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## The Fork In The Road

By JENNY ANDERSON

IN the spring of 2000, Elizabeth Stoeber, an ambitious 32-year-old investment banker at Morgan Stanley, flew to California to visit a client in the throes of a multibillion-dollar stock deal. The technology boom was under way, and Ms. Stoeber was on a roll; she was working on a high-profile deal in a profession she adored. With her in first class was her 9-month-old son; in coach sat her German nanny.

By Ms. Stoeber's account, it was an ideal time. During the day, she visited investors; at night, she used a company car to cruise around Beverly Hills with her son. "I thought I was making it work," Ms. Stoeber, now 39, recalls. She had a successful career in the cutthroat, male-dominated world of banking, a happy family, a good marriage and a supportive boss.

Within a year, things had fallen out of balance. Resenting handing her son's childhood over to nannies, she accepted a job as chief operating officer within Morgan Stanley's media banking group, an administrative post that allowed her to work part time. That plan fizzled. "Off" days ended up as afternoons in the park doing business on her cellphone while her son begged her to play.

When the tech bubble burst in 2000, Morgan Stanley cut her job. To stay, she would have had to reconsider full-time work. Yet three days a week was already a struggle. In 2001, Ms. Stoeber left Wall Street. Since then, she has started a consulting firm and now works for a boutique investment bank.

"I was absolutely determined to stay professionally attractive," she said.

Now she wants to rejoin banking's major leagues. And her timing should be perfect: Wall Street says it is looking at women like Ms. Stoeber with new interest, hoping to rehire those who left for personal reasons while continuing to woo new female recruits.

But getting back on track on Wall Street has proven more difficult than Ms. Stoeber, or the banks seeking her services, might have imagined. Although banks are doing much more than paying lip service to the notion of retaining women or enticing them back to work, executives say long-term success means fundamentally changing the way Wall Street works. Gordon Gekko, Hollywood's idea of a swashbuckling, suspenders-clad banker, did not telecommute. Women remain the minority sex on the Street and many young recruits say they have grown more circumspect about a career there.

The Street says it wants to change all of this, not simply because it is socially expedient but because the financial world needs a diverse work force to make money and court clients -- especially when clients themselves are not homogeneous.

"You can't build a great company without great people, and great people are not just white, straight men aged 25 to 40," said Joe Gregory, president of Lehman Brothers. According to a study by Columbia University's Center for Work-Life Balance, white males represent just 17 percent of the global talent pool of individuals with graduate education.

WOMEN'S aversion to intersecting with Wall Street appears to be mounting: Generation Y, also dubbed the "Millennials," say they value balance more than financial security, suggesting fewer will gravitate to the

cutthroat environs of the Street. Bank executives say fewer female M.B.A.'s are choosing careers on the Street, and the banks also say they have had limited success stanching the flow of women who leave midcareer. Of course, not all women leave to raise a family. Some elect to care for parents who are aging or ill; others seek alternative careers with more manageable hours.

According to interviews conducted by Universum, a company that helps employers brand themselves to attract employees more effectively, current female undergraduate and graduate students at top universities express hope that Wall Street will be both a manageable place to work and a melting pot. But those two characteristics do not describe the reality behind the largely 24/7, white male environs of the world's financial capital.

"It's not looking that great for the investment banks if you think that the new generation is interested in social responsibility, high ethical standards and work-life balance," said Claudia Tattanelli, head of Universum's American and Asian-Pacific operations. "In the past, it was competitive compensation, a good career reference -- prestige and financial strength. Work-life balance was No. 3 or 4."

Investment banks and brokerage firms typically lose women when they are in their 30's, executives say. Expected to ramp up to reach coveted managing director jobs, many women feel that midlevel jobs offer them little while demanding a lot. Pulled to have children and pushed by a less-than-rewarding workplace and often uninspired midlevel management, they leave.

"Midrange associates and vice presidents, that's often the area of danger for most firms," said Alice Wang, a managing director at J. P. Morgan who has had flextime and telecommuted for 10 of her 22 years at the bank. "People feel they aren't getting visibility fast enough. I'd be lying if I said it didn't happen. It happens."

