CEO AND BOARD LEADERSHIP
Insiders’ View of Corporate Governance

Management 550
Spring Quarter 2018
Foster School of Business
University of Washington

Course Syllabus

BASIC INFORMATION

Instructors: Neal Dempsey and Neil McReynolds
Phone/email:
   McReynolds (206) 310-2607, nmcreynolds@seanet.com
   Dempsey, (408) 718-6616 or (650) 854-1500, neal@baypartners.com
Office hours: By appointment.
Class: T-Th 3:30 to 5:20 p.m.
Classroom: 395 PACCAR Hall.

COURSE OVERVIEW

To be effective as part of the new wave of business leaders, you will need to have a good understanding of the role that Boards of Directors play, whether you are working for a board, you are a member of one or you want to launch one for your own company. It’s a different role than being in management. The fact is that boards are playing a much bigger leadership role in the corporate world today than they did just ten years ago.

We will explore how an effective board can provide a competitive edge and can be a key factor 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 from the Seattle area, Silicon Valley and Canada as well as those who 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...

- How boards add value.
- The characteristics of a high-performing board.
- What you should ask before agreeing to join a board.
- What do boards want when recruiting new members.
- The differences in the board’s role in public companies, private companies (both mature and early stage) and on nonprofit organizations.
- How boards fulfill their fiduciary responsibilities.
- Board’s role in risk oversight. Strategy development. Succession planning.
- How boards hire and fire a CEO.
- How boards balance the interests of shareholders and stakeholders.
- 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 come through a combination of lectures, relevant readings, team 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 such issues as executive compensation and board oversight.

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 guest 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 four 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 of large and medium-sized 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 unique features of boards of early-stage and family companies and nonprofit organizations.

**Instructors**
The course will have co-instructors this spring. They are:

**Neil McReynolds**, veteran board member, long-time corporate executive, civic leader and for the past 19 years, a corporate governance consultant. This is his 17th year of teaching this class. Neil is currently Board Chair of Horizon Home Care, Group Health Foundation, the Advisory Board for the U.W. Board Fellows program and the Advisory Board for Cascade Medical. He also is a member of the Board of the National Association of Corporate Directors’ Northwest Chapter. In addition, he has served as Board Chair of two of the business boards on which he has served—Delta Dental of Washington and Horizon House. He is Director Emeritus of HomeStreet Bank where served on the board for 23 years. Among his industry leadership roles regionally and nationally 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 executive at what is now Puget Sound Energy, serving as Senior Vice President and as a member of the company’s four-person Executive Committee. His other management roles include being Editor of the newspaper in Bellevue, Press Secretary/Communications Director for Washington Governor Dan Evans, the Northwest executive for the multinational conglomerate ITT Corporation and an officer of a joint Kaiser Permanente/Group Health operation for the Northwest states.

McReynolds has served on more than 60 boards and has been chosen as Board chair for many of them, including Fred Hutchinson Cancer Research Center, Seattle-King County Economic Development Council, Eastern Washington University, Bellevue College, the Washington State Chapter of The Nature Conservancy, 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. And in March 2017 the Puget Sound Business Journal described McReynolds as a “corporate governance expert”.

Neal Dempsey is the general managing partner of Bay Partners, one of the longest-running venture capital firms in Silicon Valley. With Neal at the helm, Bay Partners has shepherded its portfolio to 26 IPOs in 20 years and 19 significant M&A deals, delivering over $2.5 billion in investment returns. Throughout his career, Neal has served on over 75 boards for companies such as Guidewire, Xactly and Apigee.

Neal’s ability to drive successful portfolio exits has made Bay’s 2006 vintage fund one of the industry’s top performing funds, ranked #2 by PitchBook. Forbes also named Neal to its “Midas List” which names the top 100 venture capitalists in the world.

Whether he is sailing around the world, running marathons, climbing the highest summits, or investing in a new idea, Neal is a believer in taking the big chances. He began his investing career by taking a chance on a young founder who had a compelling story and a commitment to see it through. Even though the company was outside of the technology industry, Neal was so impressed with the passion and determination of the founder, that he became made a personal investment in the company. That company was Starbucks. While he has achieved great success as a venture capitalist since that first investment, Neal now focuses on seed and angel investing where he can spend more time offering hands-on mentorship and guidance.

Giving back is a cornerstone of Neal’s investing philosophy. Neal reached success through the help and assistance of others, financial and otherwise. Therefore, he knows the difference a helping hand can make. Neal not only volunteers at the University of Washington, he has endowed scholarship funds for students, young assistant professors and athletes at the University of Washington, Willamette University and Claremont McKenna College. A lover of outdoors, Neal serves on the board of ACES (Aspen Center for Environmental Studies), an environmental organization in Aspen, Colorado. He also is the incoming Chair of Uplift Family Services, which helps over 30,000 children and their family members recover from trauma, such as abuse, severe neglect, addiction and poverty.

Neal is a regular speaker, author and a newly appointed lecturer at the University of Washington’s Foster School of Business. He also served as the Fritzky Chair in the 2014/2015 academic year. His love of mentoring young entrepreneurs led him to found the Neal’s Running Start program, which brings entrepreneurs from around the world to Silicon Valley for an intensive mentorship program with Neal and his posse of accomplished friends.
As a serious college sports fan, Neal is actively involved with the University of Washington sports programs. He has provided scholarships for football, golf, tennis and track. Neal believes all success is founded in passion and perseverance. He not only admires these qualities in others, he strives to be a living example for others.

