

Voice of the Director

<http://southernCalifornia.nacdonline.org>

Message From The President



Dr. Larry Taylor
Chapter President

The good news for your chapter continues. You might recall that last year our chapter was recognized with the Exemplary Chapter Governance award for being the best governed chapter in NACD's 22-chapter system.

We are pleased to announce more exciting times for our chapter. Effective this month, our chapter footprint has expanded to cover Arizona, Nevada, and Southern California. We are rebranding from the Southern California Chapter to the Pacific Southwest Chapter—increasing our

chapter membership to over 1,400.

For the convenience of our members, breakfast and lunch programs will be produced in several locations, including Los Angeles, Santa Barbara, Santa Monica, Ventura County, Orange County, San Diego County, Las Vegas, and now Phoenix. These are exciting times indeed.

At the national level, we have launched our new website at NACDonline.org and adopted the tagline *Elevate Board*

Performance. Navigation to the various pieces of intellectual capital via the website is simpler, streamlined, and more visually appealing.

I encourage each of you to visit often to gain access to corporate governance resources such as *Directorship Magazine*, Blue Ribbon Commission Reports, director survey results, and boardroom tools for onboarding, succession planning, strategy development, risk oversight, etc. *The Director's Daily* blog also received a facelift, so be sure to read that as well. Finding the programs and information that meet your needs has never been easier.

We hope to see you at future chapter programs and encourage you to register early through our chapter website at [SouthernCalifornia.NACDonline.org](http://southernCalifornia.NACDonline.org).

Finally, a warm welcome to our three newest board members—Lisa Quateman, Erin Selleck, and Richard Munro—whose term began July 1. All three were past chapter ambassadors. Any members interested in getting involved with our chapter as an ambassador should contact me at taylor@thecreightongroup.com.

Best regards,
Larry

Chairman's Corner



David L. Rosenblum
Chapter Chairman

As we move into fall, we hope to see you at one or more of the programs we have planned for the remainder of 2018 and the start of 2019.

I encourage you to attend our annual Corporate Directors Symposium (CDS) on November 8 at The California Club in downtown LA. Staged in conjunction with the USC Marshall School, this year's CDS will focus on the opportunities and challenges of governing in a digital age.

It will feature keynotes from SEC Commissioner Hester Peirce and

NACD CEO Peter Gleason and offer a rich menu of roundtables, plenaries, and panels—all focused on the questions that boards must address in a world increasingly shaped by digital technologies. You can find information about the CDS, as well as other NACD Pacific Southwest programs, by going to our website at [SouthernCalifornia.NACDonline.org](http://southernCalifornia.NACDonline.org).

I would also like to join Larry in welcoming our three new chapter board members: Richard Munro, Lisa Quateman, and Erin Selleck. I am grateful for their contributions, and the contributions of each of the 19 members of the NACD Southern California board, all of whom volunteer time, energy, and ideas to support NACD's

mission of elevating board performance.

If you would like to get more involved in the NACD Pacific Southwest Chapter, please don't hesitate to contact either me (drosenblum75@gmail.com) or our chapter president, Larry Taylor (ltaylor@thecreightongroup.com).

Best regards,
Dave

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Upcoming Events (click for more information)

September 29–October 2:
NACD 2018 Global Board Leaders' Summit
Washington, DC



September 29–October 2, 2018
Marriott Marquis | Washington, DC



The NACD Global Board Leaders' Summit is the largest and most important director forum in the world, where the greatest minds in governance convene to take on the largest issues facing today's boardrooms and collectively discover the future of exemplary board leadership. [Register](#)

October 16: **Crisis Management Program** Los Angeles

When crisis occurs, panic sets in. Having a process that is documented, known, and rehearsed by the key players means that the corporate brand is protected and investors are reassured. None of this happens without a plan. Hear from those who have lived through it and come out on the other side with minimal damage.

