

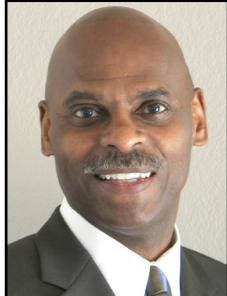
# Voice of the Director

**Autumn 2019 • Volume 13**[pacificsouthwest.NACDonline.org](http://pacificsouthwest.NACDonline.org)

## Message from the President

Our 2018-19 fiscal year ended in July with us exceeding nearly all of our stated goals. Another good year; another exceptional team effort. Last year we planned and executed 37 world-class programs in the eight cities that compose our geographical footprint. We are particularly proud of several unique programs. Our all-day program on the campus of UNLV in Las Vegas was devoted to women serving on boards. Our cybersecurity program included a tour of the United Airlines security operations at LAX. The healthcare program in Phoenix was simply outstanding. We hosted a special program at the home of one of our board members in San Diego.

Our economic forecast program in Santa Barbara was exceptional. We ended the year with our first program in Reno focused on "hot topics" in corporate governance. Rounding off a great year, our chapter was awarded the 2019 Exemplary Program Experience: World-Class Programming award at NACD's Global Board Leaders' Summit.



*Dr. Larry Taylor  
Chapter President*

In the coming weeks, we will finalize our goals for the 2019-20 fiscal year. I am certain that in a year's time, once again, we will announce that we have met those goals because of our exceptional board leadership team.

Our new Program Committee chair for this year is Richard Munro. Erin Selleck will continue as our Member Engagement Committee chair. Lorraine Segil continues as our Nominating & Governance Committee chair. Fay Feeney remains chair of our Marketing & Communications Committee. Kim Hunter continues as chair of the Sponsorship Committee. Ken Merchant is the treasurer and chair of the Finance Committee.

We rely on the guidance and leadership of our regional Advisory Committee chairs, Karen Bogart, Rafael Pastor, Rose McKinney-James, Michael Gillmore and Michael Tully. Lisa Quatemian remains the coordinator of our chapter ambassadors. And, we could not execute without our chapter executive director, Anne Ettley.

We exceeded our overall chapter attendance goal and the percentage of members who attend our programs continues to climb. I offer my sincere thank you to our leadership team, and to all who attended our programs and have shown support throughout the year.

Please continue to view our chapter website at [pacificsouthwest.nacdonline.org](http://pacificsouthwest.nacdonline.org) for program information. Again, should anyone be interested in getting involved with chapter activities, please do not hesitate to contact me at [ltaylor@thecreightongroup.com](mailto:ltaylor@thecreightongroup.com).

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## Welcome to Our Board

The NACD Pacific Southwest Chapter has announced the expansion of its chapter leadership with the appointments of Mike Gillmore (left), Brenda Morris (center) and Mike Tully (right) to its Board of Directors.

[Read more.](#)



# 2019-20

## Upcoming Events

Oct. 28	<b>Arizona</b>	Detecting Disruptive Personalities – The Need for Board Oversight (Mountain Shadows)
Oct. 30	<b>Los Angeles</b>	Illuminating Data in the Boardroom (The California Club)
Nov. 14	<b>Los Angeles</b>	NACD PSW/USC Marshall Corporate Directors Symposium (Jonathan Club)
Nov. 21	<b>Santa Monica</b>	Ask the Experts: Hot Topics in Corporate Governance (Double Tree Suites by Hilton, Santa Monica)
Dec. 11	<b>Arizona</b>	Diversity of What? Challenging the Wisdom of Board Composition (Phoenix Country Club)
Jan. 28	<b>Los Angeles</b>	Fireside Chat with John Rogers, Chairman of Ariel Investments (The California Club)
Feb. 24	<b>Las Vegas</b>	Blue Ribbon Commission Report on the Future of Board Leadership (The Smith Center)
Feb. 25	<b>Arizona</b>	Blue Ribbon Commission Report on the Future of Board Leadership (Location TBD)
Feb. 27	<b>Los Angeles</b>	Blue Ribbon Commission Report on the Future of Board Leadership (The California Club)
Mar. 10	<b>Los Angeles</b>	Fireside Chat with Jim Kaiser - PCAOB (The California Club)
Mar. 12	<b>Arizona</b>	Illuminating Data in the Boardroom (Location TBD)
May 19	<b>Las Vegas</b>	Women in the Boardroom: Pathways to a Corporate Board Seat (UNLV Boyd School of Law)

