

Directors to watch

Emerging voices of board leadership EDITED BY SCOTT CHASE

ANY ANNIVERSARY is a fresh chance to celebrate the past and survey the future. At Directors & Boards, we try to “look around corners” at the ongoing evolution of corporate governance. What new trends will keep directors awake at night? What regulatory or legislative initiatives will change the landscape of board responsibilities? Will the greed or inattention of a few create misery for the many? What new issues will arise from an increasingly activist shareholder population? What paradigms will emerge that make board service more rewarding and invigorating for those choosing this path?

And ... who will set the pace for board stewardship — and governance thought leadership — for the next decade or lon-

ger at the world’s most important corporations?

As part of our own celebration of three decades of service to North America’s leading companies, we’ve selected a handful of these emerging voices for your consideration. A panel of experts helped us with nominations, including partners at a leading executive search firm; board-level coaches and mentors; executive compensation, succession, and audit committee experts; and several senior board members.

In ensuing issues, we will present additional new voices, and over time we plan to revisit our “Directors to Watch” for their unique perspectives and to chart how their guidance instructs us all on the challenges and opportunities of 21st century board service.

R. KERRY CLARK

*President and CEO,
Cardinal Health Inc.*

Kerry Clark joined Cardinal Health in April 2006 from Procter & Gamble Co., where he served as vice chairman of the board and was responsible for the company’s \$20 billion family health business. During his 32-year career with P&G, Clark had considerable strategic, operational, and corporate management experience and held leadership positions in North America and Asia.



Since beginning his career with P&G in Canada as a brand assistant in 1974, he held positions of increasing responsibility, including group vice president of laundry and cleaning products, president of P&G Asia, and president of global market development and business operations.

Going beyond tradition: “In today’s complex regulatory and globally competitive environment, directors have a clear role in helping management understand and mitigate risks that go beyond the traditional financial matrices. Regulatory and supply-chain risks may be less top-of-mind with management but can quickly affect a company’s ability to operate. Two years ago, most companies had never contemplated a global pandemic, but today it is included in any

well-planned business continuity program.

“Directors also play important roles in ensuring strong talent development programs are in place. Beyond the CEO, directors need to know leaders in key roles and engage in development programs to ensure the organization has the bench strength to compete and grow.”

DINA DUBLON

Director

Dina Dublon is a director of Accenture, Greenstone Media, Microsoft, and PepsiCo. She is a trustee of Carnegie Mellon University and a board member of the Global Fund for Women and the Women’s Commission for Refugee Women & Children.

Until October 2004, Dublon was executive vice president and chief financial officer for JPMorgan Chase. She joined as a trainee on the trading floor in 1981; over her career she was closely involved in the negotiation and integration of the mergers of Chemical Bank with Manufacturers Hanover, Chase, JPMorgan, and Bank One.



She has graced the Fortune list of the 50 most powerful women in business for several years and has been honored by many organizations as a “Woman Who Makes a Difference.”

She is an active advocate for women’s issues.

More than PR: “Where there is wealth creation there are broader responsibilities to society. Dealing with the effects of offshoring, health, or environmental concerns takes much more than public relations. Effective management of such issues must start with the board and can present opportunities, not just risks.”

VIRGINIA GAMBALE

Managing Partner, Azimuth Partners LLC

Virginia Gambale is a successful investor and technology leader. Azimuth Partners, which she founded in 2003, operates globally, developing



growth strategies and business partnerships and executing successful exits for technology and business service companies. Prior to 2003, she held senior management positions, including CIO, at such global corporations as Merrill Lynch, Marsh & McLennan, Bankers Trust Alex. Brown, and Deutsche Bank.

She is highly regarded for her innovative thinking, personal involvement, concern for people, and ability to deliver results. Gambale has been honored with such prestigious awards as the Forbes Great Communicators (1999) and was named one of the top three CIOs on Wall

Street (1997).

She has served on more than 20 public and private boards, including JetBlue, Motive, Workbrain, Voxpath, IQ Financial, and Synchronoss Technologies. She has often served as board chair and compensation and transaction committee chair.

Time, experience, and challenge: “Board composition needs to shift away from the status quo and move toward selecting individuals who are truly willing to commit the time to digest and understand the facts at a deep level, have the expertise and track record in diverse areas related to a company’s strategic and operational components, and have the ability to challenge assumptions. As a result, investor confidence in public markets may return.”

KAREN HORN

Director

Karen Horn most recently served as managing director and president of Global Private Client Services at Marsh & McLennan. Previously, she headed the International Private Banking Group at Bankers Trust. She is the former chairman and CEO of Bank One. Before that, she was president of the Federal Reserve Bank of Cleveland and treasurer of the Bell Telephone Co. of Pennsylvania.

