

A CULTURE OF BALANCE: HOW BAA CREATED A WOMAN-FRIENDLY ENVIRONMENT

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Introduction

BAA, the world's largest commercial operator of airports, is a unique company in that it has many women in senior management positions. At Gatwick Airport, for example, the Managing Director as well as most of the senior managers are women. Women fill the number two positions at all of Heathrow's terminals, as well as the role of deputy to the Managing Director. A woman manages Aberdeen airport. What is most remarkable about BAA is that both men and women alike see nothing unusual about the large concentration of women in senior management. They see this as a normal consequence of people with the best skills and abilities being promoted up the hierarchy. Part of the reason that BAA managers are so accepting of the high percentage of women is that most of them have worked for the company for 20 years or more, so they have little first-hand experience with less egalitarian organizations. But clearly the main reason that BAA senior women are so well respected and accepted is that they are highly talented, focused and deliver profits to the bottom line in an otherwise male-dominated industry.

But is BAA, in fact, different from most companies? Today, women account for less than 2 percent of all senior management positions in business worldwide.¹ In the United States only 1% of all Chief Executive Officers and 5% of the most senior executives in the largest companies are women.² The situation is worse outside the United States, with no woman running any major corporation. In the United Kingdom, although 26% of managers at all levels are women, women fill only 2% of the most senior executive jobs.³ In contrast, of BAA's population of 650 senior managers (the top 5 grades in the company), nearly 28% are women. While no women are to be found among the 10 Executive Director (Board) positions at the very top of the company, fully 10% of the next level down are women. Thus, BAA is indeed different in that it has proportionately more women in top management.

BAA appears to have created an environment where both women and men can excel if they have the willingness to reach out, work hard and embrace continuous learning and improvement. The fact that BAA is in a service business with concrete and measurable goals (where women do tend to do well) is not enough to explain the success of integrating women into management. Investment banking is also a service business with well-defined and measurable goals, but women are very weakly

represented in the senior ranks of that industry. Many factors interact to make a company's culture either inclusive or exclusive to women executives.

Studies show that barriers to women's advancement are not placed intentionally, but rather are the "consequence of unexamined assumptions about women's career interests and capabilities and unquestioned policies and practices that pervade the corporate culture."⁴ Such practices can result in a perceived, if not real, glass ceiling for women seeking to climb the corporate hierarchy. BAA appears to have no glass ceiling, since the environment is such that both men and women feel that with hard work and perseverance, they have an equal shot at the top jobs. The following sections will describe the results of a research study to identify how BAA created such a women-friendly work environment.

Research Methodology

The purpose of this study was to identify what factors enabled women to rise up the hierarchy in BAA. Interviews were conducted over a 10-month period in 1997 with 20 middle to senior managers at various sites in BAA's operations in the United Kingdom. Fifteen of the managers were women. Interviews typically lasted for 1 hour and were tape recorded and transcribed. Participants were not given interview questions in advance, but were provided with a short (one-page) explanation of the purpose of the research. The questions were open-ended and followed a pattern of asking the participant to briefly describe his or her career path, citing significant personal development events along the way. Then the interviewee was asked what factors allowed women to rise in BAA and if these were different for men in the organization. Finally, each person was asked if there were specific issues that the company should be made aware of that could hinder women's advancement in the future. All participants were assured of full confidentiality of their responses, and all were provided with a copy of the final report.

The interview data were coded and analyzed for common themes, particularly in light of the backgrounds and career histories of the participants. No statistical measures were employed, as this was a qualitative research design. However, as themes and enabling factors emerged, these were then tested and probed with the participants in subsequent telephone interviews.

BAA's Unique Culture

The atmosphere in BAA is open, friendly, fast-paced, demanding and fun loving. People work very hard and long hours, and are intently focused on delivering high profit and excellent customer service. In spite of such demands, BAA managers exude a very open, accessible, and friendly demeanor. Just as one tends to find car buffs in the automobile industry, most people in BAA have a somewhat romantic attachment to airplanes and airports. They would claim that aviation is in their blood. Thus, BAA has managed to attract a group of predominantly extroverted and highly motivated people with similar interests.

BAA is run as a meritocracy. In general, people believe that promotions are handed out to those who demonstrate the ability to perform and deliver value to the bottom line. Virtually everyone interviewed stated that they believed they had achieved their position in the organization based strictly on their abilities, rather than on various extraneous factors such as gender, cronyism, etc. There is no sense, whatsoever, of positive or negative discrimination.

