

Directors & Boards

Vol. 32 No. 1 • Fourth Quarter 2007

CONTENTS

COVER STORY

24 What is this thing called CEO leadership?

BY HARRY M. JANSEN KRAEMER JR.

Whether it's a public company or a private equity-run business, both need leaders who embody these 10 crucial characteristics.



FEATURES

30 A board's template to evaluate the IRO

BY LOUIS M. THOMPSON JR.

Don't be blindsided by issues raised in the investment community — do a check-up on the capability of your investor relations function.

34 Boards and the irony of diversity

BY GEORGE MUNOZ

Diversification of products? Sure. Diversification of assets? Absolutely. Diversification of the board? Not quite. Why not?

36 Finding the nonprofit board that fits

BY ALICE KORNGOLD

Here is a tool to assess whether the organization's mission is a good match for your passion and whether you can play a meaningful role.

40 First-year wisdom for 2008's disclosures

BY DIANE DOUBLEDAY AND AMY KNIERIEM

A checklist to help boards master the SEC's pay reporting rules.

43 How to strengthen director incentives

BY STEPHEN F. O'BYRNE

Want a board to make decisions that increase shareholder wealth? Then let's increase the directors' wealth leverage.



45 A new attitude toward D&O insurance

BY STEPHEN J. WEISS AND SHANNON A. GRAVING

More directors are making darn sure their assets are protected.

47 What is your board's embarrassment IQ?

BY GARY W. PATTERSON

This quiz will place you on a scale ranging from "I sleep well at night" to "I must take immediate action."

49 You're more than the 'hall monitor'

BY MIKE KIPP

How directors contribute to strategy development determines the real value they add to a company. But strategy is hard work.



Continued on next page



76

HEIDRICK & STRUGGLES GOVERNANCE LETTER

59 The verdict on SOX: Full adjustment

AN INTERVIEW BY THEODORE L. DYSART



As the Sarbanes-Oxley era marches on, veteran board counselors **Richard Beattie** (left) and **John Finley** (right) render judgment on the law that was thrust on Corporate America five years ago.

DIRECTORS ROSTER

61 Roster: Tracking of 101 directors added to 88 company boards from July-September 2007.

73 Company Index

74 Director Index

WWW.DIRECTORSANDBOARDS.COM

52 The obsolete notion of auditing information

BY MADHAVAN NAYAR AND ERIC G. FLAMHOLTZ

Boards today are fighting a new kind of war — an information integrity war — with antiquated concepts and tools much the same way the Polish cavalry met the German army in World War II.

54 Book it: Best bets for board reading

From a roundup of new books, leadership insights on hiring smartly, succeeding at succession, heading off trouble in the boardroom, trend spotting, dealing with the press ... and being yourself!

76 On power and empowerment

BY ROBERT L. DILENSCHNEIDER

Power is a prize you are going to have in your hands for a very short period. It's going to go away — so use it well, and share it well.

COLUMNISTS

8 Quiddities

HOFFER KABACK

'Access denied!' redux: The SEC is poised to act on the issue of proxy access. Maybe. Or, time again for Lawrence P. Berra?

10 Sutton's Laws

GARY SUTTON

How fraud begins: Don't tell anybody to do something wrong ... just apply some sly pressure, along with a pat on the back.

12 Legal Brief

DOUG RAYMOND

Opening the door to shareholder proposals: Are you ready to respond to the 'voice' of your shareowners?

14 Risk Matters

RANDY HEIN

D&O liability: Is this the calm before the storm? Directors have enjoyed a good run on good news. But important cautions must be offered.

16 Competitive Edge

TOM QUINDLEN

In search of smarter capital: On the importance of finding the best lender, not just the best rate.

18 Global Leadership

OMAR KHAN

When you descend for the 'royal visit': A few leadership tips for interacting with your global teams.

20 Big Deal

MARK W. STEPHENS AND DOUGLAS D. WHEAT

Leveraging directors as deal sources: How Challenger Capital Group empowers its board to tee up M&A and private equity opportunities.

22 Guest Column

JUSTIN PETTIT

How to rake in excess returns: Seven ways to take advantage of counterintuitive industrial trends.

DEPARTMENTS

4 From the Chairman

Is 60 the time to move on? Is it good for a CEO (and his company) to step down at such an early age? Isn't 60 the "new 40"?

6 Editor's Note

Milestone reflections: On where ideas come from, and the role of the editor. Advice from an early boss.

Where directors look for guidance.

We can help
directors and
significant stockholders
stay on course
in perilous waters.

To find out more, visit us at
www.drinkerbiddle.com.



DrinkerBiddle

LAW OFFICES | CALIFORNIA | DELAWARE
ILLINOIS | NEW JERSEY | NEW YORK | PENNSYLVANIA
WASHINGTON DC | WISCONSIN