[Register](#)

October 23: **Succession Planning and Board Relationships** Rancho Santa Fe

This is a special evening program directed to our members in the San Diego and Orange County areas and will highlight succession planning, board/management relationships and the role of women in corporate leadership. [Register](#)

November 8:

NACD Southern California/USC Marshall Corporate Directors Symposium
Los Angeles

Please join us for this annual event where corporate directors gather from near and far for a day of education. This year's symposium theme is Governing in the Digital Age: Board Leadership Matters. [Register](#)

November 13:

In Conversation with Robert Sarver
Executive Chair - Western Alliance Bank; Owner, NBA Phoenix Suns
Phoenix, AZ

This fireside chat program will include discussions of corporate governance issues that are most relevant to companies located in the Arizona markets. Dr. Sung Won Sohn will explore various aspects of Robert Sarver's background and share stories from his own illustrious background. [Register](#)

The graphic features the USC Marshall School of Business logo and the NACD monogram. The title "Governing in the Digital Age: Board Leadership Matters" is prominently displayed in yellow and blue. Below it, "2018 Corporate Directors Symposium" is written. A yellow button on the right says "Register Today ATTENDANCE IS LIMITED". At the bottom, it lists the date "Thursday, November 8, 2018 | 7:30 a.m. – 5:00 p.m.", the location "The California Club, 538 S. Flower Street, Los Angeles, CA 90071", and the price "\$675 Early Bird Pricing Until September 30th. \$750 Registration After." A list of keynote speakers and panelists is provided on the left and right sides, along with their professional details. The footer includes the website "www.marshall.usc.edu/governing-digital-age" and logos for RGP, Deloitte, EY, and PwC.

NACD Pacific Southwest Chapter Events

Be sure to join us for our annual NACD Pacific Southwest/USC Marshall Corporate Directors Symposium!

NACD Directorship 2020 with Fay Feeney



Fay Feeney

This summer I attended the NACD Entrepreneurial Board Forum and Leading Minds of Governance program in San Francisco.

It gave me an opportunity to catch up with my fellow directors and to hear from Wendy Webb, director of Fortune 500 companies Wynn Resorts and ABM Industries, and member of our NACD Southern California Chapter.

Wendy's executive experience as an investor relations professional with close ties to the development of strategy at The Walt Disney

Company now gives her a unique boardroom perspective on engagement and disclosure.

She has built her skills as a corporate director, bringing expertise in innovation and digital diversity. As we get ready for our November 8 Directors Symposium on Governing in a Digital Age: Board Leadership Matters, I wanted to see what trends are on Wendy's radar.

Fay: When you spoke in San Francisco, what ideas did you want the audience to take back to their boardroom?

I had two main ideas that I hoped would resonate with the directors in the room.

The first is recognition that *the requirements of board governance have dramatically evolved*, reflecting the changing nature of investor demands and engagement. In the not too distant past, governance seemed to be mostly focused on structural topics like board composition (separation of chair and CEO, for example) or takeover defense mechanisms. Now, next-gen governance is more sharply focused on how well a company's strategic success is defined and communicated and what is expected to contribute most meaningfully to shareholder value creation within appropriate risk parameters.

The second idea is that, in addition to being good stewards of financial capital, *directors must now embrace being good stewards of an expanded list of factors* that also increase shareholder value and reduce risk, including elements like human capital, environmental impact, concern about the communities in which we do business, and considering the broad interests of customers. ESG (environmental, social, governance) is no longer a nice to have; it is a must have.

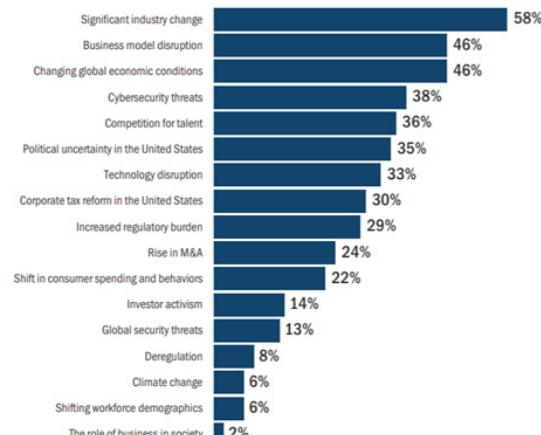
Looking at the 2017-2018 NACD Public Company Governance Survey trends chart, which three trends are having the greatest effect in your boardrooms?



