

Board-ing School

A growing number of programs are being offered to teach board-member skills.

Roy Harris, CFO Magazine

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When it came to selecting a training program for corporate directors last February, Phoebe Wood moved right to the head of the class.

The executive vice president and CFO of Louisville-based Brown-Forman Corp. chose a course called "Directors' Consortium," offered at the University of Pennsylvania and featuring professors from its Wharton School, the University of Chicago Graduate School of Business, and Stanford Law School. The three-day program cost nearly \$5,000, but when it was over, Wood was enthusiastically recommending it to other members of the board at children's-wear maker OshKosh B'Gosh Inc., where she chairs the audit committee and serves on the compensation committee.

"If you go to a class at just one of the schools, you get their flavor. But if you go to the Consortium, you get an incredible faculty interchange involving all of them," she says. Governance updates about the Sarbanes-Oxley Act of 2002 and discussions about audit-committee matters had value to her both as a director and as a CFO reporting regularly to a board, she adds.

Some 300 board members a year spring for the Consortium, which offers four programs in a revolving schedule in Philadelphia, Chicago, and Palo Alto, California. But in the post-Enron era, it's just one of a growing number of programs designed to increase board-member skills and acquaint directors with the nuances of regulatory reform and the new investor environment. For the most part, such classes are offered by a range of business schools—at Harvard, Dartmouth, Northwestern, Emory, and San Diego State, among others—by law firms and Big Four accountancies, and by professional groups like the National Association of Corporate Directors (NACD).

A Triathlon-Style Challenge

Mark Zorko, who serves as CFO for various corporate clients as a partner in finance and IT professional-services provider Tatum Partners, likes "how the NACD programs balance the whole landscape of directorship."

This year he attended "Director Professionalism" in Washington, D.C., which costs \$1,395 for nonmembers. (Other NACD topics include the audit, compensation, and governance committees.) The course helped Zorko prepare for his first public-company director job, which he is eagerly starting to seek.

Why be so eager to join a board, when others fear the extra pressures and potential liabilities? "It's both personal and professional," says Zorko. Serving as a director, he explains, would enable him to build his own resume while offering others his finance experience, particularly that involving troubled companies.

"Maybe it's a contrarian point of view," adds Zorko, who just turned 50. "Last

year I did an Ironman Triathlon, then I asked myself what I'd do for a challenge this year."

The latest NACD thrust has been to develop eight-hour "in-house" trainings for a company's directors, generally scheduled in conjunction with a board meeting. "We didn't even offer this until 2001, and now we're doing more than 25 a year," says NACD director of research and COO Peter Gleason, who adds that instructors tailor each program to the specific board's situation. The standard fee is \$15,000 a day.

Jim Barth, CFO of San Jose, California-based IT-security software maker NetIQ Corp., sees advantages in bringing in-house programs to a company's board. But after his experience at a four-day Stanford Graduate School of Business program, he would opt for such a university format instead. Bringing in a team of instructors shouldn't be "a panacea for training," he says. "At the end of the day, having diversity of thought and the opinions of a range of board members is very important."

At the \$5,200 Stanford program "Corporate Governance: Effective Oversight for Today's Board Members," Barth says, he was surprised by the stress on board communication "and how to be a better listener." The ramifications of Sarbanes-Oxley were covered, as were ethical considerations of board membership. But Barth says the program was broader than that, while following "the basic thread of reform in legislation, regulation, and the tenor of investors." Like Zorko, Barth is seeking his first public-company director post.

Applause for a Lawyer

In February, The Conference Board launched its one-day Directors Institute programs, accepting only sitting corporate directors and exposing about 25 attendees to a more interactive format than most universities use. The class, attended in June by Martha Goss, who serves on the finance, audit, and compensation committees at engineering and construction company Foster Wheeler Inc., led to a valuable dialogue about how Sarbanes-Oxley reforms play out in the nation's courts. One speaker, a lawyer who has practiced on both the public and private sides, brought home lessons of some recent Delaware court interpretations of corporate-governance issues, says Goss, who also is COO of Hopewell Holdings LLC, the parent of a New Jersey-based healthcare reinsurer. Some judges "are taking a tougher stand" on corporate-governance matters than even the lawmakers intend, she says.

"I'm reading a lot on Sarbanes, but these are nuances you don't pick up from reading." The Conference Board programs generally cost \$3,000 to \$4,000 each, with group rates for multiple directors.

At their best, director trainings can deliver messages not soon forgotten. For Brown-Forman's Wood, the single greatest impression of the Wharton-Chicago-

Stanford Consortium session was a presentation by attorney Charles E. Davidow, a securities-law expert who had represented the special committee that Enron's board created to investigate the entities controlled by former CFO Andy Fastow. In the class, Davidow played the Fastow role in a boardroom simulation. "He stood in front of us and gave the speech that he would have given to the audit committee in defense of some of the partnerships that ultimately led to Enron's demise," says Wood. The entire class broke into applause, she recalls.

"It really hit home how important it was not to just listen and accept a judgment from someone you trust-because [the Enron board] obviously trusted Fastow," says Wood.

Training Days

Some selected director-education programs.

University of California, Los Angeles
Corporate Governance Programs
www.directors.org

University of Chicago, University of Pennsylvania (Wharton), University of Stanford Law School Directors' Consortium www.directorsconsortium.net

Conference Board
Directors' Institute
www.conferenceboard.org/knowledge/govern/govInstitute

University of Dartmouth (Tuck)
Center for Corporate Governance
www.mba.tuck.dartmouth.edu/ccg

Duke University
Directors' Education Institute
www.fuqua.duke.edu

Emory University (Goizueta)
Directors' Institute
www.goizueta.emory.edu/execed/di.html

University of Georgia (Terry)
Directors' College
www.terry.uga.edu/exec_ed

Harvard University
Corporate Governance Series
www.exed.hbs.edu/programs/cgs

National Association of Corporate Directors Various programs
www.nacdonline.org

Northwestern University (Kellogg)
Corporate Governance Programs
www.kellogg.northwestern.edu/execed

PricewaterhouseCoopers, University of Delaware Directors' College
www.be.udel.edu/ccg

San Diego State University, Corporate Directors Forum Corporate Governance
Institute www-rohan.sdsu.edu/dept/corpgov

Stanford University
Corporate Governance Program
www.gsb.stanford.edu/exed/cgp

Stanford Law School
Directors' College
www.law.stanford.edu/programs/execed

New York Stock Exchange, New York University (Stern) Directors' Institute
www.nyse.com

University of Texas at Dallas
Institute for Excellence in Corporate Governance www.som.utdallas.edu/iecg

Western Institute for Corporate Governance Directors' Symposium www.wicg.net

Source: Institutional Shareholder Services (www.isscgq.com)