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The Changing Face of America and the Boardroom

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Intelligence your board can use
Increasing Inclusion

By Judy Warner

Two years ago, the National Association of Corporate Directors convened a Blue Ribbon Commission (BRC)—as it has each year since 1993—to study the issue of diversity in the boardroom. The co-chairs were themselves a diverse group: Curtis J. Crawford, the Hon. Cari M. Dominguez, William McCracken, and Kathi Seifert.

In the BRC’s letter of introduction, the co-chairs wrote: “In today’s business landscape, the board cannot properly fulfill this responsibility without having directors who reflect the composition of its stakeholders, particularly its employees and customers. Put simply: corporations will not be able to build or maintain a successful enterprise that yields sustainable long-term shareholder value, without bringing a greater variety of perspectives into the boardroom. Every director has a responsibility to set a tone at the top that embraces and leverages this new reality. The board has a unique role and responsibility in diversifying its own membership, and, ultimately, the leadership and workforce of the organization.”

The very definition of diversity has been left up to companies to decide. In 2009, the U.S. Securities and Exchange Commission updated its proxy disclosure requirements to include the board’s consideration of diversity in the recruitment of new directors. The BRC recommended—and this is widely accepted throughout corporate America—that the definition of diversity include both identity and skills. It’s also given, as the talent agents at Korn Ferry note in the article on page 5, that the business case for diversity has been made.

It is therefore up to directors to lead, to ensure that boards are diverse. How do you do that? I would not be the first to suggest that you must commit to regular self-evaluation and renewal. Some boards might also consider either term limits or a mandatory retirement age. These are not solutions for all boards but may be worthy of consideration if entrenchment is an issue. Look around you. Are your board colleagues engaged or half asleep? Are they still experts in their fields? Are they unencumbered enough to have the time and mental acuity necessary for the demands of board service today?

If change is to happen, the board must take a hard look at itself and align its expertise with the strategic direction of where the company is going, not where it has been. The consumer of tomorrow is not going to look like the vast majority of consumers today. Are you ready? What will such changes portend? Are you having these discussions in your boardroom? You should be. For a cheat sheet on some of the characteristics defining the five generations living in America today, take a look at the descriptions on page 4. We are increasingly impatient. We want solutions and we want them now. Change in the boardroom and the top echelons of corporate America happens slowly, and that goes against the grain of what we’ve come to expect. For this special report, we give the last word to Seattle-based attorney Stephen M. Graham, who has some recommendations of his own for creating a powerful corporate America that reflects the reality of our communities.

In addition to reading this special report, I encourage you to download and heed the timeless recommendations of The Diverse Board: Moving From Interest to Action.

In the back of the report is an instructive interview with former Intel President and CEO Paul Otellini, who outlines how the computer technology giant has set and is achieving its diversity goals.

“At Intel, we are in the business of innovation, and to be at the forefront of innovation, you need to draw from the experience and insights from a broad sector of employees.”

—Paul Otellini

“The pessimist sees the glass as half empty, the optimist as half full. I am an optimist by nature and so prefer to recognize that progress is being made, albeit slowly, and that while we have a ways to go, a greater will shall prevail. Organizations such as Catalyst will track progress and call out underperformers. And leadership at top-notch firms such as Korn Ferry, KPMG, and yes, NACD, will continue to keep the issue on their own and board agendas.
America’s Five Living Generations

By Chuck Underwood

G.I. Generation  Born 1901–1926
They saved the world and then built a nation. The most revered generation on the planet. The most fascinating generation on the planet. Their depression was “The Great One”; their war was “The Big One”; their prosperity was the legendary happy days of postwar America. Assertive and energetic doers. Humble. Honest. Excellent team players. Community minded and patriotic.

