

September 15, 2009 Session  
Highlights of the Panel Discussion

Corporate Governance in the Spotlight  
*What Keeps the Chair Up at Night?*

The New England Chapter of the National Association of Corporate Directors kicked off its 2009-2010 Breakfast Series meetings on September 15 by convening a panel of three prominent board chairs to discuss what keeps them up at night.

Their answers? Substantive concerns like risk management, corporate strategy and executive compensation loom larger than ever. But panelists Amelia Fawcett, Robert Pozen and Michael Ruetters said they are likely to spend sleepless nights worrying about something more fundamental: whether their boards are making the best possible decisions.

Amelia Fawcett is chairman of Pensions First, Group LLP and Guardian Media Group, as well as a non-executive director of State Street Corporation. She also serves on a number of nonprofit boards in both the United States and the United Kingdom. Prior to joining Pensions First, Amelia worked for Morgan Stanley as well as for the law firm of Sullivan and Cromwell.

Robert Pozen is chairman of MFS Investment Management<sup>®</sup>, which manages more than \$150 billion in assets for over 5 million investors worldwide. He also serves as a director of Medtronic, Inc., and is involved with various nonprofit organizations. Bob formerly served as vice chairman of Fidelity Investments and president of Fidelity Management & Research Company.

Michael Ruetters is senior advisor to the board and management of EMC Corporation and retired chairman of the EMC Board of Directors. He previously served as both executive chairman of the EMC board and the company's chief executive officer. Mike also serves as lead director on the board of Raytheon Company, and is a director for two Massachusetts-based nonprofit organizations.

Moderator Ernie Godshalk, managing director of ELGIN Management Group, a private investment company, posed the question of the morning to each panelist, "As a director, what keeps you up at night?" The initial comments were a reminder that Corporate America is struggling to recover from the Great Recession, as they focused on points including cash, risk and crisis management, as well as tying executive compensation to budgeting and cost control.

But the discussion quickly shifted to underlying questions the panelists often ask themselves as they ponder their roles as corporate leaders. What factors are crucial to effective board performance? In this time of economic uncertainty, what will it take to restore the public's trust in corporate governance? How can we attract the best and brightest people to serve on corporate boards?

Reflecting their different backgrounds, Fawcett, Pozen and Ruettgers responded with wide-ranging comments. From a broad perspective, however, their remarks suggest that today's most successful boards – and most effective directors – share a number of common characteristics.

Effective directors . . .

. . . set aside the time to professionally execute their board responsibilities, perhaps by limiting their service to no more than two boards.

. . . are committed to continuous learning about their companies, immersing themselves in the business when they join the board and remaining critical and inquisitive during their years of service.

. . . keep their ears close to the ground by nurturing information-sharing relationships with key executives in various functional areas.

Successful boards . . .

. . . are large enough to ensure that a variety of opinions come to the table, but small enough to allow for a thorough exchange of viewpoints and then make crisp, timely decisions.

. . . reflect diversity in expertise, yet also include members with deep experience in the company's industry sector.

. . . encourage healthy skepticism about management initiatives – especially acquisitions where promised synergies may be questionable.

. . . understand how to navigate the regulatory landscape regarding director nominations and elections, and consistently recruit outstanding new members.

. . . have a bias toward evaluation and measurement and a willingness to hold management accountable for sub-par performance.

. . . maintain clear boundaries between inside and outside directors, eschewing the dual role of chair and CEO.

. . . compensate directors for devoting the time required to execute their responsibilities with perseverance and professionalism.

. . . focus not only on profitable growth, but also on corporate social responsibility.

NACD New England's subsequent 2009-2010 Breakfast Series meetings and other chapter educational programs will cover many of these issues. Please click on this link for [event](#) details.

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