



2010
**Pipeline to Leadership:
Securing Spots on Boards
and Commissions**

Thursday, October 14, 2010, 6-8 p.m.

*DLA Piper US LLP
401 B St., Suite 1700
San Diego, CA 92101*

Presented by
Lawyers Club of San Diego's Leadership Development Committee
Cosponsored by Run Women Run and Junior League of San Diego





Pipeline to Leadership: Securing Spots on Boards and Commissions

Thursday, October 14, 2010

6 p.m.

Networking Reception

Hosted reception sponsored by DLA Piper US LLP

6:30 p.m.

Welcome

Jodi Cleesattle, Chair, Lawyers Club Leadership Development Committee

Presentation on Training for Boards

Linda Sweeney, Executive Director, Corporate Directors Forum

6:50 p.m.

Panel Discussion

Moderator: Barbara Bry, founder of Run Women Run

Panelists:

- **Barbara Bry**, founder of Run Women Run and Athena and a board member of CONNECT, Planned Parenthood of San Diego & Riverside Counties, and the San Diego Jewish Women's Foundation
- **Ashley Gardner**, member and former chair of the San Diego County Commission on the Status of Women
- **Julia Brown**, board member of biotech companies Tagracept, Inc. and Labopharm, Inc., board member of Corporate Directors Forum and CONNECT, and board vice chair of the UCSD Foundation
- **Laurie Black**, Member, Centre City Development Corp; former Commissioner, San Diego Port District

8 p.m.

Additional Networking





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Speaker Bios





Laurie Black has been involved in the San Diego community for more than 25 years. She currently holds the position of Principal for LJ Black Consulting Group, a firm that handles strategy, visioning and public relations for local clients.

She was previously president of the Downtown San Diego Partnership and chief of staff to Congresswoman Lynn Schenk, but most recently served as a commissioner for the San Diego Port District. Currently, she is on the Board of Directors at the Centre City Development Corporation.

Laurie was a Commissioner on the San Diego Library Commission and is a past board member for the San Diego City College Foundation and Community College Advisory Board. She has sat on the boards of the San Diego Convention and Visitors Bureau and San Diego County Regional Water Quality Control Board. She received her Bachelor of Arts degree from San Diego State University in Political Science and a minor in Women's Studies.

Laurie has received numerous awards and recognition for her civic service, including an Alonzo Award for her leadership in creating the Clean & Safe Program downtown, and she has been honored by the Salvation Army as one of the 10 Women of Dedication in 2002 and listed in San Diego Magazine's "50 People to Watch." Laurie is also a LEAD San Diego graduate and a recent recipient of the organization's Quality of Living award for her involvement in the community that leads to a better quality of life in San Diego.



Julia R. Brown is a member of the Board of Directors of Targacept, Inc., Labopharm, Inc., and MediQuest Therapeutics, Inc. She previously served on the boards of Trius Therapeutics, Inc., Tanox, Inc. and CovX Pharmaceuticals.

Julia is Chair of the Board of Trustees of UC San Diego Foundation and is a member of the Director's Cabinet at the Scripps Institution of Oceanography. She is a member of the board of CONNECT. Julia is a member of National Association of Corporate Directors and is on the board of the Corporate Director's Forum in San Diego.

From 2000-2003, Julia was Executive Vice President of Amylin Pharmaceuticals, Inc., and served as Advisor to the CEO until 2008. Prior to joining Amylin, Julia was Executive Vice President of Dura Pharmaceuticals, Inc. Julia spent more than 25 years with Eli Lilly and Company. From 1992-1994, Julia was Vice President of IVAC Corporation (a Lilly subsidiary). She was Vice President of Worldwide Marketing for Hybritech (another Lilly subsidiary), and she held a variety of positions in the pharmaceutical division. She did basic research in antimicrobials from 1969-1973. Julia is a graduate of Louisiana Tech University where she studied microbiology and biochemistry. Julia has twice been honored in San Diego's Tribute to Women in Industry. In 2005, the Imperial Council of Girl Scouts in San Diego named her one of San Diego's 10 "Coolest Women." She was a winner of the San Diego Business Journal's "Women Who Mean Business" award in 2006.