Silents  Born 1927–1945
They came of age deferring to the more assertive G.I. Generation. Our country’s last innocent generation. Their formative years came during an era of extreme conformity, but also during the postwar happy days of peace, jobs, suburban living, television, rock ‘n roll, cars, and Playboy magazine. The first hopeful drumbeats of civil rights were being heard. Its pre-feminism women were especially haunted by the perpetual question of “what if?” Its Organization Men pledged loyalty to the corporation and provided the iconic leaders of the 1960s social revolt. Excelled in the helping professions but struggled as leaders. America was a Silent-led nation from the late 1980s to the late 2000s, and many are working past normal retirement age.

Boomers  Born 1946–1964
An amalgam of two distinct subsets: the save-the-world revolutionaries of the 1960s and the self-improvement partiers of the late 1970s and early 1980s. Despite struggles with marriage and parenting, these career-driven people comprise the Golden Generation in the American workplace. Assertive leaders. Ethical. Demanding. America will be a Boomer-led nation into the 2030s. This generation will never fully retire, a characteristic that is about to change America’s workplace, marketplace, and lifestyle profoundly.

GenX  Born 1965–1981
The latchkey kids grew up street-smart but isolated, often with divorced or time-starved dual-career parents. Entrepreneurial. Independent. Creative. Career free agents. Feel disempowered and disengaged. Eager to make marriage work and be there for their children. Starting to chalk up some victories in life. Xers are rising. They will lead America in the 2030s and 2040s. They will give our nation excellent idea leadership but will need training to become good leaders.

First-Wave Millennials
Born 1982–1996 (and still coming)
Legitimate generational study begins with Americans when they’ve graduated from high school, meaning that this generation is still under assessment. America’s next great generation is a sharp departure from Generation X. Optimistic, idealistic, patriotic, and over-parented. They revere the wisdom of their elders. Team players. Redefining life in one’s 20s in an extended adolescence. Not loyal to employers—yet. Delaying marriage and parenting. The generation shaped by 9/11 and battered by The Great Recession of the late 2000s, but still optimistic. They will become an excellent career generation.

Adapted from The Generational Imperative (The BookSurge, 2007) by Chuck Underwood.
Boards and Diversity: Don’t Stop at Potential, Strive for Greatness

By Michael Hyter, Julie Cohen Norris, and Jane Edison Stevenson

The demand for diversity on boards has never been greater, but the way in which boards view diversity has morphed significantly in recent years. Let’s fast-forward beyond the traditional discussion of the value that diverse skills and experience bring to board decision making. That case has already been made—quantified financially in several studies—and is now generally accepted.

The change currently underway is the way in which boards are defining diversity. That often means broader, less conventional terms that not only account for gender and people of color, but also include geographic diversity and the diversity of age or thought that is often linked with changing technological expertise, customer profiles, or new delivery channels. The particular focus and criteria should be determined by a company’s strategic priorities and the attendant skills and experience they require of the board.

The overarching goal is to enhance the board’s ability to make better informed key decisions. This approach means boards are thinking seriously about how to leverage their strength as a competitive weapon—making strategic board appointments that augment the board’s team capabilities.

Creating that synergy on a board is a two-part equation. The first half is the assessment and recruitment piece, which starts with a careful analysis of the skills, backgrounds, and experience needed on the board, and evaluated against the backdrop of the company’s strategy, to determine what might be missing. While the traditional preference for a current or recently retired CEO candidate is still in demand for invaluable profit and loss governance experience, boards are increasingly recruiting different sorts of directors, particularly those who are knowledgeable about global trends in a company’s markets or who have backgrounds that are directly relevant to their specific strategy.

While attracting this sort of diversity is often considered crucial to board effectiveness, finding these less conventional directors requires some ingenuity. Fish in the same pond and you’re likely to come up with the same profiles, so boards have to cast a wider net. The best candidates are often hidden beneath the traditional top operating leaders, necessitating a different research approach for the search.

According to our research, among the 2014 class of new directors in the Fortune 500, of the 27 percent who are women, only 29 percent are CEOs/COOs versus 58 percent of their male counterparts. Conversely, the women are more likely than men to be divisional presidents or functional heads.

