Stephens

How Women Can Build Wealth: Rethinking the Role of Networks and Reevaluating Risk

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Summer 2024

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Stephens research study examines how limited professional networks and risk aversion inhibit women executives in building wealth and maximizing career success. The findings are supplemented by the insights and experiences of participants in Stephens INVESTED, the firm's women's initiative, as well as by interviews with female executives who fit the study's criteria.

For years, women have not leveraged their personal and professional networks as effectively as their male counterparts. Even with the considerable gains women have made, this lack of a legacy of connectivity – particularly with financial experts – has affected who they know, trust and reach out to for advisory support. The lack of connectivity has also affected traditional notions of risk tolerance. Without a robust advisory network, women often fail to take advantage of riskier opportunities that present themselves over the course of a career.

Stephens | INVESTED
ADVANCING THE SUCCESS OF WOMEN

About Stephens INVESTED

INVESTED is a firmwide women's initiative that encompasses networking, recruitment, mentorships and professional development. INVESTED reflects Stephens commitment to creating pathways for women in the financial services industry and beyond.

A LETTER FROM STEPHENS LEADERSHIP

Helping Women Build Wealth

According to our study of 1,002 senior executives, women business leaders are not building investment-oriented professional networks that could help maximize their potential to generate income and create wealth.

Women's professional networks, even among the most senior and high-earning executives, tend to be limited to attorneys and accountants, excluding the critical expertise of investment advisors. Our research shows that in contrast to their male counterparts, women are making both professional and investment decisions without the benefit of investment expertise.

Senior-level men view investment advisors as an integral part of their networks – not only to support decision-making but also to serve as avenues for business and revenue generation. As one's network expands, so does one's value to clients, employers and colleagues.

Additionally, the study shows that when it comes to making financial decisions, men are more likely to embrace risk, while women focus more on security. Both approaches are valid. However, risk aversion can hinder women from capitalizing on opportunities such as creating businesses, broadening their investment portfolios and maximizing earnings.

As we further explored the study's findings, a select group of women colleagues and clients shared that the well-being of their families is top of mind, leading them to prioritize stability regarding their income and finances. Thus, it's not surprising that many women place a premium on security over risk.

As women executives occupy more senior roles and command higher pay, professional networking with a broader group of senior executives can help mitigate risk aversion. Access to professionals with financial expertise and business acumen makes risk more palatable, and opportunity can be converted to gain. Through the collective efforts of employers, the financial services industry, academia and other avenues of support, we can offer women the necessary resources to maximize their wealth.

At Stephens, providing those resources is one of our objectives. Our investment advisors understand the importance of relationships and trust in helping clients achieve their financial and business goals. Through INVESTED, we are helping women identify gaps in their networks and make connections that will support wealth creation and business success.

This will be an ongoing journey for our firm, just as it will be for countless businesses. We hope you find the information and insights in this report useful.

WARREN A. STEPHENS
CHIEF EXECUTIVE OFFICER

LAURA W. STEPHENS
THIRD-GENERATION LEADER AT STEPHENS

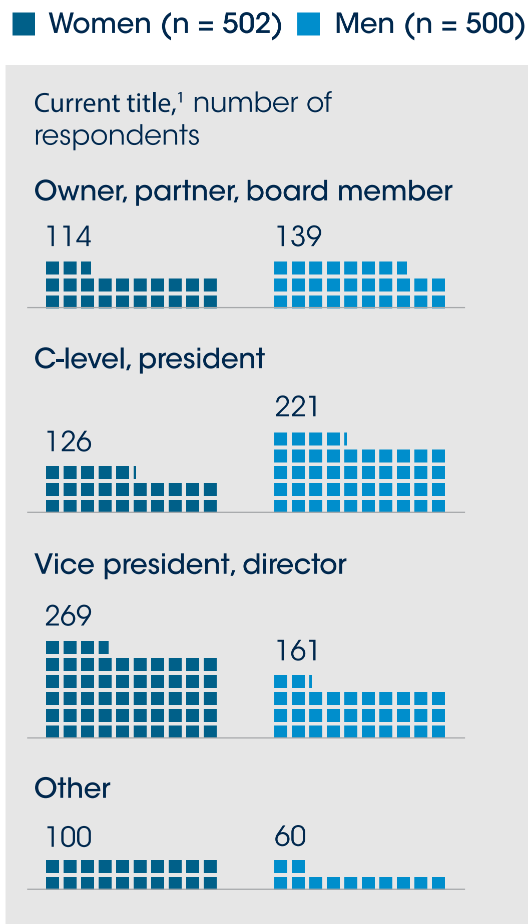
Overview

Stephens conducted a large-scale market research study to identify and quantify the challenges and opportunities specific to women leaders when they seek to maximize financial and professional success. Completed in May 2023, the study is comprised of interviews with women executives as well as a national survey of 1,002 senior executives (502 women and 500 men).

Approximately 250 of the women survey respondents hold C-suite positions including owner, partner and board member. For more on the market research methodology, see the appendix. The margin of error for the study is +/- 3.1 percent at a 95 percent level of confidence. All research was carried out in compliance with all relevant legal and ethical requirements within the market and in compliance with ISO 20252:2019.

Figure 1 offers an overview of research participants' seniority as well as key statistics about the companies for which they work. Women participants tend to have less seniority and work at larger companies (by revenue) than male survey respondents. Women at private companies were half as likely as men to self-identify as business owners (22 percent of women, compared with 45 percent of men).