Barbara Bry has been an entrepreneur in both the for-profit and non-profit sectors.

In the for-profit arena, she was on the founding team of Proflowers.com and Atcom/Info, a software company that pioneered high speed Internet access in hotel rooms.

In the non-profit sector, she was the first associate director of CONNECT, the founder of San Diego Athena, and the first editor of Voice of San Diego. She is also the founder of Run Women Run, a non-partisan political action committee focused on electing

pro-choice women in San Diego and helping them attain appointed government positions.

Currently she serves on the board of directors of three non-profits: Planned Parenthood of San Diego, Riverside and Imperial Counties; Jewish Community Foundation; and Jewish Women's Foundation. She is also a member of San Diego Rotary Club 33 and Women Give San Diego. In what seems like another lifetime, she was president of the Children's Museum of San Diego.

Her passion is leveling the playing field for women and girls in all areas of their lives, and she was recently honored with the Planned Parenthood Action Fund's Sara Moser Award for her advocacy on behalf of women.



Ashley Gardner was born in England and raised on the shores of Lake Ontario near Toronto, Canada. She has been involved in the San Diego community since 1975 when she began her broadcast career as morning anchor at a small radio station in Escondido (now KOW). Trained and educated in California in radio and television production, Ashley is best known for her work in television at NBC Channel 39 as host of the station's Saturday night entertainment show "Weekend Magazine" and as part of the popular, early morning radio team with Jeff and Jer, one of San Diego's most successful morning radio shows.

In 1986, Ashley founded a one-woman video production company, which became a successful "boutique" video, film and multi-media production company known as Downtown Productions. She also co-founded a not-for-profit company, Earth Visions Productions, Inc. to produce documentaries examining the social and environmental issues of her community. Much of her work can be seen on San Diego County Cable Television and the education channels. Having sold her production company in 2002, she has spent much of her current time and energy for the past three years managing and building the Women's History Museum and Education Center in the Golden Hill neighborhood of San Diego. This project brings women's issues and activism together with women-focused, art, literature, performance and expression in educational programming for a wide demographic of the community. Her future goal is to locate a home for the museum in Balboa Park.

Some of Ashley's energy goes to performing on-stage in a variety of community theatre companies, with a special penchant for British drawing-room comedies and Agatha Christie mysteries.



Linda Sweeney joined the Corporate Directors Forum in September of 2000 as the Director of Development. She was named Executive Director in December 2001. Founded in 1991, by a small group of San Diego directors who thought boards could perform better, Corporate Directors Forum has grown to be the largest regional association of corporate directors in the United States with 300 of San Diego's leading directors, officers and business leaders as members.

In addition to regular local programs, event and small group roundtables, CDF is now recognized for its annual conference,

“Directors Forum: Directors, Management & Shareholders in Dialogue,” hailed as one of the leading governance conferences in the nation, having pioneered the idea of bringing shareholder activists together with management and boards.

Before joining CDF, Linda developed a personal fitness training business and coached hundreds of runners and walkers to complete or compete at the marathon distance. She was also a freelance writer and has more than 250 published articles on a variety of topics.

She received her B.S.B.A in Operations Management from the University of Arizona.

Linda is also a former (Kona) Hawaiian Ironman champion.



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Selected Articles





What should I know before joining a nonprofit board? Questions Prospective Board Members Should Ask

Serving as a board member is one of the most challenging and rewarding of volunteer assignments. While appointment or election to a board is an honor, board members have important legal and fiduciary responsibilities that require a commitment of time, skill, and resources. Prospective board members do themselves a service and show that they are serious about the commitments they make by asking some basic questions before joining an organization's board. You can find the answers from the board member who issues the invitation to join; the chief executive of the organization; the board chairperson; other board members, current and former; or written materials. Long-time board members might also benefit from an organization review that answers these questions.

Ask questions about the organization's programs

- What is the organization's mission?
- How do its current programs relate to the mission?
- Can I visit the organization to observe a program firsthand?
- Does the organization have a strategic plan that is reviewed and evaluated on a regular basis?