Horn serves as the lead director of Eli Lilly and Co. and on the boards of T. Rowe Price Mutual Funds, Simon Property Group Inc. She chairs the compensation and governance committees of Eli Lilly and Simon Property Group, respectively. As this issue was going to press, she was named a director of Fannie Mae.

She chaired the audit committee of the Rockefeller Foundation and currently chairs the audit committee of the U.S. Russia Investment Fund, a presidential appointment. She is a former director of Georgia-Pacific Corp., TRW Inc., and Rubbermaid Inc.

Regaining trust: “We have been living through a time when corporate scandals have caused a large part of the public to have a low opinion of the entire business community. Regaining the reputation of private enterprise as a positive force in society is an essential part of allowing business to play its economic role of providing jobs and products and services to customers



and citizens. In addition, as a major institution in society, business should play a leadership role in shaping society. It is essential that our behaviors are worthy of the trust of our fellow citizens for us to be effective in this role.”

ROBIN JOSEPHS

Managing Director, Starwood Capital

At Starwood Capital, Robin Josephs is responsible for spearheading organizational restructuring, hiring, compensation, and new investment initiatives. She also leads capital raising, client service activities, and all public relations/corporate communications efforts.

Prior to joining Starwood Capital, Josephs worked at Goldman Sachs, where she was responsible for equity capital markets activities in the real estate and industrial sectors, including IPOs, secondaries, follow-on offerings, and specialized products. She was involved with new business development, structuring, and pricings. She also worked closely with investment banking, trading, and the sales force.

Josephs sits on the boards of iSTAR Financial and Plum Creek Timber, where she serves on their audit and compensation committees. She was formerly a member of the board of Instinet Group LLC and ITT Educational Services.

Unprecedented transparency: “Serving as a corporate director of public companies has been profoundly gratifying over the past eight years, especially given the dramatic changes and increased focus on corporate governance that has occurred recently. Shareholders now seem to be getting the focus and attention they have always deserved and, as a result, our companies now operate with an unprecedented transparency that benefits everyone. It has always been and will continue to be my goal to appropriately align the interests of all the stakeholders.”

ANDREA JUNG

Chairman and CEO, Avon Products Inc.

Andrea Jung is responsible for developing and executing the company’s long-term growth strategies, launching new brand initiatives, developing earnings opportunities for women worldwide, and defining Avon as the premier direct seller of



beauty products. She was appointed CEO in 1999 and elected chairman in 2001, and has been a member of the board since January 1998. Prior to her current roles, Jung was president and COO, with full P&L responsibility for Avon’s business units worldwide. From 1996 to 1998, she held senior-level positions within Avon’s product marketing group, where she oversaw research and development, market research, strategic planning, joint ventures and alliances.

In 2005, Jung was ranked fifth on Fortune magazine’s “50 Most Powerful Women in Business” list and has been on that list since its inception. Also last year the Wall Street Journal ranked Jung third on its list of “50 Women to Watch in Business.”

Exceptional vigilance: “Being part of a corporate board is a tremendous privilege and a tremendous responsibility. The board is ultimately accountable for every aspect of a company’s performance, so exceptional vigilance is required to ensure the right leadership capabilities, controls, and ethical practices. A well-composed board also brings a diversity of external perspectives and experiences which help to strengthen overall governance.”

ALICE T. KANE

North America General Counsel, Zurich Financial Services Group

Alice Kane has been a successful financial services executive for more than 30 years. She led both legal and asset management operations for major companies as well as at entrepreneurial start-up firms. She has also served as an independent director on public boards since 1998.

Kane holds public company board seats at Guess? Inc., the clothing retailer, and Corinthian Colleges Inc., one of the largest post-secondary education companies in North America. She is

also a trustee for Sparx Funds Trust, a Japanese equity mutual fund, and serves on two not-for-profit boards, the Tourette Syndrome Association and the Keck Graduate School of Applied



Life Sciences.

A united front: "In this heightened time of public scrutiny, the longstanding challenge to balance the board's oversight role without hampering management's running the company becomes increasingly difficult for both directors and managers. The board is required to know more about the company's operations, and focus on compliance with tougher regulation. This emphasis on compliance and board oversight clearly protects long-term shareholder value, but can often be at odds with the pressure on management for quarterly results.

"My advice to anyone considering board service is: Be ready for a challenge. Check the D&O coverage, and bond with your fellow directors — when the crisis comes, and it will, the board needs to be a united front."

BARBARA J. KRUMSIEK
President and CEO, Calvert

Barbara Krumsiek is president and CEO of Calvert, an investment firm with more than \$12 billion in assets. Krumsiek's career in the investment industry spans three decades. Before coming to Calvert, she was a managing director at Alliance Capital Management LP.



Throughout her career, Krumsiek has been recognized as a preeminent business leader. She was named among Washington, D.C.'s "100 Most Powerful Women" by Washingtonian Magazine and one of the "Top 100 Maryland Women" by the Daily Record, a business and legal newspaper in the state.