Wendy Webb

2017–2018 NACD Public Company Governance Survey

What five trends do you foresee having the greatest effect on your company over the next 12 months? (Respondents could select five of the 17 issues below.)



The companies for which I am proud to serve as a director are both large employers: ABM Industries has more than 130,000 employees mostly here in the United States but also in the United Kingdom and other international markets, and Wynn Resorts has over 25,000 team members in the United States and in China. Therefore, *competition for talent* is an incredibly important factor for us in the boardroom at both companies.

This is especially true now in the very low-unemployment environments we are experiencing in the United States (3.9% unemployment) and in Macau (1.8% unemployment). Because our employees are truly the front line with our customers, the quality and integrity of team members are critical.

Next, *changing global economic conditions* is another key factor in my boardrooms. Wynn Resorts currently garners over two-thirds of its net revenues from properties located in the Special Administrative Region of Macau in the People's Republic of China, so trends in that part of the world can significantly impact the company's outcomes.

Separately, ABM's business model requires special attention to cost pressures, current and future, and close monitoring of other meaningful economic metrics across the company's broad U.S. and international reach.

Increased regulatory burden is the third area of careful consideration for my boards. As one of the largest employers in the United States, ABM is subject to a wide array of employment laws and regulations that make our practices in the markets we serve complex and dynamic, leading to much consideration in the boardroom.

In a very different way, as an integrated resort, Wynn relies heavily on its relationships and engagement with the various gaming authorities in the regions in which it does business. These commissions are a positive element within our industry. From the boardroom, we consider these important regulatory bodies our ongoing and valued partners.

NACD Directorship 2020 with Fay Feeney (cont)

Fay: Given your experience, which trends do you think directors will be ranking higher in 2020?

I believe that talent and matters of *human capital* should continue to rise in prominence in all boardrooms over the next several years. Hopefully “corporate culture” will move from being just buzzwords at some companies to being a meaningful contributor to dollars-and-cents shareholder value creation and true risk reduction.

I also believe that by 2020, the *rate of change in innovation*—whether technological or in product delivery improvements and efficiencies—and how companies respond to that change are

likely to be factors that move the needle in terms of competitive positioning and corporate success.

Directors will need to ensure their organizations are nimble and their companies’ senior managements anticipate and embrace inevitable change.

Thank you for your insights, Wendy.

Best regards,
Fay Feeney
fay@riskforgood.com

NACD Directorship 100™

Each year, NACD Directorship magazine identifies the most influential people in the boardroom community, including directors, corporate governance experts, regulators, and advisors. Promoting continued economic growth remains a priority



Veronica Hagen

American Water Works Co. (NYSE: AWK)
Newmont Mining Corp. (NYSE: NEM)
Southern Co. (NYSE: SO)
Stericycle (NASDAQ: SRCL)



Christopher Tower

BDO USA



Glenn Welling

Hain Celestial Group (NASDAQ: HAIN)
Jamba (NASDAQ: JMBA)
TiVo Corp. (NASDAQ: TIVO)

for policy makers and directors alike. Therefore, our NACD Directorship 100 recognizes those who participate in actual board work and influence how that work is done.

Congratulations to our NACD Southern California honorees!



Debra Lee

Marriott International (NASDAQ: MAR)
Twitter (NYSE: TWTR)



Wendy Webb

ABM Industries (NYSE: ABM)
Wynn Resorts (NASDAQ: WYNN)

New Board Appointments



Bernard Acoca

El Pollo Loco Holdings Inc. (NASDAQ: LOCO)
President and CEO, El Pollo Loco Holding Inc.;
Former President, Starbucks Teavana



Jacqueline Barton

DowDuPont (NYSE: DWDP)
Professor, Caltech



Jay Brown

MedMen Enterprises (CSE: MMEN;
OTCQB: MMNFF)
Co-Founder and CEO, RocNation



Kiho Choi

Hanmi Financial (NASDAQ: HAFC)
Partner, CKP LLP



Martha Corbett

First Foundation (NASDAQ: FFWM)
Retired Partner, PwC



Betsy Atkins

Wynn Resorts (NASDAQ: WYNN)
Retired Three-Time CEO; Serial Entrepreneur



Gary Birkenbeuel

Tetra Tech (NASDAQ: TTEK)
Retired Partner, Ernst & Young



Ron Burkle

AmeriCold Realty Trust (NYSE: COLD)
Founder, Yucaipa Companies



Kathryn Collier

Regulus Therapeutics (NASDAQ: RGLS)
Vice President and Treasurer, Sempra Energy



Jason DiNapoli

Heritage Commerce (NASDAQ: HTBK)
Founder and CEO, 1st Century Bank NA

New Board Appointments (cont)



