CEO AND BOARD LEADERSHIP

Insiders’ View of Corporate Governance

Management 550
Spring Quarter 2016

Foster School of Business
University of Washington

Course Syllabus

BASIC INFORMATION

Instructor: Neil McReynolds
Phone/email: (206) 310-2607; nmcreynolds@seanet.com
Office hours: By appointment.
Class: T-Th 3:30 to 5:20 p.m.
Classroom: 393 PACCAR Hall.

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 role in the corporate world today than they were 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 CEO’s 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 you will 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 the 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 issues and others related to the roles and relationships of CEO’s and their boards as corporate governance continues to experience dramatic changes. The focus of the course will be more on the board’s effectiveness and its value-added work than on compliance with new laws, rules and regulation.

Learning will be 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.

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

The course will explore the role of boards from a number of perspectives. We will be using a textbook that was published two years ago and 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 17 years, a corporate governance consultant. This is his 15th year of teaching this class. Neil is currently Board Chair of Horizon Home Care and has chaired the boards at two other businesses---Delta Dental of Washington and Horizon House. He has served on other business boards and is Director Emeritus of HomeStreet Bank where he was on the board for 23 years. Among his industry leadership roles was serving as President of the Northwest Electric Light & Power Association that included the utilities from eight Northwest states and the western provinces of Canada.
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 The 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 National Association of Corporate Directors.

**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 17 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 be distributed to the class in advance of their appearance along with any relevant reading material.

**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 spread throughout the quarter (April 14, April 28, May 12 and May 26), followed by a make-up quiz on the final class of the quarter June 2. The quizzes will consist of essay-type questions where you can choose 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 will be expected to submit five written questions a week in advance of when the speaker is scheduled. The speaker’s bio and the 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 governance 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 interesting discussion.

Grading Components

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

- Quizzes 30%
- Term paper 25%
- News topic presentation 20%
- Class participation 25%

Class participation includes participation in class discussion that will occur as part of every class during the quarter and in the 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 2:15 to 3:15 in a reserved room near classroom. There will be sign-up sheets for these “coffee sessions” during the first week of classes. Depending on the number of students in the class this spring, we will schedule two or three 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 will 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 plan for quarter, including the list of guest speakers committed 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 at the start of the quarter.

March 29: First day, orientation, expectations, why focus on boards, sign-ups.

March 31: Board basics lecture.

April 5: Mack Hogans, Board Chair, Cambia Health Solutions; Lead Director, Boise Cascade Co.; board member, Regence Blue Shield and U.S. Bank of Washington.

April 7: Gubby Barlow, Retired CEO of Premera Blue Cross; previously, executive at Health Net and AHI Healthcare systems; board member, First Sound Bank and Implantable Provider Group, Inc.

April 12: Tom Porter, retired bank executive; former national executive with Touche Ross & Co. (CPA); Board Chair or Lead Director, Shurgard Storage, Flex Car, Charter Bank; other company boards.

April 14: Liane Pelletier, Non-Executive Chair, Icicle Seafoods; Board member, Expeditors International, Atlantic Tele-Network; President, NACD’s Northwest Chapter; former telecommunications exec.

April 19: Judy Runstad, Director and Chair, Board’s Social Responsibility Committee, Wells Fargo Bank; former board member: Potlatch, SAFECO; Past Chair, Federal Reserve Bank of San Francisco.

April 21: Kyle Polanski, CEO, Blue Dog Bakery, a leading dog treat company; former student in this corporate governance class; previously with Intracorp Capital and Windswept Capital.

April 26: Phyllis Campbell, Lead Independent Director, Alaska Airlines; current board member, Nordstrom and PATH; Chairman, Pacific Northwest, JP Morgan Chase.

April 28: Jon Fine, President/CEO, United Way of King County (the largest United Way among the 1,300 in the US). Current board member, Seattle Bank and several nonprofits. Former bank executive.


May 5: Deanna Oppenheimer, CEO, Cameo Works; former chief executive, UK Retail and Banking and other executive roles at Barclays Bank; current board member in both U.S. and UK.

May 10: Boh Dickey, Board chair, Clearwater Paper Co.; Chair, Audit/Finance Committee, Potlatch Corp.; Retired President, SAFECO Insurance; former audit partner, Deloitte Touche.
May 12: Mike Garvey, founder of Saltchuk Resources, largest private company in the state which has acquired 22 companies, mostly in the maritime business. The business is family owned.

May 17: Paula Reynolds, NACD’s “National Director of the Year”, 2014; board member, Delta Airlines, Anadarko Petroleum, BAE Systems, TransCanada Corp.; board chair, Fred Hutch Cancer Research.

May 19: Tableau Software—Visit Tableau boardroom and hear from Damon Fletcher, Vice President, Finance, and other senior executives. NOTE: This off-campus class session is required. Students are expected to provide own transportation.

May 24: Deborah Bevier, Non-Executive Chair, Coinstar; board member, Fisher Communications and F5 Networks; former CEO, Waldron HR Consulting and Laird Norton Financial Group.

May 26: Neal Dempsey, general partner of Bay Partners, a venture capital firm in the Silicon Valley; $700 million under management currently. Long-time board member.


June 2: Lecture—So you want to be a board member......, what questions do you ask before you say “yes”, how to be effective once you are on a board. Make-up quiz.