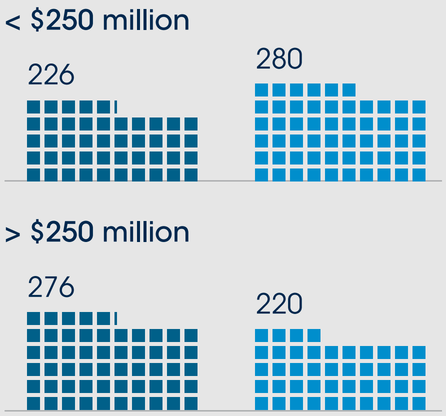
We surveyed 1,002 U.S. executives from a wide range of companies and demographics.



Regional distribution, % of respondents

	Women	Men
Northeast	23	17
South	37	42
Midwest	18	19
West	23	22

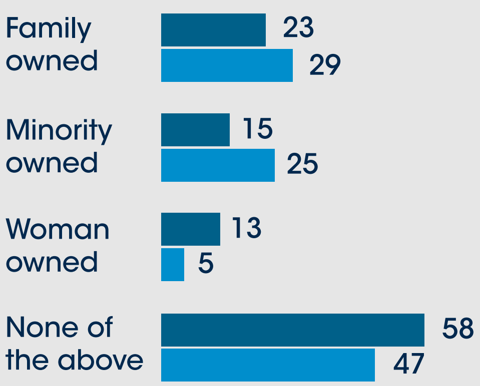
Company annual revenue, number of respondents



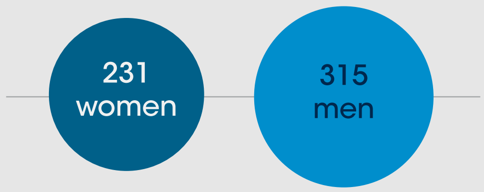
Median annual revenue

$383M $144M

Type of business,[1] % of respondents



Work in a publicly traded company

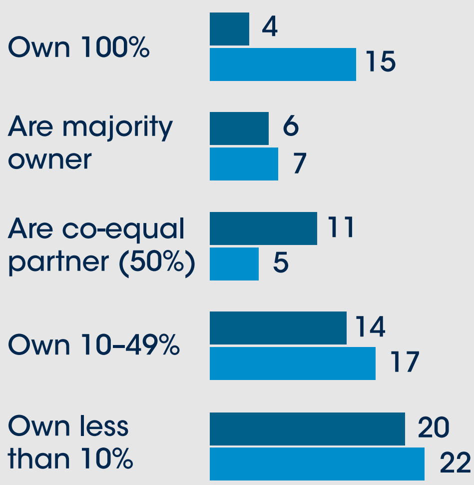


Have ownership stake in business[2]

22% of women

45% of men

Number of respondents who



[1] Respondents could select more than one.

[2] Respondents who do not work for a publicly traded company were asked if they have an ownership stake. N = 254 for women, 148 for men.

Key Findings From Our Survey

According to the Stephens study, women executives prioritize financial security, whereas male executives prioritize financial rewards. Thus, women take fewer professional and financial risks.

- Women executives prefer to have a greater share of their compensation guaranteed than dependent on performance metrics, such as an annual bonus.
- Women executives are professionally more risk averse than men; they are significantly less likely to leave their current companies to start new businesses.
- Executive-level women are less willing than their male peers to take risks with their income and investments.

Women executives have smaller networks, with fewer financial professionals, compared with their male counterparts.

- Women business leaders are significantly less likely than male leaders to have a business relationship with any of the following professionals: personal financial advisor, management consultant or investment banker.
- Women are less satisfied than men regarding relationships with financial and investment advisors.
- Women are noticeably less likely than their male counterparts to consult with financial professionals in making major business and personal investing decisions.

Who Are Financial Professionals, as referenced in this report?

Investment bankers represent buyers or sellers of companies, much as real estate agents represent buyers and sellers of homes. Financial professionals, including financial advisors and investment advisors, provide investing advice that is tailored to an individual's needs, goals and risk tolerance. Executives from these professions have deep expertise to help with financial decision-making and business decisions as well as vast and diverse professional networks.

Women are noticeably less likely than their male counterparts to consult with financial professionals in making major business and personal investing decisions.

Women Share Their Professional and Financial Challenges and Successes

Throughout this report, we highlight the voices of women leaders who spoke candidly with Stephens about their professional and financial lives. Their stories offer a more nuanced look at some of the issues women face in building their networks and how they evaluate risk in financial and investment decisions.

OUR FINDINGS
The Risk in Risk Aversion

Women business leaders prioritize security over opportunity in both financial and career decisions. This risk aversion is detrimental to their ability to earn, save and invest their money as well as advance their careers. In contrast, their male counterparts are more willing to take risks that can yield better rewards.

Women Prefer To Have More of Their Compensation Guaranteed

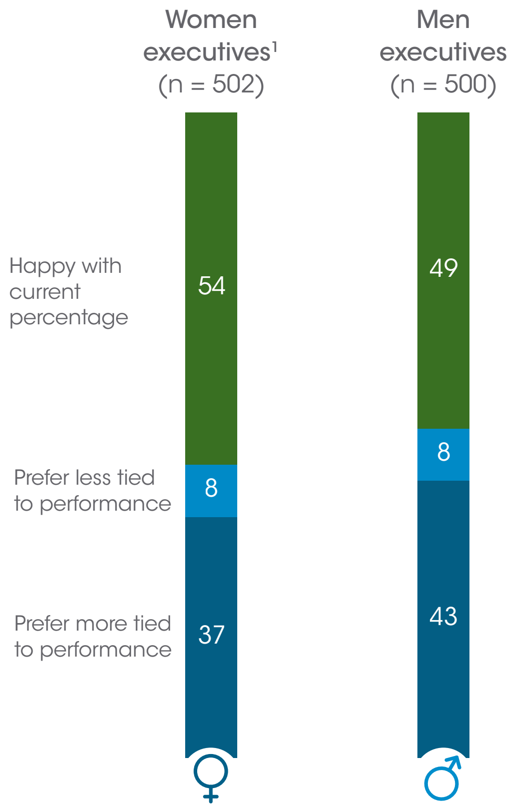
Our research shows that more men prefer compensation tied to performance compared to just 37 percent of women respondents (Figure 2). Women view variable compensation, that is tied to company metrics and/or personal performance metrics as risky and less desirable.

Actual compensations mirrors the preferences as more than two-fifths of male executives' current compensation is tied to their performance or their company's – significantly higher than the one-third of women executives. This disparity is partly because women are more likely to hold roles for which compensation is not tied to sales or company performance metrics, such as chief human resources officer, chief marketing officer and general counsel.[1]

Figure 2

Women executives are less likely than men to prefer compensation tied to their performance.

Attitudes toward performance-based compensation, %



Question

– Which of the following best describes your attitude toward your compensation?

[1] Figures may not sum to 100%, because of rounding.

1. Courtney Connley, "The Pay Gap for Executive Women Is the Largest It's Been Since 2012 — Here's Why," Chief, February 23, 2023, https://chief.com/articles/the-pay-gap-for-executive-women-is-the-largest-its-been-since-2012-heres-why.

Women executives who choose straight salary over performance-based compensation could be forgoing significant income because performance-based pay offers a greater opportunity to build wealth over time. Alaina Love, the CEO of Purpose Linked Consulting, who studies employee behaviors and motivations, says, "In my experience, women focus inherently more on the risk side, whereas men tend to focus on the reward side. But women executives should consider performanced-based pay as an opportunity to build significant wealth. And it is often not as great a risk as they perceive it to be. When they recognize their value to the organization and that they work very hard, it becomes easier to base some of their compensation on the level of their work."

While performance-based compensation isn't always available, it's important for anyone assessing employment opportunities to consider all aspects of salaries and related benefits. Prioritizing security while shunning risk affects how women earn, save and invest their money, often to their own detriment. For example, a 2019 study by the Employee Benefit Research Institute found that women were more likely than men to experience savings shortfalls in retirement.[2]

"In my opinion there are two ways you can really make money: You can stay with a company that has a great compensation package that's going to have a growing stock price that allows you over time to accumulate wealth, or you can create situational wealth transitions, where you're selling a company and essentially putting yourself out of a job. I spent the early part of my career being very risk averse. I spent the last half with more tolerance for risk; more strategic plays, rather than just pure financial plays."

TRICIA, 59, FORMER CFO

"I started my company when I was 21. I didn't have many people in my network. I did have a connection who I met on LinkedIn – a serial entrepreneur who told me that I had nothing to lose and to just do it. He was right – at that age I didn't have anything to lose, although I chose not to finish college in order to start my business."

KATE, 28, MARKETING BUSINESS OWNER

Women executives who choose straight salary over performance-based compensation could be forgoing significant income because performance-based pay offers a greater opportunity to build wealth over time.

2. Jack VanDerhei, "Retirement Savings Shortfalls: Evidence From EBRI's 2019 Retirement Security Projection Model," EBRI Issue Brief, Employee Benefit Research Institute, March 7, 2019, https://www.ebri.org/content/retirement-savings-shortfalls-evidence-from-ebri-s-2019-retirement-security-projection-model.

Women Executives Are Significantly Less Likely To Start a New Business

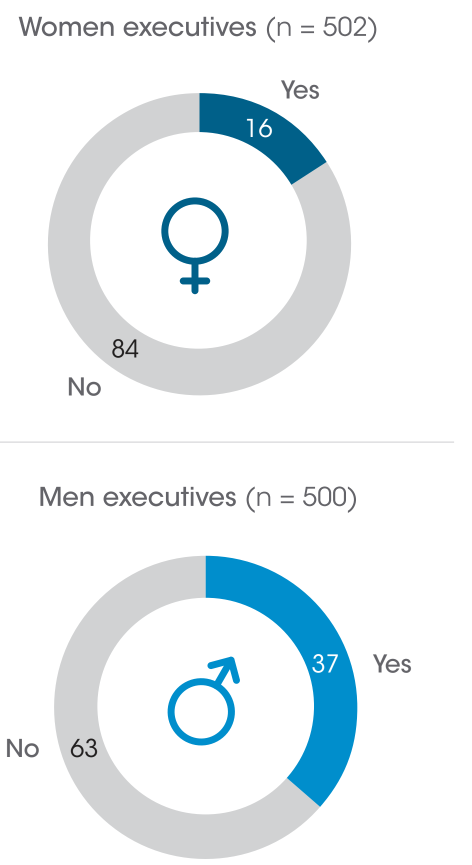
A key finding from the report highlights that women executives are much less likely to take significant risks with their career trajectory.

A higher share of male participants reported voluntarily leaving their employer to start their own business (Figure 3). They're also generally far more likely than women to say they'll start their own business in the future (Figure 4).

