

Five Buddhas of the Boardroom

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Consider the talent sitting on the board of insurance giant AIG when it became the central character in the government's financial-rescue package theatrics in September. Richard Holbrooke, a former Clinton Administration cabinet member, had previously served as a managing director of Lehman Bros. Suzanne Johnson, a Goldman Sachs director, was a former attorney with the white-shoe law firm Simpson Thacher. Martin Feldstein had served as Reagan's chief economic advisor. The business pedigree of the others? How about IBM, Allegheny Energy, and Estee Lauder?

Yet AIG's overindulgence in the mortgage-default insurance market seemingly went unchecked by AIG's impressive board. "Boards are squarely in the crosshairs of this mess," says Joseph McCafferty, editor-in-chief of *Directorship* magazine. "Everyone wants to know why they didn't do more to oversee risk, considering that that is one of the primary functions of a board of directors."

Before the latest round of boardroom troubles, board responsibilities were already more onerous thanks to Sarbanes-Oxley. The law, enacted in response to scandals such as Enron, dramatically increased the workload and the personal accountability of public company directors. This led some experts to worry that potential outside directors would become too risk-adverse to join boards—and that was *before* Crisis '08.

All these factors mean that many boards are eschewing traditional recruiting paths to find individuals who will rise to the challenge. McCafferty notes that fewer active chief executives are being nominated to director seats, largely because of the increased time commitment the position now requires. Boards also appear to be more interested in candidates with specific skill sets or technical backgrounds, as opposed to the "general leadership" skills and experience that were once so highly prized. Here are five stellar directors who embody the spirit of the modern board.

The Mechanic



Our Pick:

Ursula Burns, 50

Position:

President, Xerox

Claim to Fame:

Burns has climbed the corporate ladder on a path few others can claim. She began as a summer intern at Xerox 28 years ago and is now president and a board member. She is widely considered to be in line for CEO.

Boards:

Xerox, American Express, Boston Scientific, the U.S. Olympic Committee, MIT, the University of Rochester, CASA (the National Center on Addiction and Substance Abuse) at Columbia University, and FIRST (For Inspiration and Recognition of Science Technology).

Expertise:

Although she's often lauded for her ability to navigate contentious situations—Burns led Xerox's union negotiations in 2002 and 2005 and helped orchestrate the company's comeback from near-bankruptcy— it's her technical background that sets her apart in the boardroom. Burns received a master's in mechanical engineering from Columbia University, and later held product development and planning positions within Xerox's engineering division.

Track Record:

Since her April 2007 election to the board, Xerox has made several key acquisitions. One notable deal is the purchase of equipment distributor Global Imaging Systems, which significantly expanded Xerox's sales force and customer database.

The Finance Wonk



Our Pick:

J. Michael Cook, 64

Position:

Former chairman and CEO of Deloitte & Touche

Claim to Fame:

Cook left the accounting world in 1999 before the corporate scandals of 2000, making him a retired auditing chief executive with a squeaky-clean reputation.

Boards:

Comcast, Eli Lilly, International Flavors & Fragrances

Expertise:

With Sarbanes-Oxley mandating increased financial disclosure for public companies, boards are on the lookout for the likes Cook, who can add extensive auditing experience to the boardroom mix.

Track Record:

Cook chairs the compensation committee at IFF and is a top financial expert at the cable company Comcast. He also chairs its audit committee and is a member of the executive and finance committee. Cook joined the Comcast board in 2002 and led the company through a regulation shift

and the partial acquisition of the assets of the ill-fated cable provider Adelphia. He also leads the audit committee and is a member of the finance committee at Eli Lilly, which is facing a possible billion-dollar fine in response to the allegedly illegal promotion of antipsychotic drug Zyprexa.

The Moral Compass



Our Pick:

Charles Elson, 48

Position:

Director, John L. Weinberg Center for Corporate Governance, University of Delaware

Claim to Fame:

Owing to his high-profile academic position, Elson—widely quoted during the bailout controversy in September—is known for both his sparkling reputation and his relentless commitment to maximizing shareholder value.

Boards:

HealthSouth, AutoZone

Expertise:

Considered one of the nation's top experts on all things corporate governance-related, Elson has staunchly advocated for independent consultants to determine executive pay and the compensation of directors, and he's fought for new legislation to increase corporate accountability.

Track Record:

The embattled healthcare services provider HealthSouth elected him to its board in 2004, after weathering a massive accounting-fraud scandal. Since then, the company has sold its outpatient, surgery, and diagnostic divisions, lowering debt levels to \$1.6 billion below what they were in 2007. Elson also sits on the board of AutoZone, an automotive parts retailer, where he is the nominating and corporate governance committee chairman.

The New Media Maven

**Our Pick:**

Susan Decker, 44

Position:

President, Yahoo

Claim to Fame:

Decker has had the unenviable task of fending off repeated takeover attempts by Microsoft and of ensuring that her company isn't destroyed by arch rival Google.

Boards:

Costco Wholesale, Intel Corporation, Berkshire Hathaway

Expertise:

Known as one of the few individuals who can bring sharp business savvy to the often-fuzzy world of new media, Decker is a highly sought-after director at the relatively young age of 44.

Track Record:

Decker serves on the nominating and corporate governance committee at both Costco and Intel. Last year, she added Berkshire Hathaway to her list of appointments, putting her on the same board as a familiar foe: Microsoft co-founder Bill Gates.

The Image Maker



Our Pick:

Andrea Jung, 49

Position:

Chairwoman and CEO, Avon Products

Claim to Fame:

When the cosmetics giant's earnings slipped in 2005, Jung gave the company a facelift by cutting staff, reducing costs, and increasing ad spending by \$600 million. The result? Avon brought in more than \$9.9 billion in revenue last year, a 22 percent increase from 2005.

Boards:

Expertise:

Jung earned her reputation as a marketing genius by transforming the image of Avon from a stuffy 122-year-old “ladiesline” to a more hip and glamorous makeup supplier, with products endorsed by celebrities like Reese Witherspoon and Lauren Conrad. That metamorphosis combined with her track record as an active CEO makes Jung an attractive board candidate to image-obsessed corporations like GE and Apple, where she became the first female director in over a decade.

Track Record:

Jung serves on both the nominating and corporate governance committees at GE, as well as on its management development and compensation committees. As a director since 1998, Jung has overseen the company’s transition from consumer products giant to media conglomerate, including the 2004 formation of NBC Universal, of which GE has 80 percent ownership.

Directorship magazine contributed to this report. For more on today’s best board directors, see their recent report “[Directors to Watch: 50 Under 50.](#)”