The culture is also one of customer service. BAA has many constituencies that it must balance. BAA's airline customers want good, reliable service at the lowest possible cost. The airline passengers, or the "traveling public", want clean user-friendly airports with a minimum of hassle. The local communities want the jobs that the airport brings, but shun the noise, traffic congestion and pollution that accompany an airport. In order to deliver exceptional customer service to these various constituencies with often mutually exclusive demands, BAA must strike a delicate balance. This balance requires people with extraordinary listening skills, a capacity to juggle multiple demands, and good problem solving abilities. It also requires managers who can cajole and motivate other groups of people who are not necessarily under their command or control.

These skills are often found in women. Several studies suggest that women may be better at interactive or transformational leadership, while men tend to be better at transactional leadership.⁵ (Transactional leadership is associated with the traditional command and control hierarchy, where each task performed by a subordinate is part of a series of transactions, to be rewarded or punished depending on the quality of services rendered.)

Finally, BAA's culture values differences in people, and by doing so, it allows women to thrive and exert womanly qualities. One woman manager had a uniquely feminine point of view as she was describing her relationship to her key customers:

"I'm kind of their mother thinking about their own good. Airlines are very short-term people. I have to do two things. I have to think about them for the longer term. So I've got to think about their future. And I've also got to think about them plus all the others. It's a bit like a Mum will have a whole family. I've got Virgin and British Airways and Monarch and Britannia in my family. I will not do anything for one child that will upset the other children. Similarly, I'll not let that child do something that's going to damage their own future. I'll just not let them do it!"

It is very difficult to imagine a man using a similar metaphor to describe how he manages his customers. But in this case, the manager's maternal perspective is very effective when dealing with some extremely demanding and sometimes shortsighted customers.

So how did BAA create this unique environment?

BAA achieved its remarkable culture through a combination of factors, some dating back to its civil service history. In large part, many people credit Sir John Egan, the current CEO, as well as some forward-thinking senior men, with pushing a more open, merit-based organization. The following paragraphs will outline the major factors that contributed to BAA's unique environment.

1. Civil Service History

BAA's roots as a part of the British Air Ministry provided it with the often-cited "civil service mentality". This mindset tends to provoke behaviors that are often incompatible with a customer service orientation, and renders a company ill equipped to compete in a fast-moving, profit-driven and competitive industry. However, the civil service orientation also tends to promote equal opportunity employment for certain groups of the population that would otherwise face larger hurdles to work in the traditionally white, male-dominated private sector. Thus, one finds high proportions of women employees in government jobs in many countries around the world. In BAA the civil service foundation allowed many women to enter and work in the organization, albeit at lower levels until roughly the mid 1980s. The largest increase in women employees at BAA was in 1977-1978 due to the increased security concerns at airports. Many women had to be hired to perform security searches on females. Thus, a large group of women was already in place and gaining experience in BAA so that they were poised to move up the hierarchy as soon as they were given the chance.

Furthermore, as far back as 1979, a number of senior, male managers in BAA were actively focusing on the issue of equal opportunities for women. One such manager clipped and saved a story from the company newspaper, which described how BAA had increased the number of women employees by 81%. In that article, the Personnel Director states, "We have always been firmly committed to the principle of equal opportunities for women and it can only be a matter of time before there is an even greater breakthrough into the management area."

2. Graduate Training Program

BAA had for many years a Graduate Training Program which recruited college graduates to come to work and be trained in BAA. The goal was to grow the "senior managers of the future". In addition to interviews, applicants went through a bevy of psychometric tests that were designed to predict indicators of that ability to grow. The successful applicant was typically a very smart person with good people skills. Because BAA was still bound by the Thatcher era price and salary caps, it could not offer competitive salaries. As a result, it was unable to attract top quality men who often set their sights on higher paying jobs, but it was able to attract top quality women graduates. The women "shone" in these interviews, and furthermore, they had the mental aptitude and personal skills that BAA was looking for.