Mohamed El-Erian
Under Armour (NYSE: UAA)
Former CEO and Co-CIO, PIMCO



Dennis Fenton, PhD
AnaptysBio (NASDAQ: ANAB)
Former EVP, Amgen



Anne Gates
Raymond James Financial (NYSE: RJF)
Former President, MGA Entertainment



Don Griffith
Pacific Premier Bancorp (NASDAQ: PPBI)
Former Chairman and CEO, Grandpoint Capital



Stacey Hallerman
MedMen Enterprises (CSE: MMEN; OTCQB: MMNFF)
Former Vice President, Chief Legal Counsel, and Corporate Secretary, Richemont North America



Mark Hutchison
MedMen Enterprises (CSE: MMEN; OTCQB: MMNFF)
Tax Partner, Armanino LLP



Diana Ingram
Rexford Industrial Realty (NYSE: REXR)
Consulting Director, Oracle Consulting



Jay Jacobs
Citigroup (NYSE: C)
Former President, PIMCO



Alan Krusi
Granite Construction (NYSE: GVA)
Former President, Strategic Development, AECOM



Walker Martin
Sempra Energy (NYSE: SRE)
CEO, Sempra Energy



Anne McCallion
PennyMac Financial Services (NYSE: PFSI)
Chief Enterprise Operations Officer, PennyMac



C. Noel Bairey Merz, MD
iRhythm Technologies (NASDAQ: IRTC)
Medical Director, Preventive and Rehabilitative, Cedars-Sinai Medical Center



M. Christian Mitchell
Pacific Premier Bancorp (NASDAQ: PPBI) and Huntington Hospital
Retired Senior Partner, Deloitte



Joseph Molina, MD
Apollo Medical (NASDAQ: AMEH)
Former Chairman and CEO, Molina Healthcare



Richard Munro
Chairman, Structural Concepts Engineering, Inc.
Director, NACD Southern California Chapter
CEO, Invenz Inc.



Dee Dee Myers
Wynn Resorts (NASDAQ: WYNN)
EVP, Warner Bros.



Thomas O'Hern
Macerich, Effective Q1 2019 (NYSE: MAC)
CEO, Macerich



Roger Penske Jr.
Penske Automotive Group (NYSE: PAG)
Chairman and CEO, SoCal Penske Dealer Group



Andy Rayburn
MedMen Enterprises (CSE: MMEN; OTCQB: MMNFF)
Principal and Founder, Big Game Capital



John Reyes
Public Storage, Effective January 1, 2019 (NYSE: PSA)
CFO, Public Storage



Joseph Russell
Public Storage, Effective January 1, 2019 (NYSE: PSA)
President and Incoming CEO, Public Storage



Maria Salinas
First Choice Bancorp (NASDAQ: FCBP)
President and CEO, Los Angeles Area Chamber of Commerce



Dean Scarborough
Graphic Packaging (NYSE: GPK)
Chairman, Avery Dennison



Laura Siegal
Iteris (NASDAQ: ITI)
CFO, Natel Engineering

New Board Appointments (cont)

**Jan Swartz**

MGM Resorts (NYSE: MGM)
Group President, Princess Cruises and Carnival
Australia

**Richard Valencia**

Tandem Diabetes Care (NASDAQ: TNDM)
President, Qualcomm Life

**Antonio Villaraigosa**

MedMen Enterprises (CSE: MMEN; OTCQB:
MMNFF)
Former Los Angeles Mayor

**Wendy Webb**

Wynn Resorts (NASDAQ: WYNN)
CEO, Kestrel Advisors

**Martha Wyrsh**

First American Financial (NYSE: FAF)
EVP and General Counsel, Sempra Energy

Newsworthy Members and Sponsors

Pepper Hamilton LLP

Attorneys at Law

CALIFORNIA CONSUMER PRIVACY ACT: EUROPEAN-STYLE PRIVACY WITH A CALIFORNIA ENFORCEMENT TWIST

California enacted a sweeping new data privacy law on June 28, 2018, just one week after it was introduced in the California legislature in part to head off an effort to pass a stricter data privacy law as a ballot measure this November. The California Consumer Privacy Act (the Act) provides consumers with a number of "European-style" rights intended to give consumers more control over their personal information.

