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A Call to 'Do Better': What Would Sallie Do?

Ellevest CEO Sallie Krawcheck is speaking out on how the industry can improve its “conference culture” and its hiring and promotion of women.

By Janet Levoux | November 25, 2019

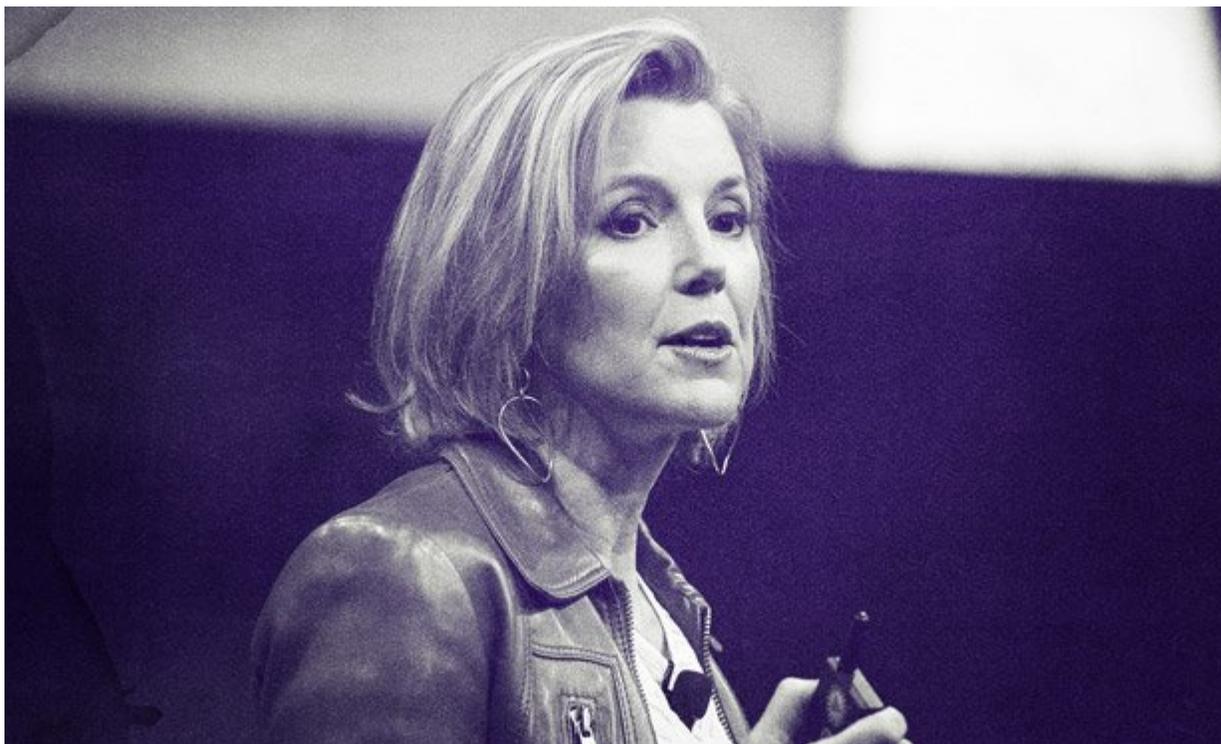


Photo: Patrick T. Fallon/Bloomberg

Ellevest CEO and Wall Street veteran Sallie Krawcheck is speaking out about what can be done for the financial services business to improve not only its “conference culture” but also its hiring and promotion of women. The co-founder of the digital-advice platform for women posted her remarks in the wake of Fisher Investments Chairman Ken Fisher’s recent lewd comments at an industry event.

While some news reports have emphasized “conference culture,” the issue at stake is “bigger than that,” explained the former head of wealth management at Bank of America and Citigroup. “It’s about women feeling — and being — welcome not just at financial services conferences, but in the financial-services industry itself.”

Krawcheck said in her blog post that the financial-services industry “has been almost completely silent during the #MeToo crisis.” She continued: “But it’s even bigger than that. Because who thinks the Ken Fishers of the world suddenly stop disrespecting women when they start making their investment and business decisions?”

Her answer: “The ripple effect of executives’ decisions can be enormous, because the financial services industry serves as the lifeblood of our economy.” The financial services business allocates capital in ways that result in some entities with wins and others with losses — and “women have, on average, [have] lost,” according to Krawcheck, who points to the higher rates they pay for mortgage loans, for instance.

With the percentage of female advisors “stuck” at about 15% and an array of related issues, she asks: “Who is tired of all of this state of affairs? We all should be.” The path forward can include, for instance, divesting funds from firms “that do not support women and put it in those that do,” she said — adding that it’s crucial to ask these four questions:

1. Does the firm require employees to agree to mandatory arbitration for sexual harassment claims or can they sue? Forcing women into arbitration is “why sexual harassment in the industry continues,” she says.
2. Does the firm “go beyond platitudes” and have an equal number of women and men in senior leadership and profit-and-loss roles? “Anything below 50% women is too low,” she said.

3. What's the firm's gender and ethnic pay gap? "Anything less than full equality here is unacceptable, because it is straightforward to measure and to fix," the Ellevest leader said.

4. Does the firm invest with "an eye to gender"? If not, "then industry statistics show that they overwhelmingly invest in men," according to Krawcheck.

More and more people don't want to do business with people and firms that "make us squirm in embarrassment at a conference. And none of us should allow our money to be managed at a company at which we wouldn't let our daughters work," she said.

Others — like Nia Impact Capital CEO Kristin Hull — agree. "To instigate [systematic] change, being vocal and visible about moving assets away from managers like Ken Fisher and into women-led companies, funds and managers, is what will make a big difference right now. We need large investors leading the way and creating a followable path."

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