

FROM THE OFFICE OF

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## **The Grass is not Greener**

*A review of the NACD National Conference, 16-19 October 2010 Washington, DC*

Australian company directors often complain about the pace of regulatory change and the ever increasing burdens and liabilities of directorship. They will possibly not be comforted to hear that their counterparts in the USA are voicing similar concerns.

At the National Association of Corporate Directors' (NACD) conference the overriding impression gained from delegates and sessions alike was one of immense change and a dedication to doing the right things as well as to doing things right.

The conference started with pre-forum sessions on the new expectations of audit committees, compensation, finance, nominations and risk governance. These were exhaustive and exhausting sessions in which leading directors voiced their concerns with a candour that was matched only by the expertise and generosity of the session leaders in sharing what they knew.

Each day of the conference was preceded by a 'power breakfast'; at 6.45am I wasn't feeling all that powerful but the two I attended (there were more but I couldn't manage to be in two places at once) on board leadership and board performance evaluation were terrific. In board leadership we examined different structural arrangements and how they impact board function with assistance from Korn Ferry. In Performance Evaluation we discussed KPIs and methodologies for board performance reviews that really make a difference.

The main plenary sessions were a varied selection ranging from uplifting, through informative to downright scary. They included:

- **Boards and 'the Big Stuff'**: Kenneth Daly led this discussion of the recent and expected developments in the regulatory and societal board environments. Australian directors can be thankful they don't have the Dodd-Frank act to contend with. This was a bit of a worrying session but the presentation was full of practical ideas on how to go beyond compliance to add value through governance.
- **Just Do It! Board-Shareowner Communications for 2011**: This highly topical event got the conference off to a high-energy start. A panel of experienced directors shared practical insights on how they are reaching out to engage their shareholders and Broad which gave insights into the use of technology and services that make this possible.

- **Performance Metrics:** The recommendations of the brand new Blue Ribbon Commission report were discussed by a panel of experienced directors. All participants got a complimentary copy which will be very useful for me as I can incorporate some of the latest thinking into my board reviews.
- **Emerging Legal Trends:** Another powerful panel gave insights into legal developments and trends and provided ideas for managing director liability.
- **Globalizing the Board:** Former U.S. Trade Representative, the Honourable Susan Schwab gave valuable tips on developing a board's Global IQ and reasons to think beyond national borders when there are board seats to fill.
- **Courageous Board Leadership:** This was another highlight. Two 'old friends' with long and distinguished board and public service careers talked as though at their own fireside. My favourite quote was the section on remuneration policy and its effect of behaviour when the Honourable Norman R. Augustine casually mentioned that whilst you could not herd cats 'you can move the food'.
- **Audit Committee Effectiveness: Tasking the C-Suite:** Insights to improve the efficiency and effectiveness of the committee in a time of increasing pressure from another diverse panel. I asked about their views on some of the practices emerging in Australian government sector boards where independent financial experts were appointed to audit committees because the board didn't have the requisite skills. The answer was a swift 'get board composition right and you won't need to do that'.
- **Restoring Confidence in Big Business: The Role of the NYSE:** Duncan Niederauer, CEO of NYSE Euronext, threw down the gauntlet with a challenge for directors to rebuild public confidence in the ability of boards to govern without external restraint.
- **The SEC Agenda for 2011:** Mary Schapiro's closing address was another highlight; a room full of exhausted directors sat up and hung on her every word. It was worth it. The refreshing candour made me actually wonder if the grass was greener 'over states-side'.

There were also some excellent concurrent sessions. I presented at one of these on Digital Directorship – the challenges and benefits of new technology for boards in their application to business, board management and director education. It was well received and the main complaint was that the room was too small (which was because too many people were trying to squeeze into it). My co-presenters Fay Feeney and Neil Braun were fantastic and we had a riotous assembly allowing the audience to take control just as they do on the internet.

Now, as the jet-lag fades and I review the conference, it is clear that the challenges are similar but different and that directorship is a complex and evolving duty wherever you happen to practice. It will take me a while to consolidate all the learning from this conference but it was definitely worth the effort and travel to attend. There were, of course, numerous opportunities to network with my peers, not just from America as there were participants from Indonesia, Brazil, and many European nations. The friendships and welcoming atmosphere of colleagues will certainly stay with me. I am already looking forward to returning again for the next conference.