# Greater Expectations, Increased Complexity: Board Leadership Matters

## 2019 Corporate Directors Symposium

Presented by the **NACD Pacific Southwest Chapter**  
and **USC Marshall School of Business**

 **Collaborative**  
Fellowship Credits

## Thursday, November 14, 2019

### 7:15 a.m. – 5:00 p.m.

**Jonathan Club** 545 S Figueroa St, Los Angeles, CA 90071

[REGISTER NOW](#)

### \$750 Registration

#### KEYNOTE SPEAKERS:



**Ronald D. Sugar**  
Chairman Emeritus  
Northrop Grumman Corporation  
Chairman  
Uber Technologies



**Daryl Brewster**  
CEO  
Chief Executives for Corporate  
Purpose (CECP)

#### PANELISTS:

**Christopher Ailman**  
Chief Investment Officer – CalSTRS

**John Seely Brown**  
Independent Co-Chairman –  
Deloitte's Center for the Edge  
Science Board Advisor – BetterUp

**Joyce Cacho**  
Board Director – Sunrise Banks  
President – Adinura Advisory  
Services, LLC

**Moira Conlon**  
President and Founder  
Financial Profiles, Inc.

**Chris Cox**  
President –  
Morgan Lewis Consulting LLC  
Partner – Morgan, Lewis & Bockius LLP

**Kate Duchene**  
Chief Executive Officer – RGP

**Peer Fiss**  
Professor and Chair of the  
Department of Management and  
Organization – USC Marshall School  
of Business

#### Dr. Glenn Fox

Head of Program Design,  
Strategy, and Outreach –  
USC Performance Science Institute

**Joan Herman**  
President and CEO  
Herman and Associates LLC

**Bonnie Hill**  
Board Vice Chair – RAND Corporation  
Board Director – Banc of California,  
Inc.

**Michael Juergens**  
Principal – Deloitte & Touche LLP

**Mozaffar Khan, PhD**  
Senior Quantitative Research Analyst  
– Causeway Capital Management LLC

**Nandika Madgavkar**  
Senior Director, Strategic  
Investor Initiative –  
Chief Executives for Corporate Purpose  
(CECP)

**Rose McKinney-James**  
Managing Principal – Energy Works  
LLC and McKinney-James & Associates

**Pat Mulroy**  
Board Director – Wynn Resorts

#### David Rosenblum

Board Director – Hanmi Financial  
Corporation/Hanmi Bank  
Chairman – NACD Pacific Southwest  
Chapter

**Lorraine Segil**  
Founder, Chair and CEO –  
EWA Foundation

**Larry Taylor**  
President – NACD Pacific Southwest  
Chapter

**Wendy Webb**  
Board Director – Wynn Resorts, ABM  
Industries, American Homes

**Dean Yoost**  
Board Director – MUFG Union Bank  
and Pacific Life Insurance Company

**Bob Zukis**  
Founder and CEO – Digital Directors  
Network  
Professor of Digital Governance –  
USC Marshall School of Business

[www.marshall.usc.edu/greater-expectations](http://www.marshall.usc.edu/greater-expectations)

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## Chairman's Corner



*David L. Rosenblum  
Chapter Chairman*

As we move into the last quarter of 2019, I would like to highlight our annual Corporate Directors Symposium (CDS), which will take place on November 14 at the Jonathan Club in downtown LA. Partnering with the USC Marshall School of Business, this year's CDS focuses on the theme Greater Expectations, Increased Complexity: Board Leadership Matters.

We have a great lineup of keynotes, panels, and breakouts, all focused on the increasingly broad and interrelated demands that society is placing on companies and boards. NACD national leadership – including Chairman Bill McCracken and CEO Peter Gleason – will be joining us on

November 14. We hope you will be there too!

Planning for the CDS starts about nine months in advance and involves a sizeable group of volunteers. The CDS team is just one subset of a much larger group of members who work hard to support all Pacific Southwest Chapter activities. I want to extend a thank you to all our volunteers! They each help ensure that what we do is genuinely by directors, for directors.