Figure 3

Women executives are less likely than men to leave their current role to start a new business.

Voluntarily left to start a business, %



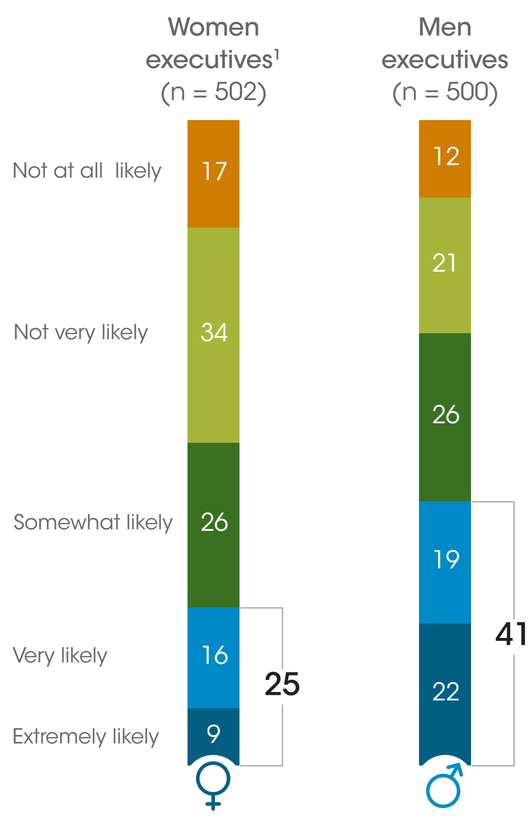
Question

– Have you ever voluntarily left a company to start a business?

Figure 4

Women executives are less likely than men to start a new business in the future.

Likelihood of starting a business in the future, %



Question

– How likely are you to leave your current company in the future to start a business?

[1] Figures may not sum to 100%, because of rounding.

Elizabeth Daniel, senior vice president for Investment Banking at Stephens, says her male and female clients approach career moves differently. “In my experience, women are calculating risk and reward differently than men when it comes not only to starting their own business but making certain business decisions, such as leaving a job,” she says. “It’s often related to health care or childcare. And in some ways, the stakes are higher for women who have reached a certain level at their organization. The more money they are making, the higher their perceived risk in leaving.”

For example, research indicates that women are far more likely than men to adjust schedules and make compromises to prioritize their children and families.[3]

JoAnn White, senior vice president for Private Wealth Management at Stephens, concurs, noting that what holds women back is not a lack of ingenuity but fear, with concerns about health insurance often cited as a factor. “I’ve talked to a lot of women who have an idea for starting a company, and the reason they don’t act is because they’re scared to do it,” she says. She points out that although men and women are equally affected by losing company-sponsored health insurance, “Women are much more likely to see this as a risk than men.”

Women tend to start businesses that are services-based, observes Cash Acrey, Ph.D., professor of finance at the University of Arkansas. This can limit both their access to capital and the opportunity to grow the business – which means putting more of their own capital at risk, with lower potential returns. “A human-intensive business scales up gradually,” he says. “That’s very different from putting out a digital app and suddenly getting a million users and investor interest.”

Research indicates that women (42 percent) arefar more likely than men (28 percent) to adjust schedules and make compromises to prioritize their children and families.

“I’ve dabbled with the notion of being an entrepreneur. But I’ve never taken the plunge, because my family took up a good portion of my time once I came home from work each day. You need to set aside a good amount of time, capital and resources, so being an entrepreneur has remained a pipe dream.”

SEEMA, 48, FINANCIAL SERVICES EXECUTIVE RECRUITER

“My husband and I have done the safe thing all of our careers. We took jobs that have left us either unfulfilled and unhappy or not rich. Objectively, starting our business was a huge risk, but emotionally, it didn’t feel risky.”

“I grew up around entrepreneurs, so I always knew that it was absolutely possible I could have a business. I recognize I am fortunate, because the possibility of owning a business is something a lot of Black women don’t really see.”

TORI, 38, LUXURY SPA FOUNDER AND OWNER

3. Kim Parker, “Women more than men adjust their careers for family life,” October 1, 2015, Pew Research Center, https://www.pewresearch.org/fact-tank/2015/10/01/women-more-than-men-adjust-their-careers-for-family-life/.

Executive-Level Women Are Less Willing Than Their Male Peers To Take Risks With Their Income and Investments

The reluctance of women executives to take risks goes beyond compensation structures, extending to what they do with money after they've earned it. For instance, the sale of a business can be the most significant wealth event in a lifetime. Both our research and anecdotal evidence from Stephens executives indicate that women executives are significantly less likely to have reinvested the proceeds from the sale of a business into another venture – either a startup or an established one.

> "Once I started a company with a former colleague. It didn't seem risky because we had a good pipeline of business to start. By the time we shut it down, I had four kids. As the primary breadwinner, it was hard for me to do everything. For a long time in my career, I was very risk averse. I spent the last half of my career with more tolerance for risk, but I don't see myself ever starting a company again."
>
> TRICIA, 59, FORMER CFO

Kevin Scanlon, head of Private Wealth Management at Stephens, notes, "As our research suggests, one reason that women might not be investing the proceeds is because they're not working with an advisor who can guide them through next steps. Stephens seeks to form relationships well before a sale is even on a business's horizon. That way, when an owner is positioned to benefit from a sale, they will have an expert advisor who can guide them and potentially lay the groundwork for a long-term focus on growing wealth through investments, stock purchases and real estate."

