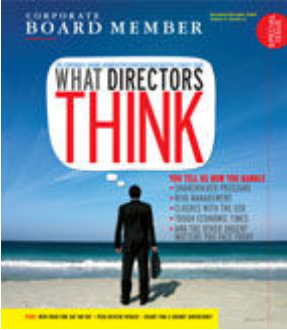




CURRENT ISSUE

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Feature Story

Do As I Say, Do As I've Done

What advice would you give a first-time director? Tell us how you've made a difference during your career as a director.

Interviews by Charlie Deitch, Jennifer Doll, Lisa Ferri, Randy Myers, and Daniel Weiss



"Be prepared."

Taylor Simonton
Keating Capital, Red Robin Gourmet Burgers

What advice would you give a first-time director?

We know you're the smartest guy in the room, but maybe not this room, not yet anyway. Listen. And learn.

No. 1, listen. Do not try to fill the room with your voice when you show up. No. 2, take the time to really understand the enterprise. Too many rookie board members assume too much about how their previous knowledge may apply to the new model they're looking at. New members come in with all sorts of thoughts—"This is how we did it at XYZ"—rather than appreciating the culture of the new place. Avoid that fatal flaw.

Peter Crist, 56
Chairman, Crist/Kolder Associates, Chicago
Wintrust Financial Corp.

Learn the basics of corporate governance. Learn about the company's business. And be prepared. Study the board packages prior to a meeting. It's assumed you're familiar with the contents, so the chair's not going to be going over all the information in it. Last, ask informed, well-thought-out questions. Many times a follow-up question presented in a nonconfrontational manner will make other directors in the room rethink their position. And it may be the question that should have been asked in the first place.

Taylor Simonton, 64

Former National Office Partner, PricewaterhouseCoopers, Englewood, Colorado
Keating Capital, Red Robin Gourmet Burgers

Learn about the company and what its competitive strengths and weaknesses are. Don't be afraid to ask management or another director to explain things that don't quite make sense to you. Challenge management's assumptions about their position in the marketplace and about the quality or capability of the company's products or services. Boards today can no longer afford to be rubber stamps that cater to the CEO's vision without asking, "What is plan B?"

Christopher Nolan Sr., 43

Co-Managing Director of the Mergers & Acquisitions Group, Rabobank International, New York City
Escala Group, United-Guardian Inc.



Make sure you're ready for every meeting—do your homework and read your minutes. I also recommend that first-time directors really work toward fitting in with the board. You need to find your own place within the group. That doesn't mean that you become subservient; you have a job to do. But boards work better with good interpersonal relationships.

Laurie M. Shahon, 56

President, Wilton Capital Group, Brooklyn, New York
Eddie Bauer Holdings, Knight Capital Group

There's no playback button in the boardroom, so you have to be alert and focused for extended time periods. Get a good night's sleep. Also, pick boards in your own time zone, because it reduces travel requirements and gives you more access.

Leslie S. Heisz, 47

Managing Director, Lazard Freres & Co., Los Angeles
IGT

Get appointed to the audit committee, because you're going to be thrust into details there that you wouldn't encounter at whole-board meetings. Beyond that, there are two things you absolutely must do. One is to understand thoroughly how the company makes money. And second, if management brings something to the board for approval, keep asking questions until you understand why management wants to do this.

John M. Fluke Jr., 65

Chairman, Fluke Capital Management LP, Bellevue, Washington
Paccar Inc.

Tell us how you've made a difference during your career as a director.

Lots of interesting answers, and they lead to a bottom line: By being courageous.

By being curious, authentically curious. By trying to create a safe environment for fierce conversations. By not being afraid to ask tough questions.

R. Eric McCarthey, 52

President of the 7-Eleven Global Business Division, Coca-Cola Co., Atlanta
Standard Register Co.

By thinking outside the box, revamping compensation, thinking about what we're trying to accomplish, and saying, "I think we're looking at it wrong." That's been my biggest contribution.

Archie Clemens, 64

President, Caribou Technologies, Boise, Idaho
Global Crossing Ltd., Vector Intersect Security Acquisition Corp.

By making a change in a CEO. It's devastating, but you need to remember that your job as a director is to protect the shareholders.

Robert L. Ryan, 65

Former CFO, Medtronic Inc., Minneapolis
Black & Decker, Citigroup, General Mills, Hewlett-Packard

I dig in and work hard on committees. There are two kinds of outside directors: One kind shows up, goes to the meeting, and leaves. Then there are the ones who go in, spend time at the company, and roll up their sleeves. There's a lot of work to be done, and the really good directors spend a lot of time doing that work. The best ones are willing to spend time in between board meetings to do proper committee work.

Meldon Gafner, 60

Owner, Far Sight Group, San Diego
BMC Software Inc.

I was the first female on four of the five boards I've served on, and I think I opened up some people to be more accepting of the potential of females. I also think it was important for women working in the companies to see that management accepted a woman at the highest levels. So I think my presence has had a positive influence on the attitudes of people in the companies.

Phyllis Sewell, 77

Former Senior Vice President, Federated Department Stores, Cincinnati
Sysco Corp.



I'm the guy who asks the questions that nobody else wants to ask. I spent most of my life in politics and in government service, and I'm used to challenging and asking questions and not wanting to be surprised.

John R. Dunne, 78

Senior Counsel, Whiteman Osterman & Hanna LLP, Albany, New York
Everest Re Group

I'm a highly focused, outspoken independent director. I like to think that with my experience, I'm able to keep a board meeting from going all over the place. There's a natural order to things. You can't talk about ABC at one meeting and then come back the next time and jump to XYZ. I also try and make sure we hold the small talk to outside the boardroom.

Josh S. Weston, 79

Honorary Chairman, Automatic Data Processing Inc., Roseland, New Jersey
Gentiva Health Services, J. Crew Group

We had some problems at Janus where some guys were day-trading the funds. So a couple of us board members sat there talking about it, and we said, "Should we get the hell out of here or should we try to fix it?" We all stayed, under the guidance of Steve Scheid, who was our chairman and CEO, and fixed it. That was not the easiest thing, but definitely the right thing. And I'm pretty proud of that.

Paul F. Balse, 66

Partner, Ironwood Partners, New York City
Janus Capital Group, Tweedy Browne Fund