Course Syllabus

Course Overview

Serving on a Board of Directors for a company is different than being in management.

To be effective as part of the new wave of business leaders, you will need to have a good understanding of the role of the board, whether you are working for a board, you are a board member yourself or you are organizing a board for your own company. It’s a fact that boards are playing a much bigger leadership role in the corporate world today than they did just five years ago.

We will explore how an effective board can provide a competitive edge and play an important role in the long-term success of a business. But we will also look at the other side of board performance—the role of oversight and the well-publicized problems of companies where the board was inattentive or worse.

This course is designed to go beyond the textbook and behind the headlines to bring you the perspective of business leaders who have been and who are serving as board members and CEOs of major corporations in the region as well as those who have played key roles in emerging companies. You will receive tips on how to be effective, hear their “war stories” and you will have plenty of time to ask them questions.
What will you learn from this course? You will learn:

- How do boards add value.
- What are the characteristics of a high-performing board.
- What you should ask before agreeing to join a board.
- What do boards want in recruiting new members.
- What makes a good board member.
- What are differences in the board’s role in public companies, private companies (both mature and early-stage) and nonprofit organizations.
- How do boards fulfill their fiduciary responsibility.
- What is the board’s role in risk oversight? Strategy development? Succession planning.
- How do boards hire and fire a CEO?
- How do boards balance the interests of shareholders with those of stakeholders.
- What are the implications of increased shareholder activism.

This course is designed to address these key questions and others related to the roles and relationships of CEOs and their boards as corporate governance continues to experience dramatic changes. The focus will be more on the board’s effectiveness and its value-added work than on compliance with new laws, rules and regulations.

Learning will come through a combination of lectures, relevant readings, class exercises and presentations by practitioners.

This course is conducted in Spring Quarter each year for a reason. It falls during the Annual Meeting season for most companies and results in media coverage of lively shareholder meetings, contested board elections, changes in top executives and shareholder protests over executive compensation and board independence.

One of the most popular features of the class in recent years has been the visit to the boardroom of F5 Networks, one of the Seattle area’s top technology companies. We will visit this year on May 5 and again will hear from CEO John McAdam and two of his senior executives on what really happens at a corporate board meeting. McAdam was selected as the region’s CEO of the Year in 2013 by the Puget Sound Business Journal.

Another popular feature has been the opportunity for students to engage with our guest speakers other than just in their classroom presentation. Two students at a time will have a chance to talk with each of the speakers prior to their appearance.

This course will explore the role of boards from a number of perspectives. We will be using a new textbook that was just released early last year, has received great reviews in the business media and is being used by other leading business schools.

The primary focus of the course will be on boards for large and medium-sized, mature companies but most of the lessons to be learned in this course can be applied to boards for organizations of all types. In addition, however, well-qualified speakers will also give attention to the unique features of boards of early-stage companies and nonprofit organizations.
Instructor

Neil McReynolds, veteran board member, long-time corporate executive, civic leader and for the past 16 years, a corporate governance consultant. This is his 14th year of teaching this class. He is currently Board Chair at Horizon Home Care and previously chaired the boards at Washington Dental Service (now Delta Dental of Washington) and Horizon House. He is Director Emeritus of HomeStreet Bank where he served on the board for 23 years and has been a member of other business boards. Also, he served as President of the Northwest Electric Light and Board Association. In addition, he is currently Vice President of the Northwest Chapter of the National Association of Corporate Directors and Vice Chair of the Board of Group Health Foundation.

For 15 years, he was an executive at Puget Sound Power & Light (now Puget Sound Energy), serving as Senior Vice President and a member of the company’s four-person Executive Committee. His other management roles include being the editor of the newspaper in Bellevue, Press Secretary/Communications Director for Washington Governor Dan Evans, Northwest Regional Manager for International Telephone & Telegraph (ITT) and Vice President of Kaiser Permanente/Group Health for the Northwest States.

McReynolds has served on more than 60 boards and has been chosen as Board Chair of many of them, including the Fred Hutchinson Cancer Research Center, Eastern Washington University, Bellevue Community College, Washington State Chapter of Nature Conservancy, Seattle-King County Economic Development Council, Downtown Seattle Rotary Club, and the Rainier Club. He has been honored for his board work locally and statewide, and is a certified Board Leadership Fellow of the NACD.

Required Materials

The textbook for the class will be: *Boards That Lead: When to take charge, when to partner, and when to stay out of the way*. It is co-authored by Ram Charan, Dennis Carey and Michael Useem and published by the Harvard Business Review Press. Charan, whose textbooks we have used in the past, is best known as one of the leading governance gurus in the world.

To keep the class timely and topical, current articles will be posted on Canvas. In addition, the biographies of our 16 guest speakers will be distributed to the class in advance of their appearance along with any relevant reading material.

Preparation for class requires reading and understanding of the subject material for the day. The texts, the articles and the class speakers will often show different viewpoints on the same subject, so you need to look at the topics from more than one perspective.

Class Preparation

Your effort to participate in raising questions to our guest speakers and in class discussions will make you successful in this course. There will be assigned readings from our texts and selected articles, which will be discussed in class. Our distinguished speakers will share their thoughts and experiences but will
leave a significant amount of time for questions, giving you a chance to probe their leadership experience in their careers as executives and board members. You will also have a chance to make presentations on current governance issues in the news media and lead discussions of the class. Your active participation in all aspects of the class is the key to learning.

If you are able to make the effort, you will be rewarded with fascinating insights into the real world where often experience triumphs over hope.