If you are interested in joining the many members involved in chapter activities, please do not hesitate to contact President Larry Taylor ([ltaylor@thecreightongroup.com](mailto:ltaylor@thecreightongroup.com)) or me ([drosenblum75@gmail.com](mailto:drosenblum75@gmail.com)).

# Future Focused With Fay Feeney



Fay Feeney  
Chapter Marketing  
& Communications  
Chair

the well-being of all stakeholders, not just shareholders.

We are living with an accelerating culture shift where activists of all types increasingly want to buy from, work for, and invest in

Governing culture has become a greater expectation for all board leaders. Today, we expect and incentivize our CEOs to grow profitable businesses but also to protect

companies that serve a purpose greater than maximizing profit at any cost to people, communities, and the environment. People are using all available channels, and especially social media, to speak to and demand responses from business leaders.

***"The American Dream is alive – but fraying for many."***  
-- J.P. Morgan Chase  
CEO Jamie Dimon

Our NACD Pacific Southwest board culture is driven by a shared purpose with our members and the governance community. We volunteer and believe in our motto, by directors, for directors: advancing director performance together.

This requires engagement in all we do. As chair of the chapter Member Engagement Committee, Erin Selleck leads a team that works hard to engage all chapter members and ensure they have an extraordinary member experience. The primary focus for Erin and the committee this past year has been personal outreach to members to be sure they are informed of our world-class local chapter programs. The committee has also been making a concerted effort to welcome our new members and provide seamless onboarding to our vibrant and engaged chapter. Personal connections with other directors are a key part of our chapter's value proposition and it starts with our Member Engagement Committee.

## STATEMENT ON THE PURPOSE OF A CORPORATION

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

### WHILE EACH OF OUR INDIVIDUAL COMPANIES SERVES ITS OWN CORPORATE PURPOSE, WE SHARE A FUNDAMENTAL COMMITMENT TO ALL OF OUR STAKEHOLDERS. WE COMMIT TO:

**DELIVERING VALUE TO OUR CUSTOMERS.** We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

**INVESTING IN OUR EMPLOYEES.** This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

**DEALING FAIRLY AND ETHICALLY WITH OUR SUPPLIERS.** We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

**SUPPORTING THE COMMUNITIES IN WHICH WE WORK.** We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

**GENERATING LONG-TERM VALUE FOR SHAREHOLDERS, WHO PROVIDE THE CAPITAL THAT ALLOWS COMPANIES TO INVEST, GROW AND INNOVATE.** We are committed to transparency and effective engagement with shareholders.

**EACH OF OUR STAKEHOLDERS IS ESSENTIAL. WE COMMIT TO DELIVER VALUE TO ALL OF THEM, FOR THE FUTURE SUCCESS OF OUR COMPANIES, OUR COMMUNITIES AND OUR COUNTRY.**



**Erin Selleck**  
Chapter Member  
Engagement Chair

If you've joined us at an event recently, we hope you had a great experience. Given the importance of engagement in our boardroom discussions, I asked Erin to share what she is doing to engage with members at NACD Pacific Southwest.

**Fay: You've had success with your recent initiatives to engage our membership. As you think about engaging the director of the future, what kinds of opportunities and challenges do you see on the horizon?**

**Erin:** We have a very diverse and continuously evolving population within our chapter including public, private and nonprofit directors. They represent boardrooms of large, mid-market and emerging companies from a wide variety of industries and geographies. These directors bring their experience from first board appointments all the way to seasoned board leaders. Our chapter leaders are committed to understanding the current and future needs of this diverse director population to ensure their member experience adds value to their boardrooms.

Two important mechanisms for enabling chapter leadership to fully understand our member needs are data analytics and feedback from members. We encourage responses to our surveys and welcome input by all methods and channels in our pursuit to deliver quality experiences.

## Future Focused With Fay Feeney, continued

**Fay: You've been in financial services for years, as both a bank executive and now as a director. What is one of the significant future trends in financial services that you've been thinking about?**

**Erin:** In the banking industry, we see ongoing industry disruption, and I expect this to accelerate. There are disrupters, from both inside and outside the industry, include fintechs, neobanks and challenger banks, as well as big tech companies like Amazon, Apple, Google and others.