3. Privatization

The privatization in 1987, or floating of BAA shares on the stock exchange, brought huge culture changes. Two people in sequence helped to shape the BAA culture to what it is today. Mr. Jeremy Marshall was installed by the British government as CEO immediately prior to privatization. He came from Hanson Trust, a large, multinational conglomerate. He has been described as a “macho engineer” who fit in with the RAF and engineering-dominated culture of BAA at the time. Marshall brought the Hanson ethos with him and decided that BAA would be best served by diversifying its assets. Thus, during 1987-1988 BAA got into freight forwarding, cargo, transport, trucking, hotels, property, and even the direct retailing of teddy bears in hospitals. The prevailing belief was that BAA, as a private sector company, had to diversify — even as most private sector companies were streamlining their businesses and shedding assets.

Upon Mr. Marshall’s departure in 1989, Sir John Egan entered as CEO. He presided over a complete change of direction. As often happens in organizations, the pendulum effect was a factor: as Mr. Marshall left, the organization developed a rejection of many of the projects and attributes espoused by him. In addition, the turmoil brought on by the privatization left the company willing to change to assure its future. Sir John Egan brought focus to the organization by shedding non-airport related businesses, reducing headcount (including a cohort of former RAF pilot-turned-managers), and bringing a sense of confidence and customer service to the organization. Following this airport focus and the notion of “serving the traveling public” came a sense of self-responsibility, which encouraged people to change their behavior. Sir John Egan redirected the company to become the coordinator responsible for managing the total airport operations, even those it did not directly control.

Thus, Sir John Egan’s focus on customer service, responsibility, merit-based performance appraisals, and the need to fulfill the coordinator role, opened up many avenues for the women who were already in the organization. The BAA women were perceived to have innate people management skills. They showed that they could influence others without having direct authority over them. And in the leaner, team-based environment, they proved that they could successfully use a new style of management to solve tough problems — for example, negotiating with the unions.

4. Interview Boards/Assessment Centers

In the late 1970s, several years prior to BAA’s privatization, a more rigorous promotion process was put in place. This was done concurrently with a pay and grading review, which forced the questions of ‘what is the job worth?’ and ‘what kind of people do we need in these jobs?’ Candidates for promotion were sent through a series of interviews, described by some as a very intimidating or grueling process. They were also given psychometric and personality tests. These “interview boards” and “assessment centers” accomplished three things: first they forced the organization to identify traits and skills that they were looking for, thus making the process more structured and defined, but also more transparent. Second, they broke the existing

power structure of the ex-RAF, engineering dominated, “old boys” network. This allowed non-traditional managers to rise at BAA, including those men without an engineering background, and women. And third, the assessment criteria focused much more on potential for leadership rather than experience in leadership roles. This subtle difference also allowed women to rise to the top of the list, particularly since post-privatization, the demand was for customer service and people management skills, where women were perceived to excel.

5. Extensive Training and Development

As part of its effort to shift away from a civil service mentality, BAA has invested an enormous amount of money in the training and development of its people. BAA spends £8 million each year on training and development — or roughly 4% of its total payroll costs. With such a large training and development budget, BAA has an excellent vehicle to reinforce its commitment to becoming a learning organization. In addition, under the guise of various team-building programs, the company teaches employees how to be better people managers. Skills they learn include consensus building, active and empathetic listening, coaching, positive feedback, empowerment, and effective communication. Many of these abilities have been characterized as being “feminine” attributes and are thought to come more naturally to women than to men. By training managers in these skills, the company is indicating to all employees – men and women alike – that strong capability in these interpersonal areas are valued and will be rewarded. Thus, when women who have proven talents in managing people are promoted, the organization accepts the promotion as a natural manifestation of the company’s values.

6. Personal Networks

Virtually everyone interviewed emphasized the importance of developing personal networks within the company. Several senior women managers had the good fortune very early in their careers to get to know most of the “key players” in the company by virtue of their job assignments. One woman worked on a job grading system that ranked the importance of each job vis a vis all other jobs in the company. During that process she interviewed people who held each post in order to develop specific job descriptions. Another woman got to know most of the managers when she started out in the finance department and had to go around sorting out payroll problems precipitated by a new computer system.

While networks can be important in many companies, for both men and women, in BAA the networks are not exclusionary. That is, they are not based on an “old boys” or even “old girls” group of contacts. The networks appear to be much more based on who you know who might be able to get the job done.

“Networking is terribly important in this. Not only is the networking and knowing people important, but if you know somebody who knows somebody, you’ll take their

recommendation. People recommendations are much, much more important than anything else.”