Yet even when working with an advisor, women may opt for a "safer" route. Marion Fulk, senior vice president for Private Wealth Management at Stephens, says that when a client experiences a wealth event, she usually suggests allocating portions of the proceeds across a number of investment types, even though they might initially seem foreign or risky from the client's perspective. "Part of my role is to help them understand the implications of whatever choices they make."

She recalls a client who had recently sold a business, gaining new wealth. "After our initial conversation, I learned that all she wanted to do was to put the proceeds from the sale into a money market fund. That means she is less likely to lose money, but she also is limiting the possibility of growing her wealth, which is a different type of risk. Consulting with a trusted advisor allowed the client to realize all of her options."

> "Investing in the market can be risky, but I know just keeping money in savings versus investing carries its own risk because it isn't going to grow the way I need it to. Hopefully, I have 10 years or so before I retire. As a single woman, I have a heightened sense of responsibility to make sure I am financially secure. You eventually realize the real risk comes from not doing anything with your money or only saving it."
>
> JOHANNA, 53, PR SENIOR VICE PRESIDENT

The Stephens Take: Achieving Both Income Security and Risk-Appropriate Growth

To strike a balance between security and growth, women should:

- *Realize professional value.* Risk appetites vary, but when it comes to considering performance-based compensation, the most important areas of focus for women are the value they bring to their company and the opportunities an employer offers for building wealth. "If women really understand what they are doing for a company and how they impact its success, they'll feel more comfortable linking compensation to the company's performance and/or their own," says Stephens' JoAnn White.

- *Consider "intrapreneurship."* One option for women with an entrepreneurial mindset and a high aversion to risk is to recognize and leverage the "intrapreneurial" opportunities in their current roles or companies. That might mean leading a new initiative, forming a business resource group, implementing a new strategy or rethinking the company's investments. These activities can be a way to launch something in a lower-risk manner while possibly increasing compensation. They also provide women executives with opportunities to challenge themselves by building a new team within a team, expanding their networks or mentoring others.

- *Max out the 401(k).* Kathy Bryant, CFO of Stephens Capital Partners, says women executives should familiarize themselves with and use the full array of wealth-management and wealth-building tools available to them, starting with employer-led options such as 401(k)s. Not contributing to a 401(k) usually means losing out on essentially free money in employer-matching contributions. "Women executives, at their level of compensation, should be putting in the maximum amount because that will be a huge determining factor in the quality of their retirement," she says.

OUR FINDINGS
Recalibrating Risk Tolerance Through Stronger Networking

Women business leaders are significantly less likely than male leaders to have a business relationship with a personal financial advisor or investment banker.

According to the World Economic Forum's Global Gender Report - Women make up more than half of the entry level finance workforce in the U.S., but only six percent of the top financial institutions have women in senior positions.[4] More generally in the U.S. business women hold 28 percent of C-suite roles[5] and 31 percent of senior management roles.[6] As a result women executives must network strategically to develop a high-powered professional network.

Lacking high-powered professional networks renders women executives more susceptible to risk aversion and thus hinders their potential investment rewards and career opportunities. But there is a fairly clear solution: Women should work on developing wider and more diverse financial networks, which could help them overcome risk aversion to capitalize on financial investments as well as career opportunities.

"Factoring in both the impending wealth transfer by the end of the decade and the fact that the ranks of women executives are increasing, it's imperative that we anticipate women's unique and changing circumstances around wealth creation and management," says Laura Stephens, vice president at Stephens and a third-generation leader of the firm. "We can't allow past norms to dictate the future."

With these shifts underway, women are now well positioned to extend their networks to include a wide variety of professionals to support their evolving career and financial needs.

Many women delay connecting to professionals who can help them until they have an immediate need. Male peers are more likely to have a broad range of professionals (early) in their network, thanks to what one banker called "the golf-course career-development path." But Stephens experts urge women not to wait, advising them to build networks of tailored, knowledgeable financial professionals so that they miss fewer opportunities.

> "When I started my company in 1983 in New York City, there were no women really ahead of me. People asked me how I had the nerve to do that, and I didn't think of it that way. I thought, 'Well, I guess the only way I'm going to be able to do what I think I should do is to start my own firm.' So I did, as a single mom. I don't think I would have if I had been able to get the job I wanted. And I thought if my business didn't work out, I could go back to working at a bank. That was a way of hedging the risk."
>
> SUSAN, 71, FOUNDER, PUBLICLY TRADED ASSET-MANAGEMENT FIRM

> "In the beginning of my career, I didn't have financial advisors, consultants or bankers in my inner circle. Now, after decades of building my career, I have a significantly more diverse professional network which includes top performers in all arenas, including people in finance. Investing has been a gradual process, and each year I feel I have become more savvy about financial goals and the short- and long-term steps required to achieve those. As part of this process, I now work with a financial advisor."
>
> GABRIELLE, 58, CEO AND FOUNDER, NONPROFIT