The outcome, so far, has been a material improvement in customer experience and efficiencies, driven by technology-enabled data collection, artificial intelligence, and voice and mobile connectivity. I believe this is benefiting consumers, employees and ultimately creating shareholder value.

While this has been a challenging time for the banking industry, it has motivated my fellow directors and me to take a strategic long-term look at our businesses, our purpose, and the possibilities for financial services in the future.

**Fay: What are you future focused on?**

**Erin:** In service industries like financial services, our employees and customers will be increasingly important to long-term, sustainable value creation. As a director, I'm laser focused on advancing robust board discussions with management regarding principles and practices that support these vital stakeholder groups. These discussions need to

include elements of strategy, culture, risk and performance.

Although this can be seen as adding complexity to our already full board agenda, it provides a focus that allows for shareholders' interests to be served while acknowledging the role that all stakeholders play in our shared success.

When we talk about strategic risks and opportunities, we'll know we've gotten it right when we don't need to talk about employees, customers and other stakeholders as a separate "ESG" category. For long-term sustainable value creation, directors are now tasked with adapting our governance models to respond to our fast-moving economy in order to integrate all stakeholder needs.

Erin Selleck is on the board of Broadway Financial Corp. (California), Broadway Federal Bank, FSB, NACD Pacific Southwest Chapter, and serves on the advisory board of DoubleCheck Solutions LLC, an early-stage financial technology company.

Formerly she was treasurer and senior executive vice president at MUFG Union Bank, NA.

She received an undergraduate degree and an MBA from the University of California, Berkeley.

**Thank you for your insights and board service, Erin.**

Enjoy,  
Fay Feeney  
[fay@riskforgood.com](mailto:fay@riskforgood.com)

# NACD Pacific Southwest Chapter Board Leadership

## **Dann Angeloff**

Electronic Recyclers  
International Inc.

## **Dr. Karen Bogart**

Mohawk Industries Inc.,  
Michelman Inc.,  
Fielding Graduate University

## **Fay Feeney**

Center for Safety and Health  
Sustainability, American Society  
of Safety Professionals  
Foundation

## **Mike Gillmore**

TPG RE Finance Trust Inc.

## **Kim Hunter**

The LAGRANT Foundation

## **Rose McKinney-James**

Energy Foundation, MGM  
Grand Detroit LLC, American  
Association of Blacks in Energy,  
Alliance to Save Energy, Three  
Square Food Bank, MGM  
Resorts International, The  
Executive Leadership Council,  
Toyota Financial Services Bank

## **Kenneth Merchant**

Pasadena Angels Inc.

## **Brenda Morris**

Boot Barn Holdings, Duluth  
Trading Company, Asarasi  
Water, Xponential Fitness,  
Pacific Lutheran University  
Board of Regents

## **Richard Munro**

UST Nutritional Ireland Limited,  
UST Corp LLC,  
Bolero Industries Inc.

## **Rafael Pastor**

KinderCare Education,  
RosettaBooks, Assurance,  
School of Global Policy and  
Strategy, Rady School of  
Management at UC San Diego

## **Hoshi Printer**

Lantronix Inc., Standard  
Homeopathic Company Inc.,  
Transient Plasma Systems,  
Information Management  
Resources Inc.

## **Lisa Greer Quateaman**

Scherzer International Corp.,  
Los Angeles Area Chamber of  
Commerce,  
UCLA Ziman Center for  
Real Estate, City of Hope  
Board of Governors,  
Heidi Duckler Dance

## **David Rosenblum**

Hanmi Financial Corp.,  
Library Foundation of  
Los Angeles

## **Lorraine Segil**

Exceptional Women Awardees  
Foundation, APCO Worldwide,  
Pepperdine Graziadio School of  
Business, UCLA Anderson  
School of Business,  
Entrepreneur Advisory Board

## **Erin Selleck**

Broadway Financial Corp.,  
Broadway Federal Bank

## **Les Sussman**

East West Bancorp Inc.,  
Braille Institute of America

## **Dr. Larry Taylor**

The Creighton Group Inc.,  
Claremont Graduate  
University, Novaria  
Aerospace Advisory Board of  
Management Representatives,  
National Association of Women  
Business Owners LA Advisory  
Board

## **Mike Tully**

CopperPoint Insurance  
Companies,  
Sonoran Conservance,  
Valley of the Sun United Way

## **Dr. Sung Won Sohn**

LACERS - Los Angeles City  
Retirement System,  
Western Alliance  
Bancorporation

## **Dean Yoost**

Pacific Life Insurance Company,  
MUFG Union Bank N.A.,  
American Honda Finance Corp.

