start. “Obviously, if you’re being recruited

someplace, your new manager has a commitment to you.”

Latitude and flexibility. In addition to receptivity to women generally, women look for organizations that will welcome them as individuals, with distinctive styles, personalities, and methods of distinguishing their franchises. Historically, employees in many firms had to contend with very narrow definitions of acceptable style. Women (and men) were expected to behave and dress in very narrowly defined terms. Such clubbiness has diminished somewhat, but female analysts still find themselves walking a tightrope. They are discouraged from mentioning their personal lives, but refraining from doing so can make them seem standoffish. Their mentors and research directors urge them to stand up for and promote themselves, but aggressiveness among women is still frowned upon. “Strong, aggressive women are still seen as bitchy and irrational and emotional,” said Sara Karlen.

Managerial support. Female stars readily admit that they scrutinize the research director, who sets the tone for the department. Cohen, in explaining her move to Drexel Burnham Lambert, said, “I noticed in Burt Siegel’s office a prominently displayed picture of his three daughters in basketball uniforms with Burt, who was the coach of the girls’ team. I thought, just as he had provided opportunities for his daughters, he would create opportunities for me....I was further reassured when I looked around the department and saw that he had hired some high-quality women who seemed to be doing well at the firm.” Helane Becker arrived at the same conclusion regarding Siegel, reasoning that his evident support for his daughters’ achievements might reflect his assumptions about women’s potential in the office.

Women know that management can also influence how women analysts are treated by the sales force and by investment bankers. One analyst recalled a meeting at Merrill Lynch with Jack Rivkin and some senior sales executives that she attended with another female analyst. At one point in the discussion, one of the salesmen suggested that “the girls” offer comments. Rivkin objected to the characterization and immediately interceded, telling the women they did not need to respond.

Objectivity in measurement. Finally, several women spoke of the value of an impartial departmental measurement system as a bulwark against politics and favoritism.

“The expectation of an impartial performance measurement system is quite simply necessary for survival,” said Carol Muratore. “Women may naturally select firms where there has already been management effort to enhance analyst efficacy and objective performance standards.” Recruiter Debra Brown spelled out the protective function of objective measures: “Women like positions that are transparent...so that their abilities can be validated by objective measures.”

Retaining Women, Developing Men

For employees, my findings indicate the value in thinking creatively and strategically about different paths to success. Although the study focused on just one industry, considerable research has shown that women face similar challenges in many male-dominated professions. The fact that unacknowledged sexism persists even in a profession as externally benchmarked as equity research suggests that women may face a steeper uphill climb in more subjective knowledge professions, like consulting. Just as the female Wall Street stars

I studied employed creative strategies to succeed, so too can employees in other professions, male or female, who may not precisely fit their company's mold. There is more than one route to stardom.

Another lesson for employees is that the decision to change jobs should be made strategically, not only with an eye toward promotions and raises, but also from an informed awareness of the new firm's resources and culture. The men in the study were far more likely than their female counterparts to be lured away by higher compensation, and they paid the price in diminished performance. The strategies women employ to succeed at their jobs may be born of necessity, but there is no reason that some male analysts could not also benefit from adopting a slightly more external focus. (Skewing too far in this direction can cause problems, as the sidebar “Balancing Internal and External Relationships” shows.)

For organizations, the high-level implication of these findings is that companies should focus on building talent from within and take measures to retain the stars they create, male and female alike. A diversity of perspectives on how to become a star is a valuable resource for any organization, not least

Balancing Internal and External Relationships

When it comes to gender differences, the major takeaway from my recent research is that female stars build skills that are more portable than those of their male counterparts, in no small part because they are more focused on external relationships. But employees who focus on external relationships in order to protect their portability should be aware that this choice can sometimes hamper in-house career progression. Whereas star women who moved to new firms but did the same job continued to perform well, some of those who switched from individual contributor roles to management roles within their firms experienced difficult transitions.

A star analyst progresses from being an individual contributor to a manager, spending a significant amount of time working with in-house colleagues, superiors, and direct reports to get the job done. This transi-

tion is difficult for women who have focused primarily on building external relationships. A successful manager needs a deep and broad understanding of the in-house culture and a solid set of relationships within the firm. In the words of one female former star analyst, currently a manager, “Your life changes when you become a manager....You really have to start developing peer relationships at the firm. That's how things get done: through relationships. If you are an analyst who built your franchise on your clients and on your companies, you have to refocus and start building in-house relationships. If you don't have relationships, you have no trust, and you will soon not have a job.” Thus, it is important that women parlay their success, built on external relationships, into strong internal relationships.

Another side effect of external focus is that

it may limit women's opportunities for team moves (known as lift outs). Changing firms as part of a team has a protective effect on performance—stars who move with their team do better than stars who change companies on their own. Female stars, whose internal relationships are not strong enough to lead to a lift out, lack this opportunity. Only 20% of women change employers as members of lift-out teams whereas 29% of male stars do. Furthermore, most teams led by female analysts in the research study consisted of only one or two employees, typically junior analysts or unranked senior analysts. Teams led by star male analysts tended to be larger and often cross-functional; they also included salespeople or traders. So the tendency of women to focus outward may get in the way of their chances to be part of a team move and thus may hinder attempts to increase their portability.

because it provides a source of learning and best practices. In fact, by paying closer attention to the careers of star women, firms could do a better job not only of attracting and retaining women, but also of developing men. They might, for instance, encourage men to break from the traditional mold and help women develop the internal ties that contribute to men's accomplishments.