But if boards only invest their time and resources in the recruitment of a diverse group of directors and don’t also focus on igniting the potential of this carefully assembled board, they will under-leverage the team value this diversity can provide. No matter how impressive an individual director’s capabilities may be, full value is only realized if the team dynamics are effective.

Think of a thoroughbred at the starting gate—great potential, perhaps, but actual performance depends on a range of factors including training, the jockey’s performance, track conditions, and the weather. Similarly, highly qualified directors and boards require optimal conditions to perform at peak effectiveness—especially when they are adding new and nontypical directors.

Depending on the board and the prevailing culture, some prep work may be needed to align the team’s understanding and acceptance of the new directors. The board should also give careful thought to onboarding new directors, particularly if they have never served on a board before. This will ensure the quickest route to both integration and team effectiveness, enhancing everyone’s ability to contribute.

Building a diverse board is not the same as gaining value from it. If your board has already done the thoughtful work of aligning capabilities to company strategy, perhaps also making some strategic key appointments, don’t leave the job only half done.

Determine what is required to fully leverage the power of the board’s diversity and create value for the board and its stakeholders. Given the right conditions, new directors with needed skills, experience, and relevance can be catalysts for positive change, generating important insights that will significantly ramp up both board and company performance.

Michael Hyter is senior partner, leadership and talent consulting, Board & CEO Services; Julie Cohen Norris is senior client partner, Board & CEO Services; and Jane Edison Stevenson is global leader for CEO Succession and vice chair, Board & CEO Services at Korn Ferry.
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Deborah Gillis Finds a New Lease at Catalyst

Empowering Women Around the Globe in the 21st Century

Interview by Christopher Y. Clark

Deborah Gillis is the recently named president and CEO of Catalyst, the leading nonprofit organization expanding opportunities for women and business. Gillis succeeded Ilene H. Lang as only the fourth president in the New York-based global institution’s 52-year history. Prior to becoming Catalyst’s president and CEO, Gillis served as its chief operating officer, and before that as the head of Catalyst Canada. A Canadian, she is the first non-American to lead Catalyst.

In speeches, Gillis often reveals that she has traveled a road similar to many women. “I grew up on a gravel road in Cape Breton, Nova Scotia, about as far from New York, London, Mumbai, and even Toronto as you can imagine. My parents had very little formal education, no steady jobs, and no connections or influence. Career ambition was secondary to the practical need to earn a living—very little was expected or preordained for me.”

A critical breakthrough was her realization that personal advocates, or “champions,” are essential to success, and that assumptions about people’s skills, interests, and abilities shouldn’t be made based on their gender, race, sexual orientation, generational identity, or family status. Gillis believes that people deserve to be recognized and rewarded for their individual talents—and given ample opportunities to demonstrate them.

Here, in an interview with NACD Directorship Publisher Christopher Y. Clark, Gillis talks about her personal transition to CEO and what lies ahead for the global organization she now leads.

How did you become involved in the mission of expanding opportunities for women in business?

My journey to Catalyst began eight years ago, prompted by my experience with breast cancer. I had one of those moments when I stopped to consider my life and what I had accomplished. I thought about what I contributed to the world around me, and where I could best spend the next years of my working life. I decided to move out of the private sector and seek work that was more meaningful to me personally. And Catalyst came along at exactly the right moment. My first position in the organization was to lead its Canada operations. Now, as the CEO, I will be able to fulfill our mission on a much broader scale.

What has marked your first few months as CEO?

As I stepped into the CEO role after having been with the organization for some time, I felt the need to look at the position with a fresh set of eyes. I initiated a listening and learning tour, and assumed the perspective of an informed outsider as I looked at both our organization and our future mission. I met one-on-one with every member of the Catalyst staff. I met individually with members of the board of directors and with some of our key partners to gain new perspectives on Catalyst’s future, including our continued leadership in both igniting critical conversations and inspiring individual leaders and organizations to embrace change.

As the CEO of a global organization, what have you learned through your travels?