## **Bob Zukis**

Los Angeles United Preschool,  
Firemon

# NACD Pacific Southwest Ambassadors

## Lisa Quatemian NACD Board Member and Ambassador Coordinator

On behalf of the Chapter Board, we would like to thank our 2018-2019 chapter ambassadors for their outstanding commitment to our chapter and their varied and extensive efforts to promote member engagement, great programming, sponsorship, marketing, and communications.

Ambassadors are NACD members who have been nominated by Chapter Board

members and who want to be involved with chapter leadership activities and assist the chapter's various committees. We extend our special thanks to Fred Clayton, Jacque Sokolov, Christie Schueneman, Jeff Hoffman, Zelda Marzec, Brenda McCabe, Beverly Cole, Brenda Morris, Christine Chu, Ivelisse Estrada, and our greatly mourned late friend and colleague Edith Perez.

### ***With Great Sadness...***



*We are deeply saddened by the passing of our NACD Pacific Southwest Ambassador Edith Perez. We share our deepest sympathy with Edith's family and friends. We absolutely adored Edith and appreciated her dedication to corporate governance and her passion to do the right thing, at all times. She was a true inspiration to all of us.*

# New Board Appointments

## Aspiring Directors

We take great pleasure when a director is elected to a new corporate board. Katherine, we know your wisdom and business expertise will be highly treasured by Skechers.



"I'm delighted to join the board of such an iconic global brand. I look forward to working with the current directors, expanding the diverse viewpoints of the board and to help drive Skechers to success."

**Katherine Blair**  
Skechers USA (NYSE: SKX)  
Partner Manatt, Phelps & Phillips

### Jeffrey Benck

Benchmark Electronics  
(NYSE: BHE),  
Former CEO, Lantronix

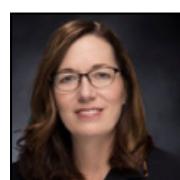


### Mary Conlin

Daily Journal (Nasdaq: DJCO),  
Former Head of Marketing,  
Pixar Animation Studios

### Jean Birch

Jack In The Box  
(Nasdaq: JACK) Chair,  
Papa Murphy's International

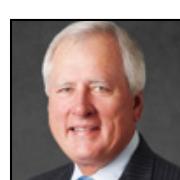


### Stephanie Davis

Athenex (Nasdaq: ATNX),  
Senior Client Partner,  
Korn Ferry

### Alan Boeckmann

Fluor (NYSE: FLR)  
Former Chairman and  
CEO of Fluor



### Michael Dubin

Papa John's International  
(Nasdaq: PZZA),  
Founder and CEO,  
Dollar Shave Club

### Marjorie Bowen

Navient (Nasdaq: NAVI),  
Formerly with Houlihan Lokey



### Peter Farrell

Evolus (Nasdaq: EOLS),  
Founder and Chairman,  
ResMed

### Malissia Clinton

3D Systems (NYSE: DDD),  
General Counsel,  
Aerospace Corp.



### Chelsea Grayson

Rex Mundi,  
Former CEO,  
True Religion and  
American Apparel

### Susan Collyns

Waitr (Nasdaq: WTRH),  
Dine Brands Global (NYSE: DIN),  
Pres. & CFO, Beachbody



### Sarah Harden

Rubicon Project (NYSE: RUBI),  
CEO, Hello Sunshine

## New Board Appointments continued

### **Christy Haubegger**

Hudson Properties (NYSE: HPP),  
Chief Inclusion Officer,  
Warner Media



### **Brian Sandoval**

Coeur Mining (NYSE: CDE),  
Former Governor, Nevada

### **Joan Herman**

Ionis Pharmaceuticals  
(Nasdaq: IONS),  
Director, Encompass Health and  
AARP Services



### **Ginny Shanks**

EPR Properties (NYSE: EPR),  
Corporate Director, Altria Group

### **Simone Lagomarsino**

Hannon Armstrong Sustainable  
Infrastructure (NYSE: HASI),  
CEO, Luther Burbank Saving



### **Jack Sinclