

Client Focus

The Rising Influence of Women in Society

In education, politics, arts, business, philanthropy—women are trending higher

INTERVIEWS

Women leaders share their passions and experience to make a real difference

EQUITY RESEARCH

Face-to-face and digital marketing drive sales in the beauty sector

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U.S. Economy Chugs Along

The push higher by U.S. and global stock markets continued in the third quarter and the fourth quarter got off to a solid start on expectations of a strong earnings season.

The American economy kept chugging along, aided by buoyant consumer spending and consumer confidence. Energy costs and inflation stayed restrained. Wages began to edge higher. Unfilled job openings hit a record high by June. So broad swathes of economic activity continue to prove a solid foundation for slow and steady growth.

Major U.S. stock indices followed the lead of these indicators, buoyed by very strong quarterly earnings for S&P 500 companies. The markets set new highs this summer and again in the fall as investors shrugged off a likely third Fed rate hike in December and an unwinding of the Fed's massive balance sheet—both more signs of a return to normalcy in debt markets.

It is the lack of normalcy in politics that may present challenges ahead. Congress failed to repeal the Affordable Care Act, confrontation with North Korea heated up, and the Russian investigation overhangs the Trump administration. Americans

await tax reform and with budget legislation, DACA and the future of healthcare subsidies added to the mix, volatility may not be far behind.

In such times, it is good to step back and reflect on the bigger trends that shape our lives. This issue of *Client Focus* does just that, shining a bright light on one of the major beneficial changes to society in the last half-century: the empowerment of women. As this issue showcases, women are more than ever making their mark in every field—an unstoppable, and welcome, force for change.

I am also happy to announce that Stephanie Braming, who joined the firm in 2004, will lead our global investment management business and join the firm's executive committee. Stephanie has a deep knowledge of our business, is passionate about our clients and is well suited to manage our nearly \$74 billion asset management business.

This fall, William Blair was delighted to host a Women on Course golf event in San Francisco and a viewing of "She Started It," an inspiring documentary on women tech entrepreneurs, at our new global headquarters in Chicago.

More news to share: The firm was recently named by *Barron's* magazine to America's "Top 40 Wealth Managers" list for the third straight year.

On behalf of everyone at William Blair, thank you for your trust in the firm and the opportunity to serve you. As we head into the holiday season, let me extend our best wishes to you and your loved ones.

Sincerely,

John Ettelson
President and CEO

The Rising Influence of Women in Society

The profile of women has never been higher. In 2017, everywhere you look women continue rising in power and stature.

The year began with a Women's March in Washington that spread to cities around the world. Millions united to say women are powerful and moving forward.

Hillary Clinton was the first female presidential nominee of any major American party. Women now hold 105 of the 535 seats in Congress and 24% of all statewide executive offices¹.

Around the world, of the 15 women national leaders today, eight are their country's first female head of state². Then there are global policymakers like Fed Chair Janet Yellen and IMF head Christine Lagarde.

This political strength is partly demographic. More women today graduate from college³ and vote than men.¹

In sports and entertainment, women have never had more influence. Serena Williams, Lindsey Vonn, Meryl Streep, Beyoncé, Oprah, and Angelina Jolie are just a few that come to mind.

So it is no surprise to see the business world is also changing. Even though men far outnumber women as CEOs and stubborn challenges remain, including the gender pay gap, women hold powerful corporate positions.

IBM, General Motors, PepsiCo and Fidelity are all led by women. The percentage of women in the C-suite is slowly expanding. In 2017, women and minorities accounted for half of the

397 new independent board members at S&P 500 companies, according to executive recruiter Spencer Stuart—the highest since it started tracking the data in 1998.⁴

Women's wealth growing

Within the financial world, the power of women—in both assets held and assets donated—continues to grow.

According to a Boston Consulting Group study, in 2015 women controlled 30% of the private wealth globally, or \$50.5 trillion—up from \$33.9 trillion in 2010.

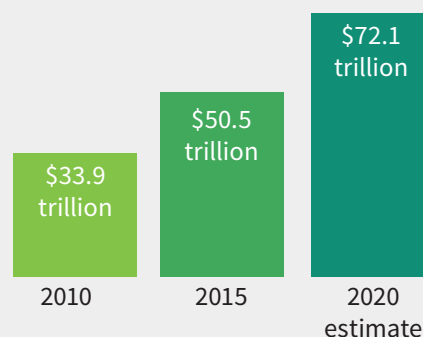
“Women's wealth is a natural byproduct of greater integration into the labor force,” William Blair economist Olga Bitel says. “In the developed markets, women are getting more wealthy, more independent. They can work. In the emerging markets, the male-female dichotomy is different but you're getting women to be empowered out of economic necessity.”

Bitel notes that women are starting to work in some of the least likely places in the world, such as Saudi Arabia and Afghanistan.

“Women will have access to credit for the first time. Women will be entitled to have property rights and an inheritance. It's a huge deal,” she says.

Helping manage that vast property and inherited wealth presents the financial world with a challenge.

Global Private Wealth Held by Women Investors



Source: The Boston Consulting Group

But women's wealth is also having a tremendous social impact through philanthropy.

“On a whole you have women who are very engaged and passionate about their communities and they understand the value of combining financial resources with volunteerism and relationships to really make an impact,” says Laura Coy, William Blair's director of community engagement.

With that in mind, *Client Focus* is sharing experiences of three women with relationships with William Blair who are making a difference in their communities and the world.

¹ Center for American Women and Politics

² Pew Research Center 2017 analysis

³ U.S. Census Bureau, 2015

⁴ *Wall Street Journal*, 11/3/17



Alison Ranney *A Woman on a Mission*

Executive recruiter Alison Ranney is a champion of diversity—and she has years of experience to prove it.

Ranney, who heads the Chicago office of Koya Leadership Partners, has spent the last 13 years leading CEO searches for foundations, cultural institutions, social service agencies and other clients. She says more than 60% of her placements are women and over 30% are leaders of color.

“I think we’ve been so successful in placing women and leaders of color because we say let’s think about what it is that you want in this person,” Ranney says. “Don’t get too hung up on previous experience or perfect fit. Then you can go after the most interesting leaders. That is where you see women and candidates of color really shine.”

At Koya she looks for candidates with passion, a sense of mission and the skills to succeed. Many of her clients are in Chicago, a city where Ranney and her family have deep roots. Her great-grandfather was steel industry pioneer Edward L. Ryerson, who was also one of William McCormick Blair’s first investors in 1935.

Women she has placed locally in top leadership roles include Celena Roldán, CEO of the American Red Cross of Greater Chicago; Michelle Larson, president and CEO of the Adler Planetarium; Jean Franczyk, CEO of the Chicago Botanic Garden; Wendy DuBoe, CEO of the United Way of Metro Chicago; and Julia Stasch, president of the MacArthur Foundation.

Not bound by the norm

“Women are excelling in areas that they feel deeply about,” Ranney says. “That’s something I really like: don’t be bounded by the norm.”

Ranney has followed that advice in her own career. She joined Chicago law firm Skadden, Arps after graduating with a JD/MBA from the University of Chicago. Skadden led to roles in business. After Ranney had her second child, she evaluated her professional life and met with executive recruiters. They suggested a new job: working for them.

She fell in love with recruiting working for Russell Reynolds in Chicago and later founded the Koya Chicago office.

Ranney said that over the years she has seen progress in the number of women in senior leadership roles.

“Go after what interests you and be true to that and take some risks.”

“We’re on a gradual incline,” she says. “But I think there are still inherent challenges with the structure of American business and what women’s roles are in their families and lives.”

One trend she has seen among professional women might be called “opting out”—highly educated and skilled women deciding to drop off a traditional corporate ladder and use their experience to pursue their passions in other professional or civic leadership roles.

“A lot of friends and peers are saying ‘it’s not worth it to me to be away from my family three to five days a week,’” Ranney says. “Women are being thoughtful about how their lives evolve both professionally and personally.”

And her female clients and candidates realize Ranney knows exactly where they are coming from. She says her husband, Erik Birkerts, CEO of the Clean Energy Trust, her three children and her parents remain her source of strength.

“Go after what interests you and be true to that and take some risks. Your career will make sense in the long run if you do that.”



Manuel Martinez / Crain's

"People almost always know more about their own lives than you do."

Susan Kiphart *Continuing a Family Legacy*

Chicago philanthropist Susie Kiphart and her three daughters are establishing a family foundation to carry on the work she and her late husband Dick began decades ago. Dick Kiphart died in September 2016, revered after a half century of advising, investing, managing, and mentoring at William Blair.

"We are very interested in continuing the kind of mission Dick had," Susie Kiphart says. "We all believe in what Dick believed in, which is the concept of justice: that good should be spread equally. It's just a matter of sorting that out and figuring out how we execute that principle."

The Kipharts have long been leaders in Chicago charitable work, supporting causes to help youth, families, the arts and public health. From Lyric Opera, the Joffrey Ballet, and Poetry Foundation to Family Focus, the Erickson Institute and Lurie Children's Hospital, the couple has been active not just with donations but with their time.

"We looked at each other and said we have to share," Susie says of the years as she and Dick watched their investments grow. "Having resources is really not worth anything unless you

can use it for good. There are a lot of people doing that. We wanted to roll up our sleeves and get involved."

The couple developed a special affinity for the University of Chicago Center for Global Health, whose work in Africa seemed to encompass all the benefits they wanted to foster.

That commitment led Susie and Dick to numerous trips to Africa, where their efforts built new schools, hospitals, and vital wells for potable water. Susie said Dick was "a numbers guy," wanting to invest in long-term sustainable ventures.

Life lessons

Asked for lessons she could pass on, Susie cited the value of listening. "People almost always know more about their own lives than you do," she says.

She also values humility. Susie recalled her feeling one day in Africa when she and Dick arrived at a dilapidated structure of concrete blocks, dirty from the dusty unpaved roads and topped by a crooked, rusted sign that read: "Ghana Health Center."

"I thought nothing could be going on in there," says Susie. "Then we went in and found a lot of wonderful people

and a lot of smart things going on. I had been blocked by the visuals."

Susie believes philanthropy will play an even bigger role in today's uncertain world. Bill and Melinda Gates, Warren Buffett, and many others are leading movements to help refugees and millions of people in poverty.

"I don't feel isolated in that idea at all," Susie says. "People have heart."



Kristi Savacool *Leading From the Front*

Through more than three decades in senior corporate leadership positions, Kristi Savacool has been known as a problem solver. But a lot of other adjectives fit. Inclusive. Collaborative. Flexible. Determined. Focused. One former Boeing colleague once called her “a bullet train.”

“I think of Kristi, first, second, third as an incredible leader,” said Greg Case, CEO of Aon. “For us, it’s not about promoting diversity. It’s about creating an environment where all can come to the table and play and the outcome is client impact and client leadership. That’s Kristi’s wheelhouse.”

To Savacool—now a special adviser to Case after she, as Aon Hewitt CEO, engineered the \$4.8 billion sale of the subsidiary’s outsourcing business to Blackstone Group in May—leadership has always been about clients, solutions, teamwork and results.

“For me, it’s never been about position or title, it’s always been about doing meaningful work that makes a difference way beyond when I’m involved,” she said in an interview in Aon’s offices in Chicago. “Sometimes that means you make business trade-offs, sometimes you

make personal trade-offs. Sometimes both.”

The Seattle-area native began her career at Boeing as a technical administrator, one of three women in a team of 200 engineers making military aircraft. She had deferred completing college to help care for her father, who suffered a stroke.

With energy and grit she rose to become chief information officer of Boeing’s commercial airplane division. She helped manage such daunting tasks as Boeing’s \$16 billion merger with rival McDonnell Douglas in 1997.

Content and capability

Savacool says attitudes about women are changing for the better in the business world. But she stresses that basic skills and knowledge—what she calls “content and capability”—are a prerequisite for any executive.

“I’ve always felt if you’re willing to invest in developing and applying your capability under the highest stakes circumstances, the opportunity is there. I don’t want to make it sound easy,” she says. “Content and capability. Demonstrating leadership. Results. You have to do all of these.”

Savacool brought the same focus to continuing her education as she

“Can you have it all? You personally have to define what having it all means. You alone get to measure success in your life.”

brought to her day job, eventually earning a long-distance master’s degree from Lille University in France.

In 2005, after 25 years at Boeing, Savacool took a leap—hired by a company that had served Boeing, the benefits and human resources firm Hewitt Associates. Her goal: help bring order and improve financial performance three years after Hewitt had gone public and struggled to cope with its new scale.

She says that at the time she knew a lot more about the aerospace business than HR. But she threw herself into the challenge, studying the services Hewitt clients wanted and engaging with hundreds of Hewitt employees to get the business back on track and positioned for a bright future.

Named Aon Hewitt CEO

Shortly after Aon bought Hewitt in 2010, she was named co-CEO of Aon Hewitt and then sole CEO in 2012, leading more than 35,000 professionals across six continents serving 20,000 clients worldwide.

“Leadership is a privilege. You earn that every day by results, and by creating an environment where people can live their integrated life

to the fullest possible extent while executing their responsibilities,” she says.

Her business philosophy is not gender-specific, she says, but it can guide ambitious women.

“I think it’s a lot less about being a woman than being a leader, comprising a team of distinctive and diverse backgrounds and experiences and creating a culture where the leaders individually and collectively are accountable to clients and the firm, learn from one another and support one another’s growth,” she says. “Businesses grow when people grow.”

The wisdom of staff diversity as a strategic goal has never been stronger, she adds.

“We know that companies that have more diverse leadership teams outperform companies that don’t,” Savacool says.

Living whole lives

Savacool married her husband Jeff 36 years ago. As she began taking on more responsibility at Boeing, Jeff, an aerospace engineer who also worked at Boeing, left his career to stay home with their two children who were 4 and 8 at the time.

“We were a team and Jeff definitely had the most important job,” Savacool says.

“People live whole lives,” she says. “You ask your family, spouse or others to help create the space for your profession, and at times you need your profession to reciprocate by creating space for your family. Can you have it all? You personally have to define what having it all means. You alone get to measure success in your life.”

In 2011, Savacool led Aon Hewitt to enter the private health exchange business and pioneer the Aon Active Health Exchange, the industry’s only fully insured, multi-carrier exchange for active employees.

Embracing change again, she has decided to transition from Aon and move with her family back to the West Coast at the end of the year.

“Aon is poised to bring more value to clients and the market than ever, and personally I’m excited for the road ahead, wherever it may lead,” she says.

She’s not sure what’s next for her in business but will stay active with youth organizations, Midtown Education Foundation, Special Olympics, and others.

“I’m going to finish up here and do it well, create a little space and the right thing will emerge,” she says. “Ambiguity is my friend.”

Ulta Beauty Face-to-Face Marketing Drives Sales

While consumers increasingly shop online, beauty is one retail sector staying competitive in the brick-and-mortar market. Customers like to try these products face to face in stores before they buy.

Among the top beauty companies, Ulta Beauty is leading the way in both worlds with its salon services and its mix of beauty and skincare products, says William Blair research analyst Daniel Hofkin. Ulta’s stores and website combine to offer more than 20,000 products from 500 cosmetic brands and have surpassed Sephora to become the nation’s largest specialty beauty merchant.

“One of the things that differentiates Ulta from a lot of other brick-and-mortar stores in this business is that it has product testers throughout the store and the sales force doesn’t work on commission, unlike big department stores,” says Hofkin. “So it’s a lower pressure shopping environment.”

Hofkin credits Ulta’s strength in part to CEO Mary Dillon, a veteran marketer at McDonald’s and PepsiCo who began leading Ulta in 2013.

“While she’s been at the helm the company has really accelerated and developed relationships with prestige brands and enhanced its understanding of, and marketing to, its customer,” he says.

Hofkin cites several key factors driving Ulta’s results.

- While Ulta is the leading specialty beauty retailer in the \$134 billion U.S. beauty product and services market, its market share is low at 4%, underscoring its opportunity to grow.
- Membership in its ULTAmate Rewards program has grown to 25.4 million, up more than 20% in the past year.
- The retailer, which operates roughly 1,000 stores today, opened 200 new stores over the past two years and plans to open over 200 more by the end of 2019.

Aside from this brick-and-mortar growth, Ulta upgraded and expanded its e-commerce capabilities. Online sales are up more than 70% versus a year ago.

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CLIENT SERVICE

End-of-the-Year Tax Prep

It's time to begin preparing for the year-end tax season. Here are a couple tips to keep in mind as income tax season approaches.

Donate stocks rather than cash to charities. Giving to charities can be a great way to minimize taxes but the savings are even more profound when the gifts are made via appreciated securities.

Typically, there is a cost to convert that security to cash with the donor paying capital gains and state tax on the gains of the stock. But if the donor gives the unsold stock outright to the charity—neither the charity nor the donor is taxed on the gain. It's really one of those rare cases where both parties win.

Use required minimum distributions (RMDs) for charitable donations. RMDs of IRA owners age 70-1/2 and over can be transferred directly, tax-free up to \$100,000 a year to a charity.

Consider using donor-advised funds (DAFs) to make charitable contributions. While DAFs have been around since the 1930s, they have surged in popularity for their tax advantages, simplicity, and convenience. Instead of giving directly to a charity or setting up a private foundation, donors contribute to a charitable fund administered by a money manager, achieve a full tax deduction, and retain the power to select where the money is distributed in future years.

Donations and distributions can be done by the donor online, like digital banking, while the recordkeeping is handled by the fund manager. Donors who transfer funds to the DAF have one receipt for tax returns, as opposed to multiple receipts from sending checks to various charities.

To learn more about DAFs, contact your William Blair financial advisor.