

dispatches *FROM THE* new world *OF* work

## Cool Friend #151: Maddy Dychtwald

New Cool Friend Maddy Dychtwald is the coauthor of *Influence: How Women's Soaring Economic Power Will Transform Our World for the Better*. She and **Erik Hansen** discuss the increase in women's economic power and her belief that women will be "the biggest change agent of the next several decades." She dispels some myths about women-owned businesses and proposes that we can all help this change along by "fostering financial knowledge, education, and expertise for ourselves and for women and girls."

**Read the interview** and find out more about her at **Age Wave** or her blog, **Influence**.

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## Maddy Dychtwald



Maddy Dychtwald and Christine Larson are coauthors of *Influence: How Women's Soaring Economic Power Will Transform Our World for the Better*.

Maddy Dychtwald is a nationally recognized demographer, marketing executive, and entrepreneur. With her husband, Ken, she is the co-founder of Age Wave, the nation's foremost thought leader on population aging and its profound business, social, and lifestyle implications. As a public speaker, she has addressed business, government, and community leaders worldwide. The author of two previous books, she lives in San Francisco with her husband and two

children.

Coauthor Christine Larson is an award-winning journalist and author whose work has appeared in the *New York Times*, the *Wall Street Journal*, and many other publications. A 2010 Knight Fellow at Stanford, she lives in northern California with her husband and twin sons.

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### How and why is women's economic power increasing?

**MD:** I believe that women will be the biggest change agent of the next several decades. From the research I've been involved with I've come to realize that we are at a unique moment in history, a kind of tipping point, where we are experiencing a demographic shift that's really never happened before. I've spent the last 25 years of my career exploring demographic shifts and what they mean for business and for

the world at large. A few years ago, we conducted a study on women and money, and what became clear to me was that around the world from developing countries like Uganda to the economic powers like the European Union and the United States, for the very first time in history we are beginning to see a critical mass of women moving from economic dependency to economic emancipation.

Women are beginning to be able to stand on their own two feet, to take care of themselves and their families. Now they're beginning to take that next step of figuring out how to use their money to influence the world. This shift is beginning to take shape right here and now. It's exciting to see how women are really at this tipping point where their economic power is having a positive impact on their families, communities, and the world at large.

**There was an interesting quote in your book from Robert Reich where he says, "The typical male worker today is earning no more than the typical male worker 30 years ago, adjusted for inflation. But the typical woman is earning much more today than the typical woman earned 30 years ago." Maybe that's self-evident, since it's about 30 years since women have really come into the workforce in a big way, but still, there's something telling in that quote, right?**

**MD:** Yes. And then Bob [Reich] goes even further, projecting that in the next ten years, the average woman will out-earn the average man. That's significant. I think what is going on right now is we are coming closer and closer to gender parity. Women are catching up; we're not quite all the way there, but it's within our sights. Here's why it will happen. Today women are educated in far greater numbers than men, which is a good news/bad news story. Good news for women, but bad news for men. In a knowledge economy like ours, men are going to have to start taking their education more seriously.

**Recently the *Atlantic* published an article called "The End of Men" and then the *New York Times Sunday Magazine* published an article titled "Are Men Necessary?" I am curious as to what you think about those articles. The fact is that more women are being educated at the college level, more women are going to medical school and law school than men at this point.**

**MD:** That's right. In terms of graduate school, it's actually about equal right now. Overall, we are seeing a bit of a flip-flop. The question is, is it a harbinger for the future? Yes, it probably is. But I have a slightly different point of view about it than what was put out, for instance, in the *Atlantic*. The "Are Men Necessary?" stance is a bit extreme in my opinion. I take a slightly different spin. I think that what we need to succeed in our world is for women to stand side by side with men, that there needs to be equality.

A couple of years before Betty Friedan died, I had the great privilege of having dinner with her. She was an intimidating person, but I finally got up my nerve and asked her, "What made you decide to write *The Feminine Mystique*?" Her answer is one of the things that drove me and my pursuit of this particular issue. She said to me, "You know, I thought it was time that women no longer be judged by the metric of man."

