

## Training directors to serve greater good

Neal Gendler, Star Tribune  
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Minnesota's new Corporate Directors Academy, which this month graduated its first class, might be unique in its degree of emphasis on ethics, according to a British-based international corporate-governance trainer and consultant.

The academy, a project of the Caux Round Table and the Hendrickson Institute for Ethical Leadership at St. Mary's University of Minnesota, is built largely around the philosophy of moral capitalism promoted by Caux Executive Director Stephen Young. It emphasizes that corporate governance is concerned with providing long-term guidance beneficial to all stakeholders and to society.

The emphasis on ethics "is one of the of the unique selling [points] of this program," said the consultant, Chris Pierce, CEO of Global Governance Services Ltd. of London.

Pierce, the graduation speaker, said that in recent years, most directors have "focused on financial information and financial reporting, and the role of the director is a lot more than that." A director should be concerned with "setting and establishing values within the organization, and a director should be concerned with the culture of the organization."

In those areas, he said, "there is room for improvement."

The academy is aimed in those directions, with its six weekly three-hour sessions at the Minneapolis Club beginning with "Beyond Compliance: Social Responsibility and the Greater Good."

Later sessions deal with fiduciary stewardship; leadership and imagination; governance: skills, roles and perspectives; compliance and the law, concluding with an exercise in making decisions for a hypothetical company.

"It was a very thought-provoking and interesting experience," said Richard Hassel, senior vice president and secretary of Lifetouch Inc., the Eden Prairie company that provides school and in-store portrait photography. Through an unusually large employee stock ownership trust, the \$1 billion business is owned entirely by its 12,000 employees nationwide.

"So we're concerned from a fiduciary standpoint of doing the right thing for our owners, who are part of a trust and depend on it for retirement," Hassel said.

The need for corporate-director training is growing because of the Sarbanes-Oxley Act's demands for larger proportions of "outside" directors on boards, he said.

"People aren't born with an innate sense of how to be a director. Also, I think as time goes by, corporations will be so focused on their own affairs that they'll have less willingness to have their CEOs be on other boards; it takes an increasing amount of time."

Board training on a larger scale has been provided for some time by the National Association of Corporate Directors.

"We had someone very involved with NACD as a co-keynote speaker ... with Brother Louis DeThomasis," chancellor of St. Mary's, said Tim Burchill, executive director of the institute named for its founder, Dr. William Hendrickson, chairman emeritus of St. Jude Medical.

Burchill said it's his understanding that NACD's course emphasizes financial matters and the mechanics of board meetings. "We touched on those things, but we spent a lot of time on ethics, social responsibility and the difference between what's legal and what's right," he said.

Although plans for next year's classes include more time on accounting, "we think that our program deals less with compliance and more with the 'aspirational' side of ethics." He said the academy's perspective of ethical behavior isn't the usual "do no harm," but instead "do the greatest good."

"And there's a huge canyon between doing the greatest good and avoiding harm," he said. "We spent an enormous amount of time talking about stakeholders -- going beyond stockholders not only to employees but also to people in the communities in which you do business."

Young said he "was very pleased how it all came together: Law supported by morality, morality made relevant by social theory, value practices easily accessible by active people in business." Young, former Hamline law school dean, said the students ranged from "experienced corporate directors to neophytes" and included an architect, physician and a federal judge.

"The class was very provocative," said Diane Townsend-Anderson, chief judge of the Social Security Administration's office of hearings and appeals in Minneapolis. Most classmates had board experience, and "it was not a beginners course. ... It was one that polished your skills as a board member and gave you more insight into areas you perhaps should be sensitive to."

Townsend-Anderson said she is on several nonprofit and small private-company boards and has "a rather lengthy business background," including serving as attorney for several small businesses. The class, she said, prepared her to be a better board member.

"It exposed me to understanding in a little more detail the rigors and the requirements of that kind of position and what you really needed to come to it with and understand."

Most interesting, she said, was the variety of backgrounds and strengths of the classmates, "and the very insightful perspective they lent."

Even though he's trying to retire, Hassel took the \$1,500 course, impressed by the Caux co-sponsorship and "the opportunity for an educational program with people of the quality of Steve [Young]. I just couldn't resist the temptation."

Temptation of a different sort can be a problem within corporations, and Pierce said corporate boards must improve their oversight of processes often delegated to committees, such as audits, compensation and nomination. Board training is needed because being a board member is fundamentally different from being an executive, and "it's the 'people values' that many directors have great difficulties with."