**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.

Preparation for the class requires reading and understanding of the text for the quarter as well as the subject material for the day. To keep the class timely and topical, current articles will be posted on Canvas. In addition, we will be distributing the biographies of our 17 guest speakers prior to their class visit as well as the bios for the executives of Tableau Software who will be meeting with the class in the company’s boardroom for our April 24 visit.

**Class Preparation**

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

If you can 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 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 presentations of news topics by class members. Active participation by every member of the class is expected and will be part of the final grade.

**QUIZZES** will be conducted during the quarter. Four regular quizzes will be given on April 12, April 26, May 10 and May 24, followed by a make-up quiz at the class of the quarter on May 31. 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 starting with our speaker on April 5, students will be expected to submit five written questions on Canvas a week in advance of the speaker’s scheduled appearance. The speaker’s bio and the topic for the day will be provided in advance as the basis for developing questions. Further research on the web is encouraged.

TERM PAPER will be required to be submitted by May 17. 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 if class. If you wish to write on a different governance topic from those on the list, please discuss your idea with the instructors for their approval prior to the end of April.

NEWS TOPIC PRESENTATIONS will be made by two-person teams of students during the quarter. Everyone is expected to participate. 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 topic you choose for your presentation should be of interest to the entire class and should provide material for an interesting discussion that you will lead.

GRADING COMPONENTS

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

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

NOTE: Class participation includes participation in class discussion that will occur as part of every class during the quarter, in the preparation of questions for guest speakers in advance and asking questions of speakers when they visit.

COMMUNICATIONS WITH INSTRUCTORS

COFFEE SESSION: At least once during the quarter, the instructors would like to have “coffee” with each student. The sessions will run from 2:15 to 3:15 just before class in a reserved room near the classroom. If that time is not convenient, the instructors will be available at other times on Tuesday afternoon, Wednesday and Thursday morning. There will be sign-up sheets for these “coffee sessions” during the first two class sessions of the quarter.

OTHER COMMUNICATIONS: The instructors are available at other times and can arrange to meet with you on campus. The best way to contact them is by email or phone. Contact information: Neil McReynolds, nmcreynolds@seanet.com, (206) 310-2607, or Neal Dempsey, neal@baypartners.com (408) 718-6616 or (650-854-1500.

CLASS SCHEDULE
Below is the class plan for the quarter, including the list of committed guest speakers and the dates they will be at our class for the first hour (3:30 to 4:30). A list of topics of the day will be distributed at the start of the quarter.

March 27: First day, orientation, expectations, rationale for board focus, sign-ups.

March 29: Board basics lecture.

April 3: Christopher W. Cabrera, founder and CEO, Xactly Corporation. A seasoned executive with successful senior management experience at both early-stage and public companies.

April 5: Mack Hogans, Chair, Governance Com., Boise Cascade; Board Chair, Cambria Health Solutions; Board member, Regence Blue Shield, U.S. Bank of Washington. Retired Weyerhaeuser senior executive.

April 10: Katherine Regnier, CEO/Founder, Coconut Calendar, an enterprise appointment scheduling solution that she launched in 2011.

April 12: Phyllis Campbell, Chairman, Pacific Northwest JP Morgan Chase; current Board member, Alaska Air Group, PATH, Toyota’s Diversity Advisory Board; former Board member, Nordstrom, others.

April 17: Paula Reynolds, NACD’s “National Director of the Year”, 2014; Board member, Anadarko Petroleum, BAE Systems, TransCanada Corp., Delta Airlines; former CEO, SAFECO Insurance.

April 19: Boh Dickey, Board Chair, Clearwater Paper Co.; Chair, Audit/Finance Committee, Potlatch Corp.; retired President, SAFECO Insurance; former audit partner, Deloitte Touche.

April 24: Tableau Software, visit Tableau boardroom and hear from Damon Fletcher, CFO, and three other executives.
   • NOTE: This off-campus session is required. Students are expected to provide their own transportation.

April 26: Joanne Harrell, Senior Director, U.S. Citizenship, Microsoft. Current member, Board of Regents, U.W.; former board member, REI, AAA Washington; former CEO at other organizations.

May 1: Joe Payne, President/CEO, Code 42. Formerly Chairman/CEO, Eloqua; led the Eloqua through a successful IPO on the NASDAQ; eventually sold company to Oracle in February 2013.

May 3: Jon Fine, CEO of United Way of King County (largest United Way among the 1,300 in the U.S.). Current Board member, Seattle Bank and several nonprofits. Former bank senior executive.


May 10, Mike Garvey, founder, Saltchuk Resources, state’s largest private company which has acquired 22 companies, mostly in the maritime business. Saltchuk is a family-owned company.
May 15, Larry Scott, PAC-12 Commissioner. Former student-athlete, professional athlete and sports executive. A bold, innovative leader with a vision for transformative change.

May 17, Craig Conway, served as President/CEO of PeopleSoft, One Touch Systems and TGV Software. Currently on the boards of Salesforce. Com, Guidewire and Nutanix.

May 22, Carol Mills, successful former CEO, currently an independent consultant, board member, RELX Corporation, Zynga Corporation.

May 24, 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.

May 29, Chet Kapoor, Vice President, Google Cloud; served as Apigee CEO and member of board from 2007 to 2016 when Apigee joined Google.

May 31, Eileen O’Neill Odom, currently an independent director at two companies; has served as CEO, COO, President and other leadership roles in the telecom and investor-owned public utility industries.