What I’ve observed as I’ve traveled around the world is that the issues facing women in corporate workplaces are not so different. Wherever I go, people talk about women’s lack of role models and access to important sponsors, and the question of how they can balance the multiple priorities in their lives. What’s different is the cultural context and specific pressures that women face, which can influence the decisions and choices that they’re able to make. For example, in India women are often expected to leave the workplace when they’re married and have children. In Japan, a very strong work ethic, long hours, and a need for visibility
in the organization present challenges for women employees. Also, as Catalyst enters new countries and regions, we find that while the actual issues may be similar, the approaches that organizations and leaders need to adopt are often very different, and the most effective strategies often include elements that we would never talk about in the United States.

**In terms of public policy, what will your activity be in the future?**

Catalyst has an important role to play in providing the critical information needed to help public policy leaders make choices. We’re often regarded as an expert resource by policymakers as they navigate the myriad possibilities open to them. Different countries have made a wide range of policy choices, from setting quotas to opting for the voluntary approach. What’s key is to take the actions and choose the models that will work most effectively in a particular region or country.

**Catalyst hosted a panel discussion in Bangalore titled Men Who Get It: Engaging Men in Gender Initiatives. What is meant by “men who get it”?”**

Men matter because men hold the majority of decision-making positions in organizations globally. Changing the face of workplaces, and especially increasing diversity in the boardroom and the executive ranks, requires that men be engaged in the conversation. They have to show leadership and intentional action, and they play a critical role in communicating within their organizations why changing the face of their companies matters. And we know from Catalyst research that when men play that very visible role, they encourage other men to step up as well.

Whatever your definition of diversity or inclusion is, the annual number of available board seats for the Fortune 500 is about 400. If you look at all available board seats, the number is about 4,500. Do you see a disconnect between the huge number of Fortune 500 hopefuls and the reality?

The data tell us that there are only a certain number of seats that become available every year. At the same time, Catalyst’s analysis shows that the vast majority of vacant seats are still filled by white men. If that continues to be the case, how are we ever going to change the numbers so that instead of talking about women representing 17 percent of board seats in the Fortune 500, we can talk about women reaching parity?

Catalyst has been at the forefront of this conversation for many years. This is where we really need to get to the next step: intentional action on the part of nominating and governance committees, search firms, and full boards that says, “It’s not just nice to do—we need to be strategic about this.” What we are currently observing in some organizations are approaches such as, “Let’s alternate. We’ll recruit a man this time, we’ll recruit a woman next time.”

You know that I’m Canadian, so forgive me for using a hockey analogy. There’s a famous quote from Wayne Gretzky, who, when asked, “Why are you so good at this game?” said, “I don’t skate where the puck has been, I skate to where it’s going.”

There’s something really profound in that message when you think about how the world is shifting. Today’s business world is increasingly global, increasingly mobile, and contains more educated, experienced women than ever before. Women are also increasingly likely to drive and control consumer spending. Yet today’s boardrooms reflect the workplace and marketplace of the past. And if the leaders of our largest businesses do not learn to shift to where the world is going, they are going to be left behind.

Boards are not institutions that change quickly, so what is needed to accelerate the pace of change?

Several years ago, the research team at Catalyst came to me with the latest census findings about women on boards in Canada. At that time, the data showed that almost half of public company boards in the FP500 had no women directors, and the numbers had not moved in several years. I said to the research team, “I am not going out and talking about these numbers again without putting constructive solutions on the table.”

As a result, we created an initiative called the Catalyst Accord, which encourages Canadian companies to voluntarily set goals to increase the representation of women on boards. In addition, we created our first list of sponsored women, because we wanted to say to companies, “If you’re prepared to make a commitment to increase the representation of women on your boards, we can help by giving you access to this list of sponsored women candidates that includes not only their professional profiles and experiences, but the endorsements of senior leaders.”

In the United States, we need to shine a spotlight on the importance of diversity on boards so that it becomes a part of the national conversation about maintaining global competitiveness. We need to continue to elevate the visibility of this issue in the United States.

If a woman director is joining an all-male public company board, what advice would you give?