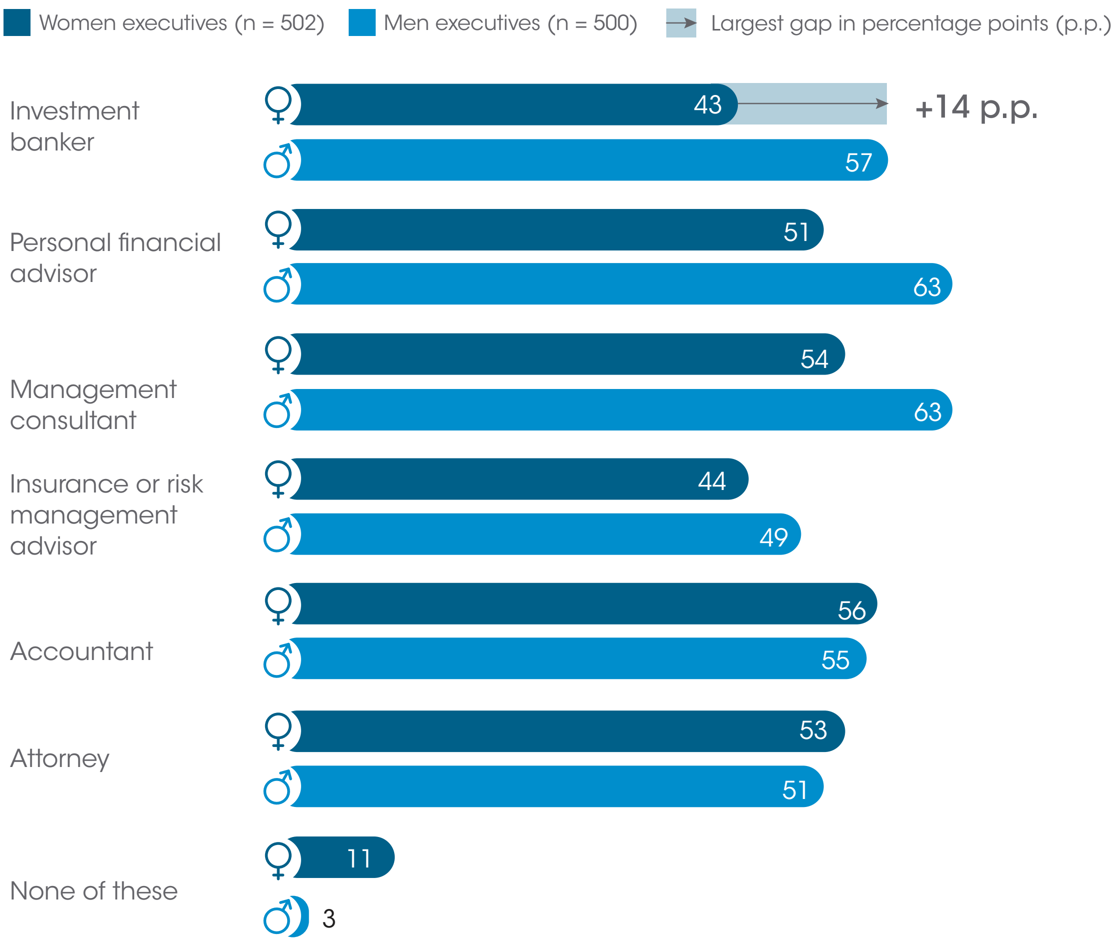
4. "The Global Gender Gap Report" 2017, https://www3.weforum.org/docs/WEF_GGGR_2017.pdf.
5. Gabrielle Lieberman, "Gender Diversity in the C-Suite," Harvard Law School Forum on Corporate Governance, February 22, 2023, https://corpgov.law.harvard.edu/2023/02/22/gender-diversity-in-the-c-suite.
6. "Women in Management (Quick Take)," Catalyst, March 1, 2022, https://www.catalyst.org/research/women-in-management.

Stephens' Kevin Scanlon says that when wealth advisors have the opportunity to invite clients to events — whether industry-related functions or social occasions such as art gallery openings or sporting events — they think about the professional connections that can be forged by getting people together in the same room, even if those connections may not immediately bear fruit. "Over the years, the number of women executive leaders who are our wealth clients has grown significantly," says Scanlon. "We want to ensure they have as many opportunities to expand their professional networks as our male clients."

Figure 5

In general, women executives have fewer relationships with financial professionals.

Share of executives with a personal or professional relationship with each type of business professional, % of respondents



Question

– With which of the following types of business professionals do you currently have a professional relationship?

Women Executives Like Working With Women Financial Investment Advisors and Those With an Established Female Client Base

According to the survey, women are more likely than men to want to work with female advisors – 17 percent versus 11 percent. Among women 40 or younger, 25 percent of female respondents prefer working with a woman, while just 15 percent of male respondents share this preference.

Stephens' Marion Fulk recalls the challenges she faced as a young broker in the 1980s, including the perception that clients would not want to work with her because she was a woman. Prior to coming to Stephens, Fulk worked at the same brokerage firm as her father, who intended to turn his book of business over to her upon his retirement. "The boss objected to this, thinking clients wouldn't want to work with or trust some 'dumb little girl,'" she says. "He also didn't like the idea of me inheriting my dad's book of business."

She says that experience informed her own work with women executives positioned to take control of a business. "It's important to me that these women know they are respected and are being heard."

According to Doug Seelicke, managing director of Stephens Capital Management, more than 50 percent of his clients are women – a fact that he attributes in part to his former career as an attorney, a role that, according to our research, women are more comfortable working with than financial advisors. Seelicke notes that many of his women clients who hold C-level positions avoid risk when it comes to personal investments and are more protective of assets that relate to their well-being and that of their families. To quell this, he focuses on listening – not just to what clients say but also to how they say it. "The expressions on their faces and the gestures they use can give clues to how they feel about the overall process of working with an advisor," says Seelicke. "How people choose to invest their money is driven by a lot of different things, including the circumstances that are going on in their life at any given time."