I think that's an important point. Because what we want is not for women to replace men in the workplace and the marketplace. We want them to stand side by side. In order for our world to really succeed—and we've got tremendous challenges

facing us—we've got to have the best of men and the best of women, so that we can face these challenges and try to conquer them one by one.

**There's that notion that women, rather than trying to play by men's rules, have to apply their own rules in these situations. I think that's been a tough adjustment, particularly in the workplace. I hear an echo on that in what Friedan was saying about why she wrote the book.**

**MD:** I think that what is really interesting is that women have had to come up with their own rules and, in the process, have begun to change the rules for everybody. Back in the 1980s when women were beginning to flood into the workplace, we saw women try to fit in, almost behaving like men. And you know what? For most women it wasn't a good fit. One outcome has been that huge numbers of talented women have left the workforce to start their own businesses. In fact, women start their own businesses at twice the rate of men.

**Right, but we still have some issues. You say that every day more than 400 U.S. women start their own companies. And yet in 2008, just 6.8 percent of U.S. venture investment went to women-owned firms.**

**MD:** That's right. Yes, there are some challenges that women face in raising capital. Now let me backtrack for just one minute. There is this notion in our minds that although women do start businesses in higher numbers than men, they have a tendency to create what we call kitchen-table businesses. Something that gives them a better balance in life and gives them an income, but doesn't necessarily hire outside workers.

Research, however, shows us that's not necessarily the case. During the recession, women-owned businesses were hiring while many Fortune 500 companies were laying off people. So they have helped us move out of the recession. That's really good news. However, as you pointed out in your question, when it comes to raising capital, women just aren't doing as well as men and I've talked about it in the book as "the zeroes problem."

**Yes, explain that, because I found that interesting.**

**MD:** When I interviewed venture capitalists for my book, they told me that when most women pitch a business idea, they have a tendency to either underplay or play exactly the way they believe a business will turn out rather than looking into the future and thinking BIG in terms of the kind of income and the kind of net profit that they are projecting. Whereas men have a tendency to—I don't want to use the word exaggerate—but they exaggerate.

**I think it's the right word.**

**MD:** I want to be careful. I don't want to put men down. I want to instead say that women have to think bigger.

**That's a good point, but it's a funny situation. I've seen some business plans and projections about revenue. They're laughable. But these guys, with straight faces, go in to meetings and say, "Yeah, this is what we are going to do." So, it was interesting to see this and understand how women would do it differently. But the weird thing is that the other guys expect these guys with the outrageous claims to be exaggerating.**

**MD:** When potential investors look at a business they're used to seeing men present the numbers. They assume there is a certain level of exaggeration. So when a woman comes in and she says that, "My business is only worth a million," venture capitalists just aren't going to want to invest in a company that has such small potential.

It's not something that would attract outside investment. But, for a woman, the thought of not being able to do what she says is really uncomfortable, so she plays it small. She doesn't see the big vision, which men are historically used to seeing. That's a place that women really need to change or at least acknowledge.

**Right. Though, then there is the matter of Fortune 500 companies and their boards. Seems only 15.7 percent of these board members are women. And yet there's some evidence to support the idea that companies that have more women on the boards perform better in the marketplace.**

**MD:** Yes. There've been studies that have shown that adding women to your board actually does improve performance in the company. There's a magic number there, also: three. One woman is almost a form of tokenism. Two women can sometimes create conflict on boards; a divisiveness can be created. But three or more women tend to transform the way the board works. Suddenly we see mentorship going on between the men and the women, we see alliances being formed and we see employees in the company beginning to recognize that the board looks a little bit more like what they look like. And that's good news.

**Right. I like this line from Tom Peters who thinks that if your board of directors doesn't look like the market you're serving, there is something really skewed about it.**

**MD:** That is definitely true. And, by the way, the workers of America have become more and more diverse. It's time that their leaders reflect that diversity.