In the late 1980s and early 1990s, Lehman Brothers' research department cultivated success by letting a thousand flowers bloom—supporting the different strategies and talents of a diverse group of analysts, male and female. They recognized women as an undervalued resource on Wall Street, brought them in and created an environment where women could succeed—and then incorporated women's strategies into their training so that everyone might benefit. Under Jack Rivkin and Fred Fraenkel, Lehman Brothers' research department encouraged female analysts to participate in the recruiting process and rigorously pursued gender-blind policies in every facet of the department's operation. Meanwhile the department jumped from fifteenth in the *H* rankings in 1987 to seventh in 1988, fourth in 1989, and first in 1990, 1991, and 1992. In the years that the firm was ranked number one, a higher percentage of female analysts were ranked at Lehman than at any other firm. In fact, many of the best and brightest women left research departments at other investment banks to join the Lehman Brothers research department.

Most of the recruiting committees of Lehman's competitors were composed almost exclusively of men, inadvertently signaling to candidates that there was little room for multiple approaches to career success. To communicate that the firm would evaluate talent in a more open way, Lehman's recruiting process exposed candidates to a broad range of employees. "After meeting with ten very different people, the candidate was bound to find someone with whom he or she could associate," said Rivkin. "Several candidates, even those who didn't receive an offer from us, commended us for showing them that there was more than one path to success." What's more, some male analysts opted out during the recruiting process because they were uncomfortable being inter-

viewed and evaluated by women—women who could possibly become their team leaders, no less. In other words, the process screened out men uncomfortable in a culture in which women could thrive and men could learn from them.

That's important because Lehman sought analysts, male and female, who could not only learn but teach. Fraenkel looked for analysts who had something new to bring to the table, complementary skills that could rub off on other employees. This approach reflected Lehman's refusal to prescribe a best or right way to be an analyst. Fraenkel and Rivkin invited a variety of styles, allowing people to incorporate aspects of their personal identity, including gender, as they saw fit. The teaching and mentoring culture that evolved from this open approach to hiring offers an advantage to all employees, male and female alike.

Another implication for companies is that they would do well to understand—and communicate explicitly—the value they add to their employees' performance. Employees' perceptions of whether or not their skills are portable vary from firm to firm and don't always accord with reality. Perceptions differed strikingly, for example, at Goldman Sachs and Merrill Lynch, two firms that contribute similarly to stars' success. Merrill employees believed in their own portability: "We are free agents" was a typical comment there. Goldman Sachs employees, by contrast, tended to believe in their dependence on the firm: As one analyst said, "We are stars because of the firm we work for." From their first day at the firm, employees are told how much Goldman Sachs invests in their success.

The research shows us the value for employees and firms alike, of diverse and resourceful approaches to career management and development. Employees may want to enhance and protect their portability; employers may want to build and retain firm-specific human capital. Either way, the goal is developing stars who shine brighter, and longer, wherever they are.

Reprint R0802D

To order, see the next page
or call 800-988-0886 or 617-783-7500
or go to www.hbrreprints.org

How Star Women Build Portable Skills

Further Reading

HBR ARTICLE COLLECTIONS

Hiring the Right Leaders

by Boris Groysberg, Andrew N. McLean, Nitin Nohria, Ashish Nanda, Claudio Fernandez-Araoz, Melvin Sorcher, and James Brant
HBR Article Collection
May 2006
Product no. 4397

This collection provides additional suggestions for ensuring that the stars you hire from outside stay brilliant in your company:

- In “Are Leaders Portable?” Groysberg, McLean, and Nohria recommend assessing the degree of similarity between your strategy, systems, and culture—and what newcomers would bring to the table. For example, if you need to drive top-line growth, a talented cost-cutter won’t likely work out.
- In “The Risky Business of Hiring Stars,” Groysberg, Nanda, and Nohria explain how to grow your stars—through training, mentoring, and assistance with work/life conflicts—rather than buy them.
- In “Hiring Without Firing,” Fernandez-Araoz identifies ten mistakes executive-search committees make and proposes a rigorous process as an antidote.
- And in “Are You Picking the Right Leaders?” Sorcher and Brant define six executive skills (such as dynamic public speaking) that search committees tend to overvalue. The authors explain how to look beyond these skills to more important talents during interviews.

Required Reading for Executive Women—and the Companies Who Need Them, 2nd Edition

by Alice H. Eagly, Linda L. Carli, Sylvia Ann Hewlett, and Carolyn Buck Luce
HBR Article Collection
September 2007
Product no. 2489

The authors featured in this collection agree that many women possess skills that enable them to succeed in varied work environments. Three articles explain how companies can leverage those skills:

- In “Women and the Labyrinth of Leadership,” Eagly and Carli advise companies to help talented women overcome barriers to advancement, including outright prejudice. For instance, encourage well-placed, widely esteemed individuals to mentor your high-potential women.
- In “Executive Women and the Myth of Having It All,” Hewlett explains how organizations can enable top-performing women to get off conventional career ladders to handle family responsibilities and then get back on. Keys include reduced-hour jobs, careers that can be interrupted, and unpaid leaves.
- In “Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success,” Hewlett and Luce describe additional ways to ensure that talented female managers who must make work/family trade-offs can still advance into high-level leadership positions. Strategies include establishing “old girls” networks enabling women to build skills, contacts, and confidence.

Harvard Business Review 

To Order

For *Harvard Business Review* reprints and subscriptions, call 800-988-0886 or 617-783-7500. Go to www.hbrreprints.org

For customized and quantity orders of *Harvard Business Review* article reprints, call 617-783-7626, or e-mail customizations@hbsp.harvard.edu

Harvard Business Review

www.hbrreprints.org

U.S. and Canada
800-988-0886
617-783-7500
617-783-7555 fax