Stephens' Elizabeth Daniel says it's essential to understand what clients want and to see them as individuals. "While trends become apparent, you can't assume that every person in a group has the same needs or wants," she says. "To build a relationship where the expert is a trusted resource requires listening and sometimes asking what's important to them."

> Women are more likely to want to work with female advisors. Among women 40 or younger, 25 percent of female respondents prefer working with a woman.

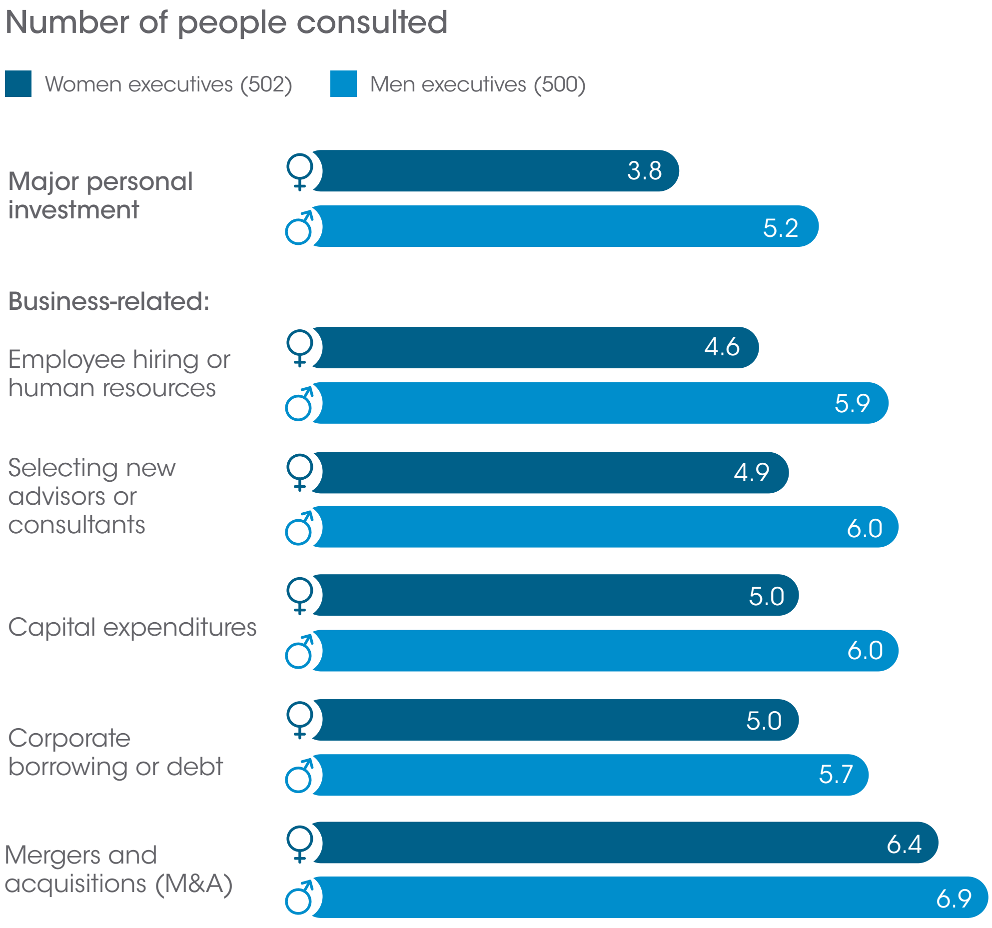
> "When choosing an advisor, I looked to their expertise, as well as to shared values and personal dynamics. I also needed to feel they are tuned in to my priorities as an individual, and that they are listening to me. I have a complex financial life, with many different goals that I want to achieve and ways I want to give as a philanthropist, to family and friends, and to ensure my own security. I need to know that my advisor understands all of my priorities and factors those into their recommendations."
>
> GABRIELLE, 58, CEO AND FOUNDER, NONPROFIT

Women Are Noticeably Less Consultative Than Their Male Counterparts in Making Major Business and Personal Investing Decisions

Our research shows that male leaders consistently consult more people when making major business and personal investment decisions than do female leaders. They seek advice from a significantly larger number of people when making decisions associated with employee hiring, human resources, selecting new advisors and consultants, capital expenditures, and personal investments. Further, male executives consult with boards and management consultants far more than women executives, who tend to limit their consultations to colleagues.

Figure 6

Women executives talk with fewer people than men when making certain personal and business



Questions

- For major decisions associated with each of the following areas, please indicate how many people in total, both internally and externally — other than the person to whom you report — you typically consult with before making a business decision.
- How many people in total do you typically consult before making a major personal investment decision?

Alaina Love, the CEO of Purpose Linked Consulting, observes that women are less likely to consult with others – either men or other women – before making a major decision. “Women have a mentality where they feel like they should already know what to do, so they hold themselves back from getting valuable input rather than ‘expose’ themselves,” says Love.

Given that women’s avoidance is often about confidence in their level of knowledge, arming women with information can help women feel more empowered to seek expertise and guidance.

“We work with numerous family businesses in which women hold the most senior positions, and our goal is to help ensure their continued success and to amplify their reach,” says John Stephens, senior vice president at Stephens and a third-generation leader of the firm. “We have both the responsibility and the opportunity to make sure women are informed and confident when it comes to creating, building and preserving wealth.”