All of this has accompanied a subtle but crucial sea change for women throughout the business world. Twenty years ago, the gender debate centered on breaking the so-called glass ceiling that kept women out of executive suites, gaining equal access to the workplace and securing equal pay for equal work. Today, concerns more often revolve around reshaping the very architecture of Wall Street work in order to keep women involved, including compensating managers for achieving diversity goals and reaching out to female employees with families.

Banks say they realize that women's needs are often distinct from those of their male counterparts and they are grappling with responses. Even some of Wall Street's most hard-driving bosses have made gestures toward the value of equilibrium. Speaking to Harvard Business School's graduating class this spring, Henry M. Paulson Jr., then the chief executive of Goldman Sachs and now the Treasury secretary, asserted that work-life balance should be an important element in every individual's life.

For their part, female financiers have become more aggressive about demanding fulfilling careers and family lives, and they say they are willing to walk away from firms that fail to meet those needs.

"The first generation was about access of opportunity," said Sylvia Anne Hewlett, president of the Center for Work-Life Balance. "It worked. It got us there. Now we have to learn not to lose the talent at 35."

In March 2005, Ms. Hewlett co-wrote a Harvard Business Review article summarizing the findings of a private sector task force, "The Hidden Brain Drain: Women and Minorities as Unrealized Assets." The task force, which Goldman Sachs and Lehman Brothers sponsored, surveyed 2,443 "highly qualified" women -- with high-honors undergraduate, graduate or professional degrees -- about their work patterns; among the women in the survey with children, 43 percent reported that they had left work voluntarily at some point in their careers. Of those, 93 percent wanted to return; 74 percent managed to do so, though only 40 percent of that group did so full time. Only 5 percent of women looking to return to work wanted to return to the places they had left. For those returning to business jobs, however, that figure was zero.

Wall Street has a treacherous history when it comes to recruiting, managing and retaining women. Harassment lawsuits like those involving Smith Barney's infamous boom-boom room of the 1990's to more recent judgments against Morgan Stanley and Merrill Lynch have revealed flagrantly discriminatory behavior and compensation practices untethered from the notion of equal pay for equal work.

For this story, Wall Street banks were initially hesitant to reveal any data related to their recruitment and retention of women. Nine banks did so after The New York Times agreed to aggregate the data and not break it out on a firm-by-firm basis. In part, they said, their reluctance to release such data was caused by potential litigation risks related to sexual discrimination.

On average, women represent 33 percent of top banks' analyst class, those who have just graduated from college, according to data provided to The New York Times. They represent only 25 percent of incoming full-time associates (those who have M.B.A.'s). Women constitute just 14 percent of managing directors, the top executive tier at most banks. "You leave a lot of money on the table with what might have happened if you could have attracted the talent you wanted," said Steven D. Black, co-head of J. P. Morgan's investment bank.

To be sure, the Street's overtures to women wanting back in the game have become more sophisticated in recent years. In November of 2005, Lehman ran "Encore," a seminar geared toward helping women return to the Street, educating them about what they had missed, assisting them in overhauling their résumés and reacquainting them with top management. In the spring, Lehman replicated the program in London, and another is being contemplated for Asia.

Goldman Sachs ran a similar program in May and its popularity inspired another event for this fall. Citigroup will sponsor an 11-day executive education course at Dartmouth College's Tuck School of Business this fall to encourage women to revisit the Street.

"The work force of tomorrow is at home," said Patricia David, global head of diversity and talent management at Citigroup's investment banking unit. "They are not old or retired. They are in their 40's and 50's."

And like Ms. Stoeber, some of them want to return to the Street.

MS. Stoeber said she had reason to feel encouraged. She was stunned earlier this year when she saw students from the Harvard Business School's class of 2006 expressing the importance of managing a career and a family to a room full of people at the school's Dynamic Women in Business conference. "We never would have had this panel in business school," said Ms. Stoeber. "For us, it was all about how to compete with the boys."

Compete she did. Sitting in her comfortable home in South Orange, N.J., Ms. Stoeber, blonde and blue-eyed, reminisces about investment banking with all the élan and nostalgia of an athlete recalling Olympic victories. She proudly trots out two awards bankers win for successful deals and displays them on her coffee table as she explains her days on the Street.

She discovered banking while attending the University of Michigan, when she worked as a summer intern at Hilliard Farber & Company, a small Wall Street brokerage house.