The Act is not effective until January 1, 2020, providing businesses with more than a year to adjust to the Act's significant impact on businesses' day-to-day use of consumer data and to operationalize new policies and controls to comply with individuals' expanded rights. The broad applicability of the law will affect businesses all over the world that sell in the California market. [Access the full client alert.](#)



FINANCIAL PROFILES

The Pros and Cons of Virtual Shareholder Meetings

Virtual shareholder meetings (VSMs) are exactly as they sound – shareholder meetings conducted over the internet. And VSMs are growing in popularity. During 2017, 212 public companies -- ranging from United Natural Foods to Martha Stewart Living Omnimedia to Best Buy -- held a virtual annual meeting of stockholders, up from just four in 2009. Broadridge Financial Solutions Inc., which processes electronic voting for companies, expects to facilitate about 250 virtual annual meetings this year. Despite this relatively small number, there is a clear growth trend, up 98 percent since 2009. With the ever-growing adoption of technological practices, virtual meetings continue to gain momentum every year.

[Click here.](#)



NACD Pacific Southwest Chapter Board Member Lisa Quateman and her fellow Polsinelli Partner Herman Enayati were the featured speakers at our July real estate luncheon, speaking on the topic of opportunity funds, a new investment vehicle created under the Tax Cuts and Jobs Act of 2017.

The opportunity fund is designed to incentivize capital investment in certain low-income areas designated as "qualified opportunity zones" by providing investors in such funds with significant tax deferral and potential tax avoidance benefits. Access the [full presentation](#).

Recent Program Recaps

In Partnership With NIRI - A Fireside Chat With Mellody Hobson, Facilitated by Jennifer DiGrazia

March 29, 2018

NACD Southern California and NIRI Los Angeles held a joint lunch meeting on March 29, 2018, at The California Club in downtown Los Angeles. In a fireside chat, Jennifer DiGrazia, senior vice president of Investor Relations of Ariel Investments, interviewed Mellody Hobson, president of Ariel Investments, on a variety of topics, including stakeholder expectations and board dynamics, board composition and succession, management evaluation, compensation and succession, communicating with stakeholders, risk and crisis management, and active versus passive management.

Key Takeaways:

- 1) **Planning for the Future:** The world is increasingly being viewed in the short term. Look past the current situation and see the potential opportunities on the horizon. Bring the patient, long-term view to the boardroom and do what is in the company's best interest for the future. Ask yourself: How do we assess things in a normalized environment versus the moments of shocks or inflection points?
- 2) **Board Dynamics:** Patience, focus, expertise, and teamwork are all important for a board. However, what truly amplifies a board's dynamic is independent thinking—the willingness to be different and have a point of view. At each board meeting, you should have one original thought or ask one truly original question.
- 3) **Crisis Management:** In the face of adversity or a shifting environment, the board should be able to assess what is changing for the company, even if the company has gone through a long period of success. In these instances, the collegiality and the action of the board—not trying to run the company, but certainly helping get through the difficult periods—really matters.

- 4) **Board Diversity:** If you're trying to solve a really hard problem, the best thing to do is to have diverse people attacking it. Allow for diversity in intellect as well as in gender, race, and background. Diversity of intellect allows for variations of problem-solving skills that can prove effective in times of need.
- 5) **Risk Adversity:** Knowing all the threats and dynamics your company faces is nearly impossible. Focus on the certain aspects you can control. Cybersecurity is the new organized crime, so board members should always assume a breach and make it their goal each day to confirm there is not one.
- 6) **Increasing Importance of Passive Investors:** Passive investors are active behind the scenes. With the growing market share of index and ETF investing, it is important to have relationships in place with passive investors just as you would with active investors.