— a female manager

Several people commented on the fact that women tend to be much more extroverted and naturally build relationships better than men do. Others said that since BAA was not a very political organization (where posturing and other corporate politics can be important), and women tend to shun corporate politics, they have been successful at growing their networks.

7. Terminal/Shift Duty Manager

Although it is unclear how directly this job enabled women to move up the ranks at BAA, every manager interviewed had been either a Terminal Duty Manager or a Shift Duty Manager at one point in their career. It has been described as an adrenaline-filled job that drives the mentality of the company.

“A Duty Manager’s long-term time horizon is to survive until the end of the shift. It’s a very reactive, fire fighting type of job. It has a macho element in it, as well. People get a sense of power and control in this job: ‘I can shut down this terminal!’”

— a male manager

Every manager, when asked about his or her stint in that job, described it as being one of the most daunting but also the most enjoyable they’d had.

“It’s a very high risk job, since each situation is different each day, and you have to rely on your judgment. It’s a very scary job, as well. It’s very operational. But it teaches you to rely on other people because you can’t possibly know everything — you have to know who to delegate things to.”

— a female manager

“I was very conscious of the fact that everyone who reported to me knew more than I did. That was the most difficult. At first, people were economical with the truth. My subordinates had to learn to trust me.”

— a Terminal Duty Manager

It appears that the Duty/Shift Manager job is used to test and select out those people who have demonstrated a clear ability to manage and lead a diverse group of people under intensely stressful situations. Although virtually anyone can apply for the job — secretaries, firefighters, and finance managers have jumped into this role — the selection process is long and intense. Applicants are first winnowed out by extensive interviews that assess their thought processes. Then, promising candidates are sent through the Assessment Centers to gauge their communication skills, as well as their understanding of the business and potential for leadership. Those who do succeed

in landing the Duty or Shift Manager job are given training for it, but virtually all managers say that the on-the-job experience is where one learns the “life and death airport operations.” People who succeed in this role after 12-18 months tend to then be moved through various functions and business units of BAA on a career development track.

Conclusion

Through a combination of factors, BAA has built a business that has successfully learned to deliver superior customer service to its myriad constituencies of passengers, airlines and communities. It has done so while delivering consistent rewards to shareholders. Perhaps not coincidentally, BAA has also built an organization in which women managers thrive and can realistically expect to reach the top levels of management.

What is truly extraordinary is that BAA has created this positive environment without developing any programs or initiatives that are specifically targeted toward increasing the participation of women in top management. The unique set of factors that led to the rise of women in the organization seem to have been either a by-product of BAA’s history (such as its civil service heritage), or a result of particular programs that were implemented for purely business purposes (increasing revenue by becoming more service oriented).

Most importantly, BAA has seen women rise through its ranks by allowing them to perform. It is a sad commentary that this seemingly obvious notion is the exception rather than the rule in many companies. BAA had no preconceived ideas about what women could or could not do; rather, the company simply gave women the chance. And they have risen to the occasion.

¹ *The World’s Women 1995: Trends and Statistics*, United Nations Social Statistics and Indicators, Series K No.12 (1995) New York: United Nations.

² *Wall Street Journal*, March 29, 1994. Data are based on an analysis of filings with the Equal Opportunity Employment Commission. Managers are broadly defined.

³ Alimo-Metcalf and Wedderburn-Tate in Davidson, M.J. and Cooper, C.L. (1993) editors *European Women in Business and Management*, London: Paul Chapman Publishing Ltd. pages 17-18. Data is based on a UK Labor force survey.

⁴ Catalyst (1996) *Women in Corporate Leadership: Progress and Prospects*. New York: Catalyst. page 6. The report was based on a survey of senior women executives and CEOs of the Fortune 1000 companies in the United States.

⁵ Judy B. Rosener described these findings in an article in the *Harvard Business Review*. (“Ways Women Lead”, November-December 1990) She found that women are more inclusive and tend to encourage participation, they share power and information, they work to enhance people’s sense of self-worth and they energize others. She also noted that in companies where such characteristics are not valued, women do not tend to rise up the hierarchy. Another study by Lawrence A. Pfaff and

Associates found that women are better than men at communication, feedback and empowerment. But they are also more decisive, better at planning and facilitating change.