Ask questions about the organization's financial status

- Is the financial condition of the organization sound?
- Does the board discuss and approve the annual budget?
- How often do board members receive financial reports?

Ask questions about the organization's clients or constituencies

- Whom does the organization serve?
- Are the organization's clients or constituencies satisfied with the organization?

Ask questions about the structure of the board

- How is the board structured?
- Are there descriptions of the responsibilities of the board as a whole and of individual board members?
- Are there descriptions of board committee functions and responsibilities?
- Who are the other board members?
- Is there a system of checks and balances to prevent conflicts of interest between board members and the organization?
- Does the organization have directors and officers liability coverage?

Ask questions about individual board members' responsibilities

- What are the ways that you think I can contribute as a board member?
- How much of my time will be required for meetings and special events?
- How are committee assignments made?
- What orientation will I receive to the organization and to the responsibilities of board service?
- Does the organization provide opportunities for board development and education?
- What is the board's role in fund-raising?
- Will I be expected to make a specific annual financial contribution?
- What role will I play in soliciting donors?

Ask questions about the board's relationship to the staff

- Is the board satisfied with the performance of the executive staff?
- How do board members and senior staff typically work with each other?

Evaluate your interest in serving on the board

Once you are satisfied with the information you have received, it is time to evaluate your own interest in serving on the board. Ask yourself the following questions:

- Am I committed to the mission of the organization?
- Can I contribute the time necessary to be an effective board member?
- Am I comfortable with the approach and tone of the organization's fund-raising efforts?
- Can I contribute financial support consistent with the organization's expectations of board members and with my own means and priorities?
- Can I place the organization's purposes and interests above my own professional and personal interests when making decisions as a board member?

Background Materials

Selected background information can provide a useful overview of the organization, the board's work, and the responsibilities of board members. Helpful material includes:

- the organization's annual report
- the most recent audited financial statement
- the long-range program and financial plan
- a list of current board members, titles, and all affiliations
- a description of board members' responsibilities
- a board organization chart
- a staff organization chart
- the organization's newsletter, brochure, or other publications
- newspaper or magazine articles about the organization
- a brief biography of the chief executive

Research to do before joining a board:

While no amount of due diligence can avoid every problem, the more you do, the better you are likely to feel about your ultimate decision.

By Beverly Behan

Published in *Directors & Boards*, January 1, 2005

Serving on a board of directors today means investing more time and effort in the board's affairs than ever before. A recent National Association of Corporate Directors survey found that directors spent an average of 185 hours a year on board affairs, including board meetings, committee meetings, preparation time, and off-line discussions. Moreover, accepting a board seat is typically a long-term commitment. Even if directors are re-elected annually, board members are generally expected to serve a minimum of five years, and many serve much longer. Consequently, before saying "yes" to a board invitation prospective directors are doing more due diligence than ever. What follows are some things you can do to get greater insights about any board that you are invited to serve on – ideas that have been helpful to other directors in making board choices.

Public information about the company

Company Profile, Web Site, Financial Reports, and Analysts' Reports. The most basic research starts with a Hoover's profile or similar corporate profile to get a snapshot of the company – its recent performance, and an overview of some key corporate issues – supplemented by the latest annual report and most recent quarterly statements. Ordering some recent analysts' reports on the company – particularly by any analysts you may be familiar with – can also give you some useful insights into how Wall Street regards the company.

Most company Web sites include biographical data on the board and the management team. NYSE and Nasdaq-listed companies are required to publish the charters of their audit, compensation, and governance committees, and NYSE-listed companies must also publish their corporate governance guidelines. While some charters and guidelines read like boilerplate copy, that in itself is telling. How engaged is this board, anyway? Do important responsibilities appear to be missing from any of these charters? How do they manage executive sessions – are they held after every board meeting, or only a few times a year? Is there a lead director? How do they describe the board's involvement in CEO succession planning and strategy – arguably two of the most important things boards oversee?

News Reports on the Company for the Past 18 Months. One director we knew who was considering a board invitation conducted a quick Internet search of news reports on the company. She turned up a Reuters article about a disgruntled ex-employee who filed a complaint with the SEC about the company's accounting practices. The Reuters story had appeared the day before her phone had rung with an invitation to join this company's board and chair the audit committee.

