

The magazine of the National
Association of Corporate
Directors

September 2010

NACD
Directorship
Boardroom Intelligence

From NACD

4 Kenneth Daly:
Now, It's Really
Personal

The Director's Chair

9 Larry Taylor: More
Effective Oversight

Need to Know

13 PCAOB Lives, Pay
Czar's New Task, Karl
Rove's mission, more

Washington Update

16 A How-to On Coping
With Dodd-Frank

Verbatim

20 James P. Liddy

Directorship Forum

60 Barclays' Robert
Diamond, NYSE's
Duncan Niederauer,
Spencer T. Bachus,
Harvey L. Pitt, more

Point Counterpoint

56 Do Governance
Metrics Matter?

New Director
Summit

68 Scott Cutler, Catherine
Bromilow, Julie
Daum, Robin
Ferracone, more

Readings

74 Richard A. Mahoney
culls the stacks

Boardroom Journal

80 Jeff Cunningham on
inquests, tone at the
top and optimism



The Directorship 100

A veritable who's who of the American corporate
governance community, the NACD Directorship 100
reveals the most renowned boardroom influentials. 22

“I love to go to Washington — if only to be near my money.”

—Bob Hope

By Jeffrey M. Cunningham

In compiling this year's Directorship 100, as the famous comedian opined, NACD found that all things financial lead to Washington, D.C.—at least in good old Twenty-ten. It is no surprise then that this year's version of The Directorship 100, the list of the most influential people in the boardroom, pointed at least indirectly at those who earned their influence in the voting booth or by advising those who did. The investor has spoken, and it seems she has spoken to her Congressman.

No surprise either that Finance Chairmen Chris Dodd and Barney Frank the eponymous authors of the financial legislation that became law, were re-elected to the list again this year. Nor that supremely activist SEC Chairman Mary L. Schapiro's appearance on our list was, unlike many SEC decisions, unanimous.

Even among our non-Washingtonians there lurks a sense of Beltway déjà vu: Paul O'Neill, a newcomer to the Directorship 100, was Treasury Secretary to former President Bush, and joins our list as an advisor to Steve Schwarzman's Blackstone Group. Similarly, H. Rodgin (Rodge) Cohen, Edward Herlihy and Anton (Tony) Valukas have earned government chops either defending, advising or otherwise playing a central role in the *affaires du gouvernement* of the credit crisis. So too our CEOs, among them Warren E. Buffett, Rex W. Tillerson and James L. Dimon. All had their say, sometimes more than they bargained for, at hearings, on and off the record. Investors such as Ralph V. Whitworth, Roger W. Ferguson Jr. and David M. Rubenstein, are no strangers to

government as employees, testifiers or investors: Whitworth just turned his attention onto Occidental Petroleum at the same time the government is looking closely at the sector. No list is complete without the media and our list is composed of the absolutely quintessential: *The New York Times'* Andrew Ross Sorkin, CNBC's Becky Quick, *Fortune's* Carol J. Loomis, Bloomberg's Norman Pearlstine and Fox's recent hire, Charles Gasparino, are all closely followed by administration officials. The Hill and the West Wing are of course well represented, starting with the President himself and key members of his administration, including Valerie B. Jarrett, Rahm Emanuel, David Axelrod and Kenneth Feinberg. Not quite czars despite the sobriquet the media likes to place on them, they do exert a profound influence on the shape of the boardroom in these times.

All members of the Directorship 100, regardless of how they arrived here, have power and influence. Some of it is new, some of it is long-standing. Our modest job is to reveal those who exert the kind of influence that will permit the continued, if sometimes shaky, path that our system of capitalism is on, and the importance of corporate governance as a critical guidepost along the route. As the Bard wrote, “Be not afraid of greatness: some are born great, some achieve greatness, and some have greatness thrust upon them.” Which ever is your preferred route, these members of the Directorship 100 are having a profound impact on corporate governance.

PROFESSORS

LUCIAN A. BEBCHUK,
WILLIAM W. GEORGE
AND **BEN W. HEINEMAN JR.**
Harvard

A consummate proponent of shareholder activism, and a sometimes participant, Harvard's **Lucian A. Bebhuk** is among the most influential academics on the corporate governance scene. In addition to being professor of management practice at Harvard Business School and former CEO of device maker Medtronic, **William W. George** currently serves as a director of Exxon Mobil and

Goldman Sachs, and is a frequent critic of those who shirk their executive duties. Earlier this year, he took Toyota CEO Akio Toyoda to task for not accepting responsibility for problems at the automaker. **Ben W. Heineman Jr.** is a distinguished senior fellow at Harvard Law School and senior fellow of the Belfer Center for Science and International Affairs at the Kennedy School of Government. In 1987, Heineman became general counsel and secretary of GE. He is senior counsel at WilmerHale. Esteemed Harvard Professor **Jay W.**

Lorsch was inducted into the Corporate Governance Hall of Fame, Class of 2009.

JOHN C. COFFEE JR.
Columbia Law School

There is almost no subject under the heading of business or law on which Columbia Law School's **John C. Coffee Jr.** is not an expert. As the Adolf A. Berle Professor of Law, Coffee writes and lectures on such topics as securities regulation, class actions, criminal law and white-collar crime. His expert commentary is sought by journalists and Senators alike.