Find a sponsor and navigator. Having someone on the board who can be a trusted source of advice, help you learn the group dynamics, and mentor you can be really helpful.
Culture as a Blind Spot: Openness and Transparency in the Boardroom

By James P. Liddy

As markets move faster, margins get tighter, and global competition grows, public and private companies alike are looking more than ever to the board as a vital source of insight and guidance. Beyond ensuring the well-being of their investments, shareholders expect directors to help the company capitalize on strategic opportunities, drive innovation, navigate emerging risks, and shed light on the company’s “blind spots.” Yet, for all its focus on the business and the marketplace, the board itself can be vulnerable to its own blind spot: boardroom culture.

Fostering the transparency, openness, and healthy dynamics that are essential to any board’s effectiveness can be particularly challenging at private companies. The politics of management and ownership tend to be intertwined among founders, family members, business partners, and key investors. Moreover, many private companies employ advisory boards as strategic consultants to management and the owners as opposed to more empowered governing boards. Unlike public companies—which operate in a “fishbowl” of scrutiny, disclosure, and regulatory requirements that tend to hold a mirror to the board—private company boards are often more insulated and need to be particularly vigilant in a “black box” environment; the wrong culture can quickly undermine the board’s contribution and value as a critical asset to the company.

Varying degrees of “independence” can also cloud the boardroom dialogue. For private companies with a governing board, directors who aren’t clear on their fiduciary duty to all shareholders can serve to divide a board and “create havoc in the decision-making process,” note Marianne Fortuna and Karen Loch of Georgia State University in a recent research paper titled Boardroom Cultural Governance. At private companies, independent directors can help to counterbalance directors who may have conflicting duties—to the founder, family, or investment group—and spur the hard conversations.

Private company boards are often more insulated and need to be particularly vigilant in a “black box” environment; the wrong culture can quickly undermine the board’s contribution and value as a critical asset to the company.

Frank and open discussions also mean acknowledging the natural tendency of individuals to bring a certain amount of bias into the discussion. “You have to be comfortable and confident enough to challenge your own thinking and information on any given issue,” one director told us recently. “Healthy skepticism is an indicator of a healthy boardroom. If management has 100 percent confidence in its information, that’s a red flag.”

A culture of openness and transparency in the boardroom is essential for directors to genuinely challenge—and help recalibrate—the strategy, assess the company’s risks and articulate its risk appetite, and understand management’s ability to execute its near- and long-term plans.

Does the board devote sufficient agenda time to robust discussion, versus listening to management’s presentations? Are dissenting or alternative views encouraged? Is the board’s interaction with management limited to a few key leaders—e.g., the CEO and CFO—or does the board have open access to line management and outside views that may run counter to the C-suite’s thinking?

James P. Liddy is vice chair of audit and regional head of audit for the Americas at KPMG LLP.
Now What? Managing Litigation Risk in a Post-Merger Boardroom

By David B. Hennes

A banner year for M&A deals, 2014 deal activity is up across nearly every industry. These deals are usually the product of a complex, time-consuming process that poses challenges on multiple fronts.

These challenges do not end simply because the deal closes. Beyond the business and operational challenges that the post-merger company faces, there are corporate governance challenges as well. This article considers certain litigation risks a post-merger board must confront and how those risks can be mitigated across two different scenarios: one in which the post-merger board will not retain any directors from the acquired company, and one in which directors from both companies will serve on the post-merger board. In either scenario, there is no better risk management than acquiring relevant knowledge as early as possible and planning for those risks.

In connection with board service, directors face many kinds of risks. One of the most common is the prospect of litigation of two types: claims for breach of fiduciary duty and claims under the securities laws. Generally speaking, a director’s fiduciary duties encompass a duty of loyalty and a duty of due care. The duty of loyalty requires that directors act in the best interest of the corporation and its shareholders, rather than in their own personal interests. The duty of due care requires that directors make decisions in good faith and on an informed basis, acting as a reasonable, prudent director would under the circumstances.