**Right, but that's a huge issue, right? Almost all of these companies are run by old white men at this point. But that's not the marketplace any longer. There is this cognitive dissonance between the people running companies and the people buying the products they sell.**

**MD:** That's definitely true. It's one of those things where you generally try to select board members from your own network of people. The net result is that there's not much diversity. It turns out that diversity is actually a skill set that's required by a board of directors. **Scott Page** at the University of Michigan is a professor of complex systems. The studies he's directed have found that groups with greater diversity actually perform better when assigned complex tasks—which of course is what boards are dealing with. So if studies can tell us that, then maybe it's something that boards should take very seriously. In addition to diversity, boards have to work very hard to try to recruit people who don't look like themselves. And that definitely includes having board members who are women.

Three is a good start but let's go well beyond three and have the board reflect the general population, half men and half women. And also have a lot of diversity in terms of race and religion.

**Now that more than half of the workplace is women any board of directors should be at least fifty percent women to reflect their workers, in most cases.**

**MD:** Moreover, as you pointed out a minute ago, Tom Peters said that a board ought to reflect not just the workers but the marketplace. And today women are responsible for 83 percent of all consumer purchases.

**Yes, that's a good point. We've spoken with Marti Barletta and a number of other women who've written about marketing to women, the fact that women are neglected yet they are in fact responsible for a huge portion of spending, both as consumers and as corporate purchasing agents. But that's what I like about your book, that it's going to that next level: If they've got all the money, this isn't just about buying diapers and toothpaste, it's about influence.**

**Which leads me to a line where you write, "When women have more money, they use it differently than men do." So once women have money, which equates to independence and then power, they are going to operate differently than men have. Can you talk a little bit about that?**

**MD:** Let me put it into a context. The good news for men is that they have a history with money, more than women do. Women are used to being the chief domestic purchaser in families.

But in the past, the man was always the so-called "king of the castle" and felt a great ease in interacting with money outside of the home. This is a new territory for women, and keep in mind that up until most recently, women had very few opportunities outside of the home to even earn. It was very, very limited.

I've been watching *Mad Men*, seasons one, two, and three, and by watching that I am reminded that it was the rare woman who did anything beyond being a secretary or working inside the home.

Even if they did, the money that they earned wasn't even close to being on the same level as men's earnings. So this is new territory.

What we're beginning to see is, as women have money, they are in fact spending that money differently. So what are they spending it on? In general, women tend to spend more on education, childcare and issues that impact families. Here's one example I talk about in my book. One of the dozens of people I interviewed for the book was **Dr. Cathy DeAngelis**. She's 68 years old. She is the first woman Editor-in-Chief of the *Journal of the American Medical Association* and throughout her career has changed medicine for the better many times. She's incredible.

Earlier in her career she was given a check by donors to start a pediatric nurse practitioner program in Harlem. But she didn't know what to do with the check once she got it. It was really just a technical question: where to deposit it, but she didn't know the technical process. She knew how to get the money, but she didn't know exactly what to do with the money. In fact, when she went to get the grant, the Foundation—I think it was the New York Community Trust Foundation that gave her 50,000 dollars—said to her, "Well, we don't normally fulfill grants like this, but we're going to do it this one and only time." This was in the 1960s.

When she got the money, she brought the check to the Dean of the School of Medicine at Columbia University and he was completely shocked. He said, "Funding

just doesn't work that way." She said, "I'm sorry. Here's the check. Now what should I do with it?"

The money created the first pediatric nurse practitioner program in Harlem at Columbia University, which has been the role model for fantastic pediatric nurse practitioner programs all over the country.

**What also struck me about that example was that she hadn't followed the rules of the organization to find the money.**

**MD:** Not only that, she didn't even know that there were rules. And that's what was interesting. Oftentimes women are working without a compass. They don't know what the rules are, because they've always applied to men. Heretofore it's been a men's club, and men whisper the rules in each other's ears. That's been both a bad thing for women, but also a good thing because it has forced them to come up with new rules of their own.

Here's a woman who was not only a physician, but she had nurse training in her background. She went out to get the money because she saw the need.

Another example has to do with women in developing nations. According to the United Nations, when a woman earns income in a developing country, she takes 90 percent of her money and reinvests it in her own family and the community. Maybe it means clean water. Maybe it means better education for her kids. Maybe it means bringing electricity to her village.

A man, on the other hand, in these developing countries, only reinvests 30-70 percent of his income. The rest goes generally to purchasing liquor and tobacco. By the way, that's why we want women in politics. They have a tendency to pay more attention to policy that really supports families. We need more of that. I interviewed Congresswoman Carolyn Maloney from New York. It's one of her huge frustrations that so few of her colleagues focus on women's issues and family issues.

It's really about not just seeing the world, but seeing the world through a different set of eyes. And a woman's eyes tend to see family first. Not just her own family, but she looks around and sees other people's families also. That's a really good thing.

**A related example was the Nobel Women's Initiative.**

**MD:** It's really bizarre and interesting. In the 108-year history of the Nobel Peace Prize, only 12 women have ever received it. Seven of those women are alive today. In 1997, Jody Williams, an American, got the Nobel Peace Prize for bringing dozens of NGO's and governments together to oppose the use of land mines in war. When Wangari Maathai—a Kenyan woman who led the poor women in Kenya to plant more than 20 million trees to reforest that country—won the Nobel Peace Prize for that effort, Jody Williams and Shirin Ebadi (who had also won the Nobel Peace Prize), came to help celebrate the moment.

Instead of living on their laurels, these Nobel Laureates realized that they could combine their fundraising power and connections to support peacemaking efforts of other women around the world. They realized that they could bring women from every continent together to share the ideas, and to underscore the commonalities between seemingly disparate projects, advancing the good of the planet, economic security for families, and fairness in government.

We've never seen the Nobel Peace Prize winners—all the men—band together to make anything happen. They were just focused on their own issues. These women took this simple idea and launched it and created the **Nobel Women's Initiative**, which is going very strong and supports women all over the world in their peacemaking efforts.

**Something about that really struck me. Here was this small group, and their natural instinct was to say "Wow, what more can we do with this?" The men just went on their way. It speaks to a different world view. There's clearly a way for the men and the women in this elite group to somehow work together.**

**MD:** Yes. But they have never been approached by the men to do anything to help out in this. There were six Laureates who took part. They were able to convert their own moral prestige into economic influence by doing incredible fundraising. They received funds from the Global Fund for Women, UNIFEM, the Tide Foundation, and many other foundations. They took their own personal power and were able to leverage it quite dramatically.

We think it's great when two former Presidents get together to make something happen. Here are six of the most influential women of our time banding together to make peace their primary goal.

**That's powerful.**

**MD:** It's very powerful.

**Obviously you'd like to see this trend that we've been talking about continue. What are steps that normal folks like you and I can take to help this along?**

**MD:** The first step is to foster financial knowledge, education, and expertise for ourselves and for women and girls. When I was doing the research for my book, I began to realize that I hadn't really taught my own daughter about finances the way I ought to. So I sat down and tried to change that on the spot.

I insisted that she take some classes in finance. Then we sat down and we worked with budgets. This is something that we all need to do. We can't be put off by financial jargon. We have to ask questions of those financial advisors and other people around us who are experts. And not be intimidated by the language, or by the fact that we may not know everything there is to know.

The first step is to get control of your finances, and encourage those around you to do the same—women and men. By the way, men don't necessarily know more than women, but they're more comfortable shooting from their hip. That's the first step. The second step is to support issues that really matter to you. For instance, paid family leave, paid sick leave, and other family-friendly workplace policies that affect women and men. Those things that allow us to both have families and have careers at the same time.

I think it's pretty sad that the United States is so far behind other countries in terms of having family-friendly workplace policies.

**I've got British colleagues and I've seen how their system works. Women get a few months off for maternity leave. Someone else steps in at work.**

**It's planned for. The world does not end. But here in the States, you want some time off to be with a newborn and you may not ever get that job back.**

**MD:** That's right. If men think about taking leave, in general it's considered a horrible thing. By the way, paternity leave, which is very popular in the Scandinavian countries and in France, has actually increased productivity because companies are able to retain their best workers by offering great family-friendly workplace policies.

But in order to do that you have to insist that men take it. For instance, at Microsoft they offer paternity leave and maternity leave. They insist that men take it, rather than offering it as an option. Otherwise, men would never take it because they're frightened they'd lose their upward mobility within the company. That's something that corporate America could really take a close look at.