A Fireside Chat With Nick Donofrio, Facilitated by Larry Taylor

May 22, 2018

NACD Southern California held a lunch meeting on May 22, 2018, at The Jonathan Club in downtown Los Angeles. In a fireside chat, Larry Taylor, president of NACD Southern California, interviewed Nick Donofrio, CEO of NMD Consulting, on a variety of topics, including culture as a core organizational asset, this year's Blue Ribbon Commission Report, values and culture in the context of long-term value creation, how to measure the cultural health of the enterprise, and the warning signs that may indicate trouble.

Key Takeaways:

- 1) **Determining Culture:** Culture is a corporate asset, and defining a culture specific to your company is important. Base the company's culture on the highest morals and standards. Determining culture can be a challenge because culture is mostly innate and largely relates to behavior and collaboration. However, it is the leader's job to sharpen and clarify that culture. This includes conducting meetings to establish culture, writing out a list of values, and defining culture in a way that best applies to the company.
- 2) **Establishing Culture:** Culture eats strategy for breakfast, and there is nothing worse than an army that will not march. Culture starts with the CEO, but it is the employees who create the values. Take an active role in the company's culture.

Find problem areas and react accordingly, adjusting your culture policy. Engage in as many aspects of the company as possible to avoid gaps in the culture. Ask yourself, how do things get done at this company? If you do not know, then you have exposed yourself. How far down the ladder can you see, and do you really have a sense of what is going on?

- 3) **Changing Culture:** When you decide to improve a company's current culture, look to the base of the organization because that is who knows what is really going on. The launch of a new culture initiative needs to be backed by passion. The first step is to set goals for the company. Management needs to be willing to perspire by investing and putting in the resources to inspire employees to make the change. The results will ultimately be measured by the performance of the company.
- 4) **Transferring Culture in an Acquisition:** When acquiring a smaller company, cultures may clash. To avoid disruption, the faster the integration the better. Think about why you chose to acquire the company. It is part of the larger company strategy, so align the culture to align the strategy. It is important to engage and listen to these new members of your company. Then, enable them to do their best, empower them to perform, and allow them to adapt to the new culture.

Recent Program Recaps (cont)

- 5) **Responsibility of the Board:** While the CEO leads the company culture, everyone on the board needs to contribute to monitoring the company culture. Appoint an ethics compliance office. Open communication channels between the company's leaders and its employees. After the board meeting, ask yourself what you need to get done and look in places where people say you have no business looking. That is where a lot of the problems start. The attitude of a director should be that everything that is knowable is known at some point.



A Fireside Chat With Paul Chan, Facilitated by Dr. Sung Won Sohn

June 5, 2018

NACD Southern California held a lunch meeting on June 5, 2018, at The California Club in downtown Los Angeles. In a fireside chat, Dr. Sung Won Sohn, former senior economist on the President's Council of Economic Advisors in The White House, interviewed Paul Chan, board member of the Global Network of Directors Institutes (GNDI) and president of the Malaysian Alliance of Corporate Directors, on a variety of topics, including best practices of international directors, integrated reporting, sustainability, risk management, and creating international visibility for yourself to serve on an international board.

Key Takeaways:

1) **Global Regulatory Framework for Directors:** As the world becomes increasingly globalized, companies are now more integrated in terms of both business and regulatory framework. For boards, there are similarities in best practices. While the principles of serving as a director are largely the same for international boards, the implementation of these principles differs from country to country. However, the most important aspect of these regulatory frameworks is to understand why you are implementing them. All directors, whether in the United States or abroad, should advocate for transparency, best practices, and creating the most value for shareholders.