Annual Proxy Statement. Probably the most crucial public document of all to review is the company's latest proxy statement. It contains director biographies, including how long each

director has served on the board and how much stock each one owns in the company. It is always interesting to create a list of director stockholdings and subtract out the options in order to get a picture of the actual level of director investment. Are there stock ownership guidelines for board members?

Consider how long it has been since a new board member was added. If the board has recently experienced a lot of turnover, that prompts a set of questions. On the other hand, if you are the first person to join this board in five years, this also has some implications. You may find yourself feeling like the “outsider” in a fairly tight board dynamic.

Is there a major investor in the company – such as the CEO or his family? Is there a dual-class share structure of voting and non-voting stock? If there is a significant family investment, are there other family members of the CEO in senior management? Leaving NYSE and Nasdaq definitions aside, take a look at whether the board appears to be truly independent of management.

In particular, consider the “Related Party Transactions” section of the proxy for some useful information on this question. Are there former employees on the board – particularly a former CEO? Are some board members the lawyers, bankers, or consultants to the company, or individuals with other joint business interests? How many VCs are on the board? This is not necessarily a “good” or “bad” sign, but it can affect the dynamics and focus of board discussions.

Finally, browse through the executive compensation section of the proxy. Does the compensation seem generally in line with your own knowledge of executive pay levels and practices? Did the CEO and the executive team receive bonuses last year? If so, do these seem consistent with company performance? Consider the tenure of the CEO and the management team. Is the CEO fairly new? Or is he long-tenured, with a newly appointed COO – a signal that this board is actively working on succession? The proxy will also tell you about the compensation paid to board members and whether you will be paid in cash, stock, or options.

Information to request from the company

Board Agendas and Pre-Reading Materials. Ask to see the board agendas and advance-reading packages for the last two or three board meetings. This not only will give you an immediate picture of the issues the board has been working on, but also will enable you to make some judgments about the quality of information board members receive. Take a look at one of the agendas and then review the reading material that directors received in advance of this meeting. Ask yourself: Does this package give me the information I’d need to discuss the items on this agenda? While there may be additional items you can think of that would be helpful, the issue here is one of degree. If the package is woefully inadequate, that should be a big red flag.

Part of the reason for requesting more than one meeting’s materials is to look for a pattern. If both packages are poor, there is likely a problem. If one is poor and the other quite good, it may be less of a concern – and you can address that through some questions to the company.

Board Assessment Results. NYSE-listed companies are now required to conduct a board assessment. Many others have also adopted this “best practice” as a means of continually improving the board. You may find it very helpful to see a summary of the results of the last board assessment conducted by the company as a means of getting further insights into the board.

If the company shares its latest board assessment with you, avoid the common mistake of looking at it and being satisfied if there seem to be “no issues.” That is actually the hallmark of a poorly designed board assessment process. When a board is made up of high achievers who are actively engaged, a well-designed board assessment process will always turn up issues for discussion and improvement. If the board assessment results suggest that there are no issues, either this board is completely checked-out or the process is poorly designed. Your focus should be on the robustness of the process: Did this appear to be superficial exercise, or were there good issues raised and an action plan developed to address them? Finally, what were the issues, and how are they being addressed?

Board Ratings. While it may be useful to request a company’s score from a rating service such as Institutional Shareholder Services (ISS) or Governance Metrics International (GMI), board ratings must always be taken with a grain of salt. A low score may indeed be a red flag. But a high score can be misleading. Most board ratings are based on structural best practices that an outside third party can quickly glean from a proxy or other public information. Board dynamics cannot be factored into the ratings, and board processes can be considered only on a fairly superficial level. While useful to review, board ratings should be only one component in your due diligence process.

Conversations with the CEO and other board members

The concept of an “interview” to join a board was unheard of in earlier days, when boards consisted of close friends of the CEO, who casually invited them to become a director. Today, most nominating and governance committees, which now lead board recruitment efforts, would never consider recommending a director candidate without having that candidate meet with the CEO, the lead director (if there is one), the chairs of the nominating and governance committees, and sometimes other board members as well. These discussions are an equally important, if not more important, part of your own due diligence in deciding whether or not to join this board.