"It was very 'Liar's Poker,' cheeseburgers at 10 a.m.," she recalls, referring to Michael Lewis's best-selling book about the rough-and-tumble world of Wall Street traders. She also studied for a year during college in Freiburg, where she learned German and met her future husband.

Ms. Stoeber's German skills came in handy after she graduated from New York University's Leonard N. Stern School of Business in 1994. Wall Street was barely hiring at the time, but Goldman Sachs needed German speakers and gave her a job in London pitching business to newly privatized German companies. The next

two years were a whirlwind of European cities and all-nighters at the office. Aside from breakfast every Sunday morning in London -- a weekly date with her husband -- she was mostly on the job or out of the country. She adored it.

"I loved my job, being around these incredibly intelligent people, the incredible level of responsibility. It was a real privilege," she recalls. "It was all-encompassing."

After returning to the United States in 1996, she continued to work on international deals and found herself traveling even more -- though there were no other women at her level in her division. And after seven years of marriage, she and her husband were contemplating having children.

"I had this little voice that kept saying, 'If you don't have children, you will always regret it,' " she said. "I worked for the most incredible firms and with some of the best minds in finance, but the voice was getting louder."

A headhunter invited her to interview at Morgan Stanley for an investment-banking job. She liked the team and could travel less while working on big deals. She took the job. Five months later, she was pregnant, which she said delighted her colleagues.

"It was such an exciting time in the markets and everyone was excited for me," she said. "I felt I became a real person in the senior bankers' eyes, a more substantial person. I wasn't part of the sea of single people marching through."

Ms. Stoeber traveled throughout her pregnancy, including a trip to Germany in her final trimester when her ankles were so swollen she had to waddle to the baggage claim. It never crossed her mind to stop working.

But then her children grew older, she became uncomfortably reliant on her nannies, and her priorities shifted. Today, Ms. Stoeber hopes that banks are serious about recruiting women like her.

But, for all of Wall Street's best intentions when it comes to recruiting women, the structure of the business often appears to drive the sexual diversity of its work force. While many women look to flexible schedules and part-time work to overcome Wall Street's grind, those ideas do not often meld well with around-the-clock client service.

"This is new and cutting edge. We are not there yet," said Melinda Wolfe, managing director of the office of global leadership and diversity at Goldman Sachs. "It's hard to be in a client-service industry where you are on call to clients. We don't have a good paradigm as to how we can repackage that work."

Even among the new recruitment programs aimed at women, the numbers are anemic: Goldman has hired four women through the recruitment effort it began in May, while Lehman has hired 15 since starting its program last fall.

Drive by any bank at midnight and many floors are still brightly lit. Take an elevator upstairs, and many offices are still filled.

"Has the Street changed?" asked Janet Hanson, a former Goldman Sachs banker who founded 85 Broads, a network devoted to professional women. "No, it's a brutal business. It's fun, but you are working weekends and until 2 a.m., and a lot of men and a lot of women, without any bitterness, are saying, 'No thanks.' "

While wooing women back to the Street is daunting, the pipeline of new female talent also appears to be stagnating. At almost half of the nation's top business schools, fewer women will make up the class of 2007 than that of 2003, according to the schools' data. Columbia Business School, a top feeder to Wall Street, has seen its class size grow 5.5 percent from 2003 to 2007; women represented 36 percent of the class of 2003 but

34 percent of the class of 2007. According to Universum, 13 percent of 881 first- or second-year women at top-tier M.B.A. programs chose Wall Street as a preferred industry in 2002: by 2006, that figure had fallen to 6.9 percent (and that from a larger sample size of 1,603 women).

Among the reasons? Generation Y cares less about money if it comes at too high a price, says Universum, throwing a wrench into Wall Street's past assurance that it could demand cultlike devotion from employees in return for fatter paychecks than any other profession. "The days of the psycho-workaholic with no work-life balance are numbered," said Lehman's Mr. Gregory. "It's just not a recipe for success."

To draw more women, Lehman has a bonus pool that rewards "inclusion" in its recruiting efforts and it has invested heavily in technology to enable trading from home. Goldman and Lehman say "on-ramping" -- helping veterans return to the work force -- will become an important part of their recruiting strategies. J. P. Morgan has built smaller networks of professionals around specific functions, including trading. The bank is considering running simulated trading runs for female summer interns with the thought that women might display raw talent more comfortably without men around.