Additionally, women don’t always recognize that advisors, such as investment bankers and consultants, offer value beyond the strictly transactional. “Investment bankers aren’t only potentially useful in the event of a sale of a business,” Stephens’ Elizabeth Daniel points out. “While they have sector-specific expertise, they also are savvy about business in general and often have strong connections to people in a variety of roles at numerous companies. It’s not just who you know but also who they might know.”

Fulk encourages women to discuss investments with other women. “I ask my women clients, ‘When you go for drinks after work with your good friends, do you start talking about your 401(k) and the great investment you made in it?’ The usual answer is no,” Fulk says. “And when I ask what they do talk about, the topics tend to be more personal and the conversations more nurturing rather than informational. Why not apply that nurturing, helpful approach to finances?”

> “I’ve been talking to a financial advisor for almost a year, and I have finally opened a brokerage account. I put money in my 401(k) and do all the straightforward things, but I haven’t been actively investing. Putting money aside for a rainy day has been my overarching philosophy, as well as having access to it if I need it.”
>
> SEEMA, 48, FINANCIAL SERVICES RECRUITMENT EXECUTIVE

> “I’ve used a financial advisor since my late 20s. I’m fairly conservative, as is my financial advisor, and I rely heavily on her counsel to make decisions. I go through all the doomsday scenarios. I also have a personal advisory board made up of people who know me well personally and professionally.”
>
> SUZANNE, 56, CONSULTANT, FORMER CEO AND PUBLISHER

The Stephens Take: Building a More Robust Professional Financial Network

To build robust networks, women would be well advised to:

- *Identify gaps in their professional networks.* Think about what kinds of professionals can provide counsel when making financial decisions. Define roles, including which individuals can act as true strategic advisors. The goal is to work with advisors who have their own large networks. If they don't know the right answer, they can find someone who does. Miles Stephens, president and CEO of Stephens Insurance and a third-generation leader of the firm, notes, "Whether through our insurance, investment banking, or private wealth management groups, we offer a vast array of resources to help women both build their networks and achieve their personal and professional goals."

- *Get comfortable with the cold call.* Women clients need more encouragement to network than male clients, particularly when it comes to making a cold call. "I have received exactly zero cold calls from women over the years," says Stephens' Elizabeth Daniel. "In my experience, men are more likely to pick up the phone, call someone and say, 'Hey, I need help.' The need for an estate attorney, for instance, might prompt a request for referrals and then a cold call to each one for an exploratory conversation."

- *Build the right team of advisors.* Women executives we surveyed are more likely than their male counterparts to prefer working with female advisors or to have no gender preference. Establish a team that will bring a more diverse and nuanced set of perspectives to an individual's financial decision-making.

> "Networking is so powerful. I built my network intentionally, but it is also an outgrowth of my time in business school and working in finance."
>
> LINDSEY, 32, CO-FOUNDER AND CEO, LUXURY E-COMMERCE STARTUP

Establish a team that brings a more diverse and nuanced set of perspectives to an individual's financial decision-making.

CONCLUSION
Rethinking Networks To Recalibrate and Reset Risk Tolerance

The women we surveyed and interviewed for our research are representative of the 31 percent of women holding top executive positions in the United States. This Stephens INVESTED study reveals that the manner in which women executives view and tolerate risk is closely tied to how they value and incorporate third parties, particularly investment professionals, into their decision-making. As the survey shows, most women have limited networks when it comes to financial and business advisors. When making critical investment decisions, they opt to go it alone or rely on other counselors where they have a relationship.

Knowledge, experience and sound advice can help women reframe their ideas about what constitutes risk and better understand and evaluate risk. By placing the same premium as their male counterparts on networks that comprise bankers, financial advisors and other investment professionals, women executives have an opportunity to not only further their professional objectives and accumulate wealth but also improve how the financial services industry addresses their concerns and needs. Opportunities abound for financial services firms to fill the existing relationship gap by engaging more effectively with high-performing, high-earning women.

This involves a shift across the board in approaching networking with a long-term view and a recognition that it is not necessarily linear; a network doesn't require an immediate need or direct reciprocity to be beneficial. The idea is to build relationships of trust. Indeed, wealth need not be measured only in terms of dollars but also in terms of resources – including both money and people.

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Building a network must be intentional, but its primary objective should be to establish trust, which will subsequently lead to engagement. While creating such networks, women should consider what's important to them, the type of individual they want to bring into their network, the quality of the person's work and the person's organizations, and who is within the person's own network. Concurrently, the industry can benefit from focusing on the relationship, not the transaction. This is a difficult task for many, but those who do it effectively have a significant opportunity to make meaningful inroads with this growing class of decision-makers.

APPENDIX
Methodology

The margin of error for the study is +/– 3.1 percent at a 95 percent level of confidence. All research was carried out in compliance with all relevant legal and ethical requirements within the market and in compliance with ISO 20252:2019.

To qualify for inclusion, participants were screened to meet the following criteria:

- Are full-time employees
- Have one of the targeted executive titles:
  - Owner/co-owner*
  - President*
  - Chairman of the board of directors*
  - Board of directors member*
  - Chief executive officer*
  - Chief financial officer*
  - Chief operating officer*
  - Chief information officer*
  - Managing director
  - Managing partner, head partner or partner-in-charge*
  - Other partner*
  - Principal*
  - Executive director
  - Executive vice president
  - Senior vice president
  - Vice president
- Are employed by a company with total annual revenue of $10 million or more

* Included in a subsample of top executives (235 women and 346 men).

Stephens is grateful for the support of our market research partner firms, DeSantis Breindel and Russell Research, as well as our publishing partner, Leff.

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