Class Agenda

Verbal and written skills are critical for success as a board member as well as in management. This class puts a high priority on your ability to present your ideas clearly and concisely and to educate your peers.

CLASS DISCUSSION is very important just as discussion is important in a board or management meeting. We will have discussions after guest speakers, lectures and presentation of current news topics by class members. Active participation by each member of the class is expected and will be part of the final grade.

QUIZZES will be conducted during the quarter. There will be four regular quizzes, followed by a make-up quiz on the final day of the quarter June 4. The quizzes will consist of essay-type questions where you can choose of three of four questions to answer.

QUESTIONS FOR GUEST SPEAKERS will be required. Asking good questions is an important aspect of being a good board member. For each speaker, students are expected to submit five written questions two days prior to when the speaker is scheduled. The speaker’s bio and topic for the day will be provided in advance. Further research on the web is encouraged.

TERM PAPER will be required to be submitted by May 21. The paper should be no more than 8 pages, double-spaced. A list of topics for your term paper will be distributed on the first day of class. If you wish to write on a different topic from those on the list, please discuss it with the instructor for his approval prior to the end of April.

NEWS TOPIC PRESENTATIONS will be made by two-person teams of students during the quarter. Choose a partner and sign-up on the second day of class. Your team will be asked to make a 10-minute presentation on a current business topic related to corporate governance and then lead a class discussion. During the quarter be aware of what is important and timely as reported in the news media locally and nationally. The governance subject you choose for your presentation should be of interest to the entire class and should provide material for an interesting discussion.

Grading Components

Final grades in this course will be calculated based on the following components:

- Class Participation** 25%
- Quizzes 30%
• Term paper 25%
• News topic presentation 20%

**Class participation** includes participation in class discussions that will occur as part of every class during the quarter and in preparing and asking questions of the guest speakers.

## Communications with Instructor

**COFFEE SESSION:** At least once during the quarter, the instructor would like to have “coffee” with each student. The sessions will run from 2:30 to 3:15 in a reserved room near our classroom. There will be a sign-up sheet for these “coffee” sessions at the start of the quarter. Depending on the number of students in the class this spring, we will schedule one or two students at a time in order to give everyone a chance.

**OTHER COMMUNICATIONS:** The instructor’s office for his business is in the middle of Downtown Seattle, but he can arrange to meet with you on campus. The best way to contact him is by email. Contact information: nmcreynolds@seanet.com or by phone (206) 310-2607.

## Class Schedule

Below is the list of guest speakers committed for the quarter and the dates they will be at the class for the first hour (3:30 to 4:30). A list of topics for the day and reading assignments will be distributed on the first day of class.

**April 7:** Boh Dickey, current Board Chair, Clearwater Paper Company; Audit Committee Chair, Potlatch Corp. Retired, President, SAFECO Insurance Company, and Audit Partner, Deloitte & Touche.

**April 9:** Dick Cooley, retired CEO, Wells Fargo Bank and Seafirst Bank; former board member, United Airlines, PACCAR, Pacific Gas & Electric, Burlington Northern Railroad; first instructor, this class

**April 14:** Deanna Oppenheimer, CEO, Cameo Works; former chief executive of UK Retail and Banking and other executive roles at Barclays Bank; current board member in both U.S. and UK.

**April 16:** Mack Hogans, Board Chair, Cambia Health Solutions; Board member, Regence Blue Shield, US Bank Washington, Boise Cascade. Retired Senior Vice President, Weyerhaeuser.

**April 21:** Kyle Polanski, CEO, Blue Dog Bakery; previously with Intracorp Capital and Windswept Capital; former student in this board leadership class.

**April 23:** Phyllis Campbell, Chairman Pacific Northwest, JP Morgan Chase; Lead Director, Alaska Airlines; also current board member, Nordstrom, PATH; Toyota Diversity Advisory Board.
April 28: Liane Pelletier, Non-Executive Chair, Icicle Seafoods; Board member, Expeditors International, Atlantic Tele-Network; President, Northwest Chapter, National Assoc. of Corporate Directors.

April 30: Jon Fine, President/CEO, United Way of King County (the largest United Way in the nation), Current board member, Seattle Bank, several nonprofits; former executive, Puget Sound Bank.

May 5: Visit to F5 Networks board room—John McAdam, CEO; Scot Rogers, Executive VP and General Counsel; Greg Davis, Senior VP and Corporate Controller.


May 14: Tom Porter, retired bank executive, former national executive with Touche Ross (CPA). Former Board Chair or Lead Director, Shurgard Storage, Flex Car, Charter Bank and other companies.

May 19: Paula Reynolds, current board member, Delta Airlines, Anadarko Petroleum, BAE Systems, TransCanada Corp.; NACD’s 2015 National Director of the Year. Former CEO, two companies.

May 21, Judy Runstad, current board member and committee chair, Wells Fargo Bank; former board member, Potlatch, SAFECO, Puget Power; Past Chair, Federal Reserve Bank of San Francisco.

May 26, Neal Dempsey, general partner of Bay Partners, venture capital firm with more than 250 successful businesses, $700 million under management currently. Long-time board member.

May 28, Scott Armstrong, President/CEO, Group Health Cooperative, one of the nation’s largest consumer-governed health care systems; various leadership roles in health care industry.

June 2, Colleen Brown, current Board Chair, American Apparel; board member, True Blue, DataSphere Technologies, Port Blakely Companies. Northwest Managing Director, Newport Board Group.