"The real difference between today and 5 or 10 years ago is that now everyone recognizes that there is a true business case for having a diverse work force," Ms. Wang from J. P. Morgan said. "You don't have to justify that diversity is good. We've all concluded we want the top talent, however it comes."

FOR Wall Street, new recruits rarely get any more promising than Lucia Bonilla.

Ms. Bonilla is a 22-year-old, 5-foot-tall Princeton graduate with a degree in operations research and financial engineering. In addition to core classes focused on statistics and engineering, she studied financial modeling and optimization, a subject many well-educated graduates might be challenged to define.

"I have always been into numbers, I guess," said Ms. Bonilla, who was born in Panama but raised in Westchester. Her achievements would humble many: 790 out of 800 on her math SAT, president of the math team in high school and president of the New York State Science Honor Society. Her hobbies include taekwondo -- she holds a first-degree black belt -- cheerleading and community service (which she does in Latin America).

This fall, Ms. Bonilla will start a job on the sales and trading desk at UBS, the Swiss investment bank. One of her main reasons for picking UBS may seem surprising: "I saw pregnant women on the trading floor, three or four of them," she said. She also knew a female managing director at UBS who had five sons under 12. "Not all women want to have children, but in the future I may want to and it was reassuring to walk around the floor and see that it was possible."

Banks have an interest in making sure that women like Ms. Bonilla keep seeing the possibilities because they tend to lose valuable employees like her when they reach their 30's.

"It's hard to work for four years, go to business school, spend three years slaving away in an investment bank or consulting firm and then try to leave to start a family," said Thomas Caleel, director of admissions and financial aid at the Wharton School of the University of Pennsylvania. "They haven't achieved the seniority they need at that point."

To try to counter this trend, Wharton and other business schools are focused on recruiting younger women. Wharton's incoming class this fall will have twice as many students with zero to four years of work experience as it did last year, partially because of more applications from that demographic but also in an attempt to get women into business sooner.

But even if younger women sign on, and women who have opted for more family time come back, Wall Street will still have to grapple with the long hours and the lack of flexibility that a career there demands.

They will also have to confront the fact that real-world information on the Internet tends to undermine the banks' recruitment efforts.

"They come in and say, 'You can run at lunchtime and leave when you want,' " said Ms. Hanson of 85 Broads. "These kids read blogs. They read Vault.com. They know what really happens."

There is certainly a percentage of women on the Street who are not seeking changes -- they shun special-interest groups or networking efforts designed around women, and they scoff at the idea of unique needs. But bank executives say those women are in the minority on Wall Street.

"If companies want to retain their best people, doing things the old way won't work because they won't meet everyone's needs," said Citigroup's Ms. David.

Women are not the only ones seeking balance, either. Students and executives say that men -- the bedrock of the Street's work force --are also increasingly shunning 80-hour workweeks, even if they love and are devoted to banking careers.

IT remains to be seen if the banks will succeed in finding ways to integrate women like Ms. Stoeber, whose enthusiasm and patience derive from her uniquely positive experience on the Street. For the armies of women who faced discrimination, overt or discreet, Wall Street has already lost the battle.

Finding a place for even Ms. Stoeber has proved challenging. She and one of her partners at Tobin Advisors, the North Carolina investment banking boutique where she now works, have proposed an arrangement to a number of banks that reflects the kind of flexibility that banks say they embrace: she and her partner will share a full-time job at a bank and then split their responsibilities.

So far, no banks have accepted her proposal. "Firms say they love it, but it's hard for them to say, 'We'll do it,' " she said. "They say, 'We have a full-time job.' "

Many banks have arrangements similar to the one Ms. Stoeber is proposing, but they grant them to senior female executives -- usually managing directors -- who have the tenure, clients and revenue to justify special treatment. And Ms. Stoeber is aware that she is not in that category.

Early one recent afternoon in South Orange, Ms. Stoeber's nanny returned home with her son, who eagerly showed off his Lex Luthor cards. She gave him a hug and checked to see if he had remembered to bring his backpack home from camp.

When he left, she continued to talk about her choices in life. She savored details about her two kids, the rewards of banking, and the split personality she sometimes feels working part time as she shifts from the sandbox to the boardroom. She said she was happy with her priorities.

"The travel, the places I've been, the people I've worked with -- I wouldn't trade it for anything," she said. "The only question is whether I can have it again."