Discussions with the Chief Executive Officer. Your conversation with the CEO will probably be pivotal to your decision. Most directors decide whether or not to join a board based on their impressions of corporate leadership. Your conversation will undoubtedly focus on the CEO’s vision for the company – key strategic objectives and challenges. You will be gauging the CEO’s leadership style and your level of comfort with that style. Does the CEO appear to be open and honest in answering your questions? Or do the answers seem vague and dismissive?

You may find it illuminating to ask the CEO directly how the board adds value for him or her. How has the board been helpful in the past? How has it been frustrating? How could the board be better than it is today? Answers to all these questions should provide you with excellent insight into the relationship between the CEO and the board – and particular insight into how the CEO

views contributions from board members.

Discussions with the Lead Director or Chair of the Governance Committee. This is your opportunity to gauge the working relationship between the board and management. Ask the lead director or committee chair: Where do they see management of the company as particularly effective? Where less effective? Weigh these responses carefully. Do they connote a constructive, objective relationship between the board and management? Or is there disharmony? Even more concerning, do the board members appear spellbound by management, such that they are unlikely to raise challenges or voice dissenting views where appropriate?

As the nominating and governance committee is responsible for board composition, try to understand how your background is perceived to be a “fit.” Ask about past director recruitment based on what you saw in the proxy. If there has been considerable director turnover, what were the reasons? Is the company seeking to bring other new directors onto the board at this time besides yourself?

One director we knew was invited to join a board that had not recruited new directors for many years. A review of the proxy showed that only one board member appeared truly independent of management – even though the board was technically in compliance with NYSE independence rules. Notably, that director – who was over 70 and about to retire – did not serve on any of the board committees. The director being recruited wanted to know if he was just being invited to replace this individual or if, in fact, several new board members were being sought to enhance the independence of the board generally. When he learned that the intention was only to replace this single board seat, he turned down the invitation.

A Talk with the Last Director to Join the Board. Occasionally, it is helpful to speak with the last director who joined the board – particularly if that person has served at least a few months or a year and now has a good “feel” for the board. Some of the questions you may wish to ask: What have you enjoyed most about joining this board? What have you enjoyed the least or been most disappointed by?

You may also use this conversation as an opportunity to get a handle on the time commitment that was required to “get up to speed” on the board issues and the steps this director took – through orientation or otherwise – to learn about the company and its industry. Was this person simply handed a binder, or did he or she get to spend a day at the company meeting members of the executive team? How did the board handle committee assignments for the new director?

A matter of homework

In today’s environment, well-qualified director candidates can typically afford to be picky about board seats. If you decide to turn one down, there will probably be others. While no amount of homework can avoid every problem, the more you do, the better you are likely to feel about your ultimate decision – and the greater your chances of enjoying the board you decide to join.

Beverly Behan is a partner in the Corporate Governance Practice of Mercer Delta Consulting, a firm that specializes in organizational change and leadership (www.mercerdelta.com).



Thank you to our distinguished speakers and to the many people who helped organize the 2010 Pipeline to Leadership:

Speakers:

*Laurie Black * Julia Brown * Barbara Bry * Ashley Gardner * Linda Sweeney*

Organizing Committee Members:

*Jodi Cleesattle, Chair, Lawyers Club of San Diego Leadership Development Committee
Allison Borkenheim * Danna Cotman * Amy Lepine * Raquel Prieguez *
Johanna Schiavoni * Julie Schwartz * Abby Silverman Weiss*

Special thanks to:

*Wendy Behan, President, Lawyers Club of San Diego
Joan Friedenberg, Executive Director, Lawyers Club of San Diego
Vicky Frank, Administrative Assistant, Lawyers Club of San Diego
Michelle Burton, President, Run Women Run
Elizabeth Jamison, Co-Chair, Junior League of San Diego Community Outreach Committee
Latham & Watkins LLP for providing copying services*

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