CHARLES M. ELSON
AND **ROGER G. COFFIN**
University of Delaware

When **Charles M. Elson** is not teaching his students the finer points of corporate law, he is teaching them to journalists, corporate governance professionals and directors. In addition to being the chair in corporate governance and the director of the John L. Weinberg Center for Corporate Governance at the University of Delaware, Elson is also of counsel to the law firm of Holland & Knight. **Roger G. Coffin**, associate director of the Weinberg Center, has also played a key role in the success of the center.

JEFFREY A. SONNENFELD
Yale School of Management

As far as business professors go, few earn such a high profile as Yale School of Management's **Jeffrey A. Sonnenfeld**. Journalists, cable news producers and corporate directors seek his keen insight. In recent months, the Harvard trained Sonnenfeld has looked with a critical eye



on Obama's regulatory stance, which he says has jeopardized his relationships with big business and the public in 2010. While President Obama came to office with support from many business leaders who even donated to his campaign, Sonnenfeld argues: "The relationship has been deteriorating both in public... and backstage." He has also been critical of finger-pointing and a lack of accountability where big companies have failed, and has debated on CNBC the future of fallen BP chief Tony Hayward. In addition to his professorial duties, Sonnenfeld is founder and president of the Chief Executive Leadership Institute, a nonprofit educational and research institute focused on CEO leadership and corporate

governance. Sonnenfeld's related research has been published in 100 scholarly articles which appeared in the leading academic journals in management such as *Administrative Science Quarterly*, the *Academy of Management Journal*, the *Academy of Management Review*, the *Journal of Organizational Behavior*, *Social Forces*, *Human Relations* and *Human Resource Management*. He has also authored eight books, including *The Hero's Farewell*, an award-winning study of CEO succession, and another best seller, *Firing Back*, a study on leadership resilience in the face of adversity. Sonnenfeld was the first academician to have rung the opening bells at both the NYSE and Nasdaq OMX.

JOSEPH A. GRUNDFEST
AND **F. DANIEL SICILIANO**
Stanford Law School

A nationally prominent expert on capital markets, corporate governance and securities litigation, **Joseph A. Grundfest** has been recognized as one of the most influential attorneys in the United States. He founded the award-winning Stanford Securities Class Action Clearinghouse, which provides detailed, online information about the prosecution, defense and settlement of federal class action securities litigation. **F. Daniel Siciliano** is a legal scholar and entrepreneur with expertise in corporate governance, finance and immigration law.

PEOPLE TO WATCH

Our annual assessment of the most influential people in corporate governance also uncovers a short list of movers and shakers who merit serious attention as potential boardroom influentials. This new feature of the Directorship 100 recognizes a few outstanding individuals who, by virtue of what they do and how they do it, bear watching.

VINEETA ANAND

Chief research analyst
AFL-CIO

DAVID W. ANDERSON

President, The Anderson
Governance Group

C.E. ANDREWS

President and COO,
McGladrey

KENNETH BERTSCH

Executive director, corporate
governance, Morgan Stanley

FRANCIS H. BYRD

Managing director
The Altman Group

STEPHEN CHIPMAN

CEO, Grant Thornton

RICHARD J. DALY

CEO, Broadridge Financial
Services

PHYLLIS DEISO

National SEC practice leader
McGladrey

JANICE DIPETRO

National managing partner,
consulting, Tatum

ROBIN A. FERRACONE

Founder and executive chair,
Farient Advisors

NEIL GOLDENBERG

Partner in charge, Internal
Audit and Risk Management,
Eisner

JOHN GOODYEAR

Chairman, CEO
Navigant Consulting

FRANCESCO GUERRERA

U.S. business editor,
Financial Times

DANA HERMANSON,

PAUL LAPIDES,

JAMES G. TOMPKINS IV

**Corporate Governance
Center, Kennesaw State
University**

NIELS C. HOLCH

Executive director, Share-
holder Communications
Coalition

JAMES A. KAPLAN

Chairman and founder
Audit Integrity

OLIVIA F. KIRTLEY,

U.S. member of the Board of
the International Federation
of Accountants

NEIL C. KRAUTER

CEO, The Krauter Group

FRED J. KREBS

President
Association of Corporate
Counsel

STUART LEVINE

Chairman and CEO, Stuart
Levine & Associates

GARY LUTIN

Chairman, Shareholder
Forum

KEVIN M. LACROIX

Publisher, The D&O Diary
blog; attorney & partner,
Oakbridge Insurance Services

JAMES MCRITCHIE

Founder, publisher, editor
corp.gov.net

KEITH MEYER

Vice chairman, Global CEO
and Board Practice
CTPartners

JOHN NAPOLI

Co-managing partner

LORIE ALMON

Co-managing partner
Seyfarth Shaw

FRANK PARTNOY

George E. Barrett Professor
of Law and Finance, Univer-
sity of San Diego School of
Law; author: *F.I.A.S.C.O.*,
Infectious Greed and *The
Match King*

FRANCIS G.X. PILEGGI

Founding partner, Fox
Rothschild; prolific blogger
on the Delaware Courts

JOSEPH TARANTINO

President and CEO
Protiviti

STEVE WECHSLER

President and CEO
National Association of Real
Estate Investment Trusts

JACK WEISBAUM

CEO, BDO

ELLEN ZIMILES

Global head of compliance
and investigations
Navigant Consulting