**I remember reading about a CEO of a company, and he had to do that. He was an older guy with a second family. He took paternity leave because he thought it was important. Clearly he had missed the upbringing of his first family because he had been so wrapped up in his career. But, he realized that he had to do this to show the other men in the company that this was okay, and a good thing to do. Otherwise, as you say, it will never happen.**

**MD:** You're 100 percent right. We have to do it by example. Moreover, the biggest challenge right now is going to be for men, rather than for women. Women have really been at the frontlines fighting for gender parity. Now men are going to have to fight for it as well. Because young men, in particular, really want to have both family and work in a far different way than previous generations of men had.

For example, one of the people I interviewed for the book was a young man in his mid-twenties, a teacher. When we were talking about the issues of gender, balance, and families, he stood up in one of our discussion groups and said, "I'd really like to marry a woman who is very career-oriented, because I really love kids, and I would love to be the stay-at-home parent."

In this discussion group, we had men from every generation, the 20s, 30s, 40s, 50s, 60s, even two men in their 70s. The younger men around the table were nodding their heads in agreement. The older men looked at him like he was a freak. They couldn't believe it. You can understand why, because they get so much of their identity from their work that they can't imagine forfeiting part of that sense of self to be a stay-at-home parent, whereas young men get their identity from many things.

I think that's actually a very good change. It's a change that's going to make the genders work much more closely together to get these family-friendly work policies, including high quality, affordable childcare. And to see it not as just a women's issue, which is the way it used to be seen. It's a family issue.

**Yes, good point.**

**MD:** Another thing that has to happen is that women have to run for political office or support other women who do. Since Emily's List was created, we've seen a lot of the different PACs evolve that are raising money for women candidates, both on the left and the right. Besides Emily's List, which is clearly a democratic action committee, we've seen the Susan B. Anthony Fund on the right. We're also seeing

training schools open up to provide women with the skills to successfully run for office. That includes the fundraising capabilities.

**And now we have two pretty well-known business leaders—Meg Whitman and Carly Fiorina—running for office.**

**MD:** They're taking some of the skill sets they developed in the business world, and are translating those skills and leadership capabilities to the world of politics. Men do it all the time. Whether you believe in their political point of view or not, the fact is that they're part of a new era of women and leadership.

I think the different political action committees, such as Emily's List, are very powerful forces. Keep in mind that Emily's List was the group that really created the Year of the Woman in 1992. Women got elected to the House, Senate, and became governors in some of the larger states. That was a huge breakthrough. But that was in 1992 and the numbers haven't changed since then. We still have the same number of women in the Senate, in the House of Representatives.

**I would have thought that those numbers would have increased by now.**

**MD:** We haven't lost ground either, which is a good thing. But we need to see more women candidates come up to the plate. It's tough because it's back to that same thing of the zeroes problem. Women don't raise their hands to run for office the way men do. They see what's standing in their way rather than the opportunity, whereas men tend to see the opportunity and dismiss what stands in the way. Maybe that trend is changing with women like Meg Whitman and Carly Fiorina. Which is a bit unusual because generally politicians are groomed from the time they're very young, and you have a pipeline of politicians who come up to the plate as they get older for the higher and higher positions. But instead you see the Carly Fiorinas and the Meg Whitmans of the world taking their business acumen and making sort of a parallel jump to a high position not in business, but in politics. The good news is that there are a lot of very talented, well educated women out there. We need them to think bigger, frankly, because not all the work has been done. We've done a great job of getting to that "middle place" where women are financially independent. They're at a place where they're doing pretty well in middle management, and sometimes even in senior management jobs. But we need to move further along. Both men and women should support this, because it's good for the overall society.

And by the way, one of the things that each and every one of us can do is to enlist men. We need men like yourself, men like Tom Peters. Encourage husbands, brothers, sons, employers, employees, to take paternity leave, to work flexible hours, to lobby for change, and to do everything they can to recognize the importance of having this "his and her" world. That is a win for everyone.

**Thank you.**

**MD:** Thank you, it was a pleasure.

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