Since joining Calvert as president and CEO in 1997, Krumsiek has served on the board of directors for each of the funds in Calvert's family of 31 mutual funds, and chairs the board of the Calvert Variable Series Trust. She was elected chair of the board of Calvert Group Ltd. in January 2006.

Time, energy, focus: "I have always viewed board service as just that, a 'service' to shareholders and stakeholders. There is a great deal of satisfaction that comes from contributing to the success and sustainability of a company, a mutual fund, or a not-for-profit entity. However, the rising demands on directors to devote more time, energy, and consistent focus to board

matters show no signs of abating. Fresh viewpoints from increasingly diverse boards can only strengthen corporate governance and corporate performance."

ANDREW N. LIVERIS
Chairman and CEO, Dow Chemical Co.

Andrew Liveris's 30-year career at Dow, a \$46 billion global chemical and plastics manufacturer, has spanned manufacturing, sales, marketing, new business development, and management. He has spent the bulk of his career in Asia, where he was general manager for the company's operations in Thailand and later headed all Asia-Pacific operations. He began his Dow career



in 1976 in Australia.

Liveris has been a member of the Dow board since February 2004 and was elected chairman effective April 1, 2006. He serves on the board of Citigroup.

Exercise of leadership: "If there ever was a time when boards could be a distant and compliant endorser of management, those days are gone. For companies and organizations that expect to be leaders in their industries in the 21st century, the board of directors must be an active and engaged partner in developing the key ingredients of that leadership, especially in the areas of succession, development of talent, governance, corporate social responsibility, risk management, the evaluation of new opportunities, and long-term strategy. This is another way of saying that the board itself will be called on to exercise leadership, not simply to ratify the leadership of management."

ANNE M. MULCAHY
Chairman and CEO, Xerox Corp.

Anne Mulcahy was named CEO of Xerox on Aug. 1, 2001, and chairman on Jan. 1, 2002. She was president and COO of Xerox from May 2000 through July 2001. Prior to that, she was president of Xerox's general markets operations, which created and sold products for reseller, dealer, and retail channels.

She began her Xerox career as a field sales representative in 1976 and assumed increasingly responsible sales and senior management positions. From 1992-1995, she was vice president for

human resources, responsible for compensation, benefits, human resource strategy, labor relations, management development, and employee training. She became chief staff officer in 1997 and corporate senior vice president in 1998.

More welcome scrutiny: "Today's environment brings more welcome scrutiny on governance and on directors' actions in keeping the interests of shareholders at the center of business decisions. That means the role of director takes on heightened visibility and accountable responsibility. I view this as an active, not a passive, responsibility. Effective directors are those who invest the time, take the risks, and make the commitment to active participation not only when times are good but also when faced with challenges."



MARILYN R. SEYMANN
Associate Dean, Arizona State University College of Law

Marilyn Seymann is a highly regarded business leader and a leading author and speaker on governance issues. Previously, she served as president and chief executive at M ONE Inc., a Phoenix-based consulting firm. She serves on the boards of public and private companies and is a founding partner of The Directors' Council. Her most recent book, *The Governance Game*, focuses on the sources of board failure and offers realistic solutions.



She currently serves as a director of MAXIMUS, which provides program management and information technology services to governments, and State Farm Bank. She previously served as chairman of Northwestern Corp. Previous board service included True North Communications, Beverly Enterprises, Provide Commerce, EOS International, American Tool Co., and Community First Bancshares. Seymann is also a member of the faculty and a Blue Ribbon Commissioner of the National Association of Corporate Directors.

In 2003, she and seven other prominent busi-

ness women founded The Directors' Council, a search firm that focuses on finding, developing, and placing qualified women and minorities on corporate boards.

Integrity: "Corporate integrity is both the first principle of business and an essential aspect of corporate risk management. No amount of ethics policies, independent board members, or audit committee oversight can immunize a board from integrity risk. Good governance is active, not passive, and directors who fail to take an active role in providing leadership and direction will diminish their companies, their management teams, and their own legacies."

SHIVAN SUBRAMANIAN

Chairman and CEO, FM Global

Shivan Subramaniam's career spans nearly 30 years in the insurance industry. He was elected president and CEO of FM Global in 1999 and named chairman in 2002. Prior to that, he was chairman and CEO at Allendale Insurance, a predecessor company of FM Global. He joined Allendale in 1974 and was elected president in 1992.



Subramaniam serves as director of Citizens Financial Group and the Rhode Island Public Expenditure Council, and is one of the governor's

appointees to the Rhode Island Economic Policy Council.

Critical roles: "In today's highly charged regulatory environment, corporate governance must be embraced by the board as well as senior management, because both play critical roles in ensuring the organization is governed properly and efficiently. The healthiest organizations are those in which the board participates with senior management in the development of strategic direction, and expects senior management to make key tactical decisions while keeping the board informed of those decisions."