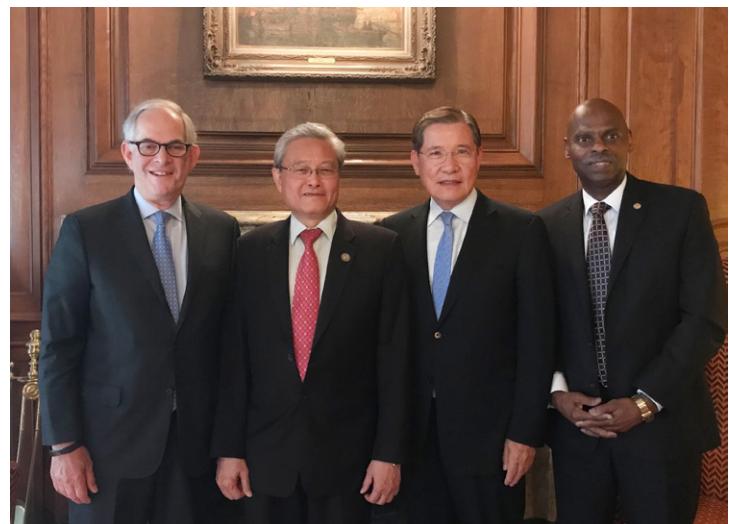
2) **Integrated Reporting:** When you receive an accounting report, the numbers are already late. A company's financials can be inadequate because they only incorporate the numbers managed by the company. However, there are several different types of capital, such as human, environmental, and manufactured. Ask yourself, am I incorporating every possible report that will have an effect on the company's value? What am I missing? Integrated reporting takes into account these different types of capital that are not captured in the company's financial statements. These reports help companies communicate more effectively with shareholders.

3) **Building a Sustainable Future:** The United Nations reports on intangible value each year. This may include sustainability, human capital, diversity, and poverty. Boards should not see these additional reports as a burden, rather as ways to create value. Ask the question, how do you manage environmental issues now in order to be sustainable for the future? Pollution may serve

your company well economically in the short term, but it is unsustainable in the long term.

4) **Managing Risk:** Sometimes a company can fail by doing everything right but not effectively managing risk. Risk can lurk in unlikely places. Remember that a company's success right now does not necessarily bode well for the future. Technology, policies, and the economy constantly evolve and change, so it is important to look out to the future and determine how these changes can help progress your company today before it is in a crisis tomorrow.

5) **Serving on a Board Internationally:** Internationally, firms want Americans to serve as board members to aid in creating a bridge for their company to the United States. However, around the globe, the same basic skills, qualifications, and expertise are required. Make yourself visible to international companies and work to build a network. Do this by investing in yourself in order to invest in your future. This includes engaging in speaking opportunities and educational opportunities, writing articles, and connecting with CEOs and board members through memberships to global platforms.



Recent Program Recaps (cont)

A Fireside Chat with Alec Levenson, Facilitated by Nancy Tseng

June 20, 2018

NACD Southern California held a lunch meeting on June 20, 2018 at The Jonathan Beach Club in Santa Monica. In a fireside chat, Nancy Tseng, M&A Advisor at West Monroe Partners, interviewed Alec Levenson, Senior Research Scientist at the Center for Effective Organizations USC Marshall School of Business on a variety of topics, including the findings of global research on more than 25,000 millennials and 29,000 older workers in 22 countries, which targeted why millennials think the way they do, what they value, their place in the workforce, and the effect they can have on a company.

Key Takeaways:

- 1) **The Millennial Demographic:** Those born from 1980 to 2000 are defined as millennials. Therefore, this demographic lived through the 2000/2001 tech collapse as well as the 2008 recession. As such, they witnessed friends and family lose their jobs and/or savings. These two economic crises prompted a lack of trust in corporations, and influence what millennials value today, emphasizing experience over tangibles. Because of this, it is important for companies to understand that millennials think differently than previous generations. Companies that are successful in working with millennials emphasize development, individuality, incentives and community in their values and employee culture.
- 2) **Importance of Communication:** Because millennials have spent almost their entire lives online or on mobile devices, they are extremely connected both at work and in personal relationships. Internally, communication with millennials is equally important. Millennials want to make sure their voices are heard, and it is your job to show them how best to express themselves at work. Adversely, your own communication is important and telling

them, "You need to do something because," is not an effective explanation to induce motivation. It is not what you say, rather how the millennial feels afterwards, that will enable them to succeed and grow.

- 3) **Impact in an Organization:** How do we harness millennials passion and capabilities to serve the companies for whom they work and communities they live in? A millennial will spot issues within an organization quickly and openly ask for a change or upgrade. When you solve these problems for new millennial employees, you are actually solving a slew of problems that will benefit the entire organization. Listen to their complaints and advice seriously because while millennials are committed to the company, they will leave if they are overworked, have high stress, there are poor company politics, or there is a bad management team in place. Look at the millennial employment turnover rates in your company, and if they are high, find out why they are leaving.
- 4) **The Millennial Career Path:** Millennials have zero illusions about companies doing anything that is not in their own self-interest. They see work as a transaction and believe in a quid pro quo environment. The goal of being overpaid and underworked at the end of a career is now a mere fantasy. As such, millennials expect more from a company in the beginning of their careers and will not exhaust themselves at work with no reward. This includes pay, benefits, flexibility and freedom in the work place. Companies should set up development and promotion programs and give feedback only when there is a learning moment, rather than a formal review process. Allow millennials to succeed or fail on their own by giving them guidance and then stepping away.

A Conversation with Bala Iyer, Edith Perez and Larry Taylor, Facilitated by Erin Selleck

September 11, 2018

NACD Southern California held a lunch meeting on September 11, 2018 at The California Club in downtown Los Angeles. In a fireside chat, Erin Selleck, Independent Director and Audit Committee Chair of Broadway Financial Corp. and Broadway Federal Bank and DoubleCheck Solutions, interviewed Bala Iyer, Board Director of Power Integrations, Inc., Edith Perez, Partner at Wirthlin-Dentons, and Larry Taylor, President of NACD Southern California and Board Director at the African American Board Leadership Institute on a variety of topics targeted towards aspiring directors. This conversation included reasons to serve on a board, responsibilities of the board, board director qualifications, and ultimately differentiating yourself to obtain a board seat.

Key Takeaways:

- 1) **Why Serve?:** There are many reasons to serve as a director, including personal gratification, intellectual stimulation, and social responsibility. Directors work strategically alongside accomplished people, who bring a diverse combination of skills and expertise on a plethora of different issues. Since directors provide counsel to the CEO, potential candidates should ask themselves how they would advise management and why you really want to serve. Remember that serving as a director is not without risk, and it is important to talk with your attorney about protecting your personal assets by ensuring the company has maximum D&O insurance coverage.

- 2) **What are the Responsibilities?:** As a director, you will be subject to investor scrutiny and in some cases attacks by activist investors, who are looking for mismanagement and inept execution. Investors expect directors and management to have a strategy to create value, execute that strategy, and produce a favorable outcome. Directors are not responsible for creating the strategy, but they are accountable for ensuring it is being effectively implemented. Thus, they need to be comfortable in the role of advising c-level executives. One specific duty of directors is to hire and fire the CEO. This includes ensuring the CEO is appropriately running the company day to day and taking a proactive role in succession planning, grooming internal candidates and identifying potential outside candidates. In broader terms, directors are also responsible for overseeing the culture and risk.

- 3) **What are the Qualifications?:** Every established board should keep an inventory of the skills and talents they currently have and those which they need to effectively govern the company. While potential candidates should have some expertise in the company's sector, boards ultimately need people with good judgement and varied experiences, not just former CEOs. Currently, boards are also focused on diversity, so potential candidates should engage with the resources available for different demographics. Furthermore, board members need to be able to engage in board discussion, so director education is important.

Recent Program Recaps (cont)

4) How to get a Board Seat?: Start setting yourself up for a board seat long before you are qualified to be a director. To enhance the odds of success, consider starting the process at age 45 not 55. Look to board members at your own company for information and ideas on the process and learn about how they conduct their meetings. This is also a good place to find a mentor. Board positions are not advertised so you need to hear about opportunities through people who would have a reason to know about them – company advisors, lawyers, accountants, and others. Tell your peers and your professional network that you are looking for a board seat. Research, networking and professional

development are all important. Prepare well for board interviews; do your research on the company, highlight what makes you stand out and don't be arrogant. Leverage the interview process to ask smart questions about how the board operates in terms of collaboration, CEO dynamics, presentation style, and find out if there are any red flags. Remember that the odds are not great; the number of qualified directors far surpasses the number of available board seats at any point in time. Know it takes time and be patient.

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"We need directors who can clearly demonstrate their value on proxy disclosures. NACD's director credentials are the gold standard."

—Anne Sheehan, Director of Corporate Governance, CalSTRS



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