The securities laws, both federal and state, also impact directors. News announced by a company that has a material impact on its stock price will often result in litigation against the company and any individuals speaking on its behalf (such as directors), in which shareholders claim they were misled by misstatements or omissions in the company’s public disclosures. In securities offerings, directors may be required to sign a registration statement, which can subject them to liability for any misstatements, even where there is no showing that the director intended to deceive investors.

The risk that a director will face a claim is enhanced post-merger, when the company is going through a transition, key knowledge may have been lost, and directors may be initially familiarizing themselves with the business.

The risk that a director will face a claim—including for breach of fiduciary duty and disclosure violations—is enhanced post-merger. When the company is going through a transition, key knowledge may become lost, and directors may be initially familiarizing themselves with the business of either the target or the acquirer.

Board Composition

Managing risk for the post-merger board starts with the consideration of how the board should be constituted. For example, if the target will make up a significant portion of the post-merger company’s business, or if the target is otherwise of significant strategic importance to the post-merger company, it is advisable to consider including one or more target directors on the post-merger board, regardless of the deal structure. Such directors will have a head-start when it comes to knowledge of the target’s business and management, and there is often no substitute for the years of specific experience with the target’s business that a target director can bring to the post-merger board. Likewise, mergers often precipitate the retirement of long-serving directors of the acquirer. So, it is important to consider what type of experience and expertise is being lost and find replacement directors that can help fill any knowledge gaps.

No Target Directors Retained

When no directors are retained from the target, there may be increased risk because the board lacks the historical knowledge of those directors. Thus, the board must work to build its knowledge of the target’s operations, management, and prospects. In any material acquisition, the acquirer’s directors are likely to have a
foundations of knowledge of the challenges and risks facing the target. But that is only a starting place—directors should not assume that they have learned everything they need to know about the target from the diligence process.

Instead, where no target directors are retained, it is critical that the board undertake a comprehensive risk assessment of the target. Such a risk assessment should build on any substantive issues identified during diligence. In addition, the board should hold early meetings to discuss both risks and opportunities with key personnel from the target—not just the chief executive, but also personnel from finance, legal, risk management, information technology, and other key strategic areas.

Likewise, where the post-merger board includes no directors from the target, it is critically important to ensure that the new operations are integrated with existing monitoring and reporting chains to ensure that the board is receiving prompt information on the target’s business and prospects, including emerging trends and risk issues. By way of example, a federal court recently refused to dismiss a lawsuit against Facebook and its directors alleging that Facebook should have disclosed risk issues. By way of example, a federal court recently refused to dismiss a lawsuit against Facebook and its directors alleging that Facebook should have disclosed before its IPO that it was aware of a projected negative impact on its revenues as a result of the increased use of the company’s mobile platform over the then-more-lucrative desktop version.

Identifying emerging trends and risks requires ensuring that key information that exists at an operational level is being monitored by management and transmitted to the board. This can be difficult to accomplish in the wake of a period of change following a major acquisition or series of acquisitions. In an extreme example, Tyco International agreed in 2007 to pay almost $3 billion to settle shareholder class actions that named the company’s directors as defendants and alleged that Tyco made false statements concerning the company’s accounting following a rapid series of acquisitions. While the Tyco case is certainly at the extreme end of the spectrum (among other things, its CEO was convicted on criminal charges), it provides an important reminder that the board must be extra vigilant when the company is going through a period of change.

**Target Directors Join Board**

Retaining target directors can offset risks to the post-merger board in light of their expertise. At a minimum, target directors can provide valuable perspective on the acquired operations and insight into how to run the business going forward. Likewise, including target directors can help to mitigate risk for the overall post-merger board by bringing outside perspectives to the boardroom.

Even where target directors join the board, however, careful risk management is still required. While having target directors on the board can mitigate risk by bringing familiarity with the target to the boardroom, for example, overreliance on such a director is no substitute for diligence by the remaining directors. Each director individually owes duties to shareholders. While directors are generally entitled to rely on the advice and expertise of others, their duties cannot be delegated. Thus, while including target directors on the post-merger board is a good step to consider, each director has individual responsibility for the entire company, including the newly acquired operations.

In addition, as useful as they can be for the post-merger board, retained target directors face risks that should be mitigated. For example, target directors joining a new board should review any applicable internal policies and procedures of the acquiree, including policies governing conflicts of interest, insider trading, and confidentiality. Because policies can vary between companies, target directors joining the post-merger board should not assume that the rules are the same as they were in their old posts. Likewise, directors that are new to the board should protect themselves as any new director should, including by satisfying themselves—with the advice of counsel if necessary—that the corporation’s indemnification policies and D&O insurance are adequate to mitigate against the risk of personal liability to the director.

Target directors may also face a steep learning curve when it comes to the post-merger company’s business. The acquirer’s business may be far more expansive in scope than the target, and the post-merger company may be in business lines unfamiliar to a new director. Target directors joining the post-merger board must quickly familiarize themselves with the post-merger company, which should include reading the company’s latest SEC filings and outside analyses of the company, and meeting early with key executives to begin to understand the new company’s operations.

Directors joining from the target should also familiarize themselves with the advisors and experts upon whom the post-merger board will rely, and who typically will be different than those relied upon by the target’s board. Newly arriving directors should develop relationships with these key advisors early on, and certainly before crucial advice may be needed under more time-sensitive circumstances.

While it is rare to avoid all risk, especially in the sometimes chaotic post-merger environment, thoughtful preparation and early identification of potential challenges are the keys to mitigating the risk of liability to a post-merger board.

David B. Hennes is a litigation partner resident in Fried Frank’s New York office. Adam M. Harris, a litigation associate at the firm, assisted in the preparation of this article.
The Unchanging Face of Power in Corporate America

By Stephen M. Graham

Upon graduating from Yale Law School in 1976, I joined the largest law firm in Seattle as its first African-American attorney. Seven years later, I became its first African-American partner, and for years remained its only African-American partner.

At my current employer, one of the top technology law firms, there are only two African-American partners. Not much has changed in the upper echelons of corporate America since I graduated from law school so many years ago. Out of approximately 50,000 partners in major corporate law firms, more than 93 percent are white and less than 2 percent are African-American. Looking at the boards of major corporations, in just the Fortune 500 companies, more than 85 percent of the directors are white. Moreover, it seems that corporate boards are becoming less racially diverse, although women are making infinitesimal gains. Despite what many would have us believe, racial and gender diversity in corporate America is not quite a reality, certainly not in a qualitative sense. So, how do we effect fundamental change? My suggestions:

Those with influence need to use it.

Too often, progress is not made for the simple reason that those with influence do not see diversity as a priority. There will be little change until the vast majority of those empowered to make change consider change as a priority; until a significant number of those individuals take the initiative instead of standing on the sidelines waiting to support the initiatives of others. This includes significant shareholders.

Heads out of the sand. Amazingly, there are many who point out, correctly, that bigotry in America has declined significantly, and conclude, incorrectly, that meaningful diversity in corporate America exists. Meaningful diversity does not exist. Until we turn our focus from perception to reality, there is little chance that progress will be anything other than glacial.

Avoid circular arguments for maintaining the status quo.

When identifying potential new board members, care must be taken to avoid using criteria that will automatically, and unnecessarily, exclude candidates. For example, isn’t it obvious that if solving the problem of the absence of women and minorities on public company boards, you should not disqualify candidates because they do not have public company board experience?

Maximize each board member’s potential.

It is important to emphasize that the task does not end with the election of a minority or woman director. There must be a path to enable that individual to be successful. It is unlikely that a minority or woman will actually thrive in an environment where he or she does not feel truly comfortable, welcome, and accepted. The environment must be truly inclusive and mentorship must be provided.

The foregoing blueprint is relatively simple. To achieve progress, all it takes is the right amount of desire and effort, and perhaps, on the part of everyone, a little attitude adjustment.

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