

## Where Directors Draw the Line



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Board service is more than a matter of desire and qualifications; it's about our future.

By Christopher Y. Clark

Each year thousands of C-suite executives have the epiphany that they want to be or should be corporate directors of major U.S. companies--somewhat shocking given the financial and reputational risks that board members have become exposed to over the last six years. Nevertheless, I admire their goal and the energy needed to accomplish the task of developing credentials, and getting noticed by the powers that be.

Given the risks, where do current directors draw the line on not joining a particular board? And does it change over time?

Barbara Hackman Franklin, director, Aetna and Dow Chemical:

"In deciding whether to join a public company board, ask two questions:

- One, is management competent to run this business?
- Two, does management have values and ethics you agree with?

If either answer is "no," don't do it. If the answers are "yes" and you like the company's business portfolio, think you could work comfortably with others on the board as well as the CEO, and have experience and expertise to bring to the table, then do it. But make sure you understand the legal and regulatory context of the Sarbanes-Oxley era and the increasing accountability and visibility that goes with the territory. Being a director today is challenging--but it can be rewarding!"

Thomas L. Harrison, director, Morgan Hotels:

"I look for boards that are complementary to my profession. I want to learn more about complementary businesses that are global, relevant, and innovative. I want to be able to deliver value and strategic thinking to the prospective board. I want the company to be a leader or the leader in its industry. Short of this, I will generally turn down the opportunity."

Edward A. Kangas, director, EDS:

"A company's integrity, transparency, and openness to board engagement are the three key ingredients which need to exist for me to consider joining a board. If they are in place, the final question is whether I will

be able to be truly helpful. Unless all four conditions exist, I will choose not to get involved."

Stuart R. Levine, director, Broadridge; lead director, Gentiva:

"A key criterion for my considering joining a board is a strong ethical culture. By definition, that means the board has a strong focus on the validation of a strategic plan that is focused on creating shareholder value. A fundamental issue, from my perspective, is a belief in the corporation's mission and its capacity to deliver results for customers. An indicator of the strength of the board is its willingness to engage in an annual self-assessment of its effectiveness. As we enter into a new era of enhanced liability, it is critical that a candidate for board membership weigh reputational risk and his or her capacity to add value to the organization."

Blythe J. McGarvie, director, Accenture:

"I would not join a board unless it understood that human talent strategy is as critical for success as business strategy, marketing, and finance." In her latest book, *Shaking the Globe*, Blythe writes about the importance of spreading capitalism in many ways, including at the board level, and working with companies that have the courage to shape the future in this increasingly interconnected world.

Taking the Leap

A rising generation of new leaders without chief executive experience, with focused skill sets, and attuned to the world under SOX has opened up new and fascinating possibilities for the coming years. What is impossible to know is how these new leaders will perform and whether they are making the right choice not only for themselves, but for the nation's future economic health.

Near-directors need to have the requisite courage in their DNA to serve. They should be prepared for a barbecue by the press--and even their peers--in the event of a real or supposed board misstep in a "job" always made imperfect by a lack of timely knowledge.

I leave you with this question: Would you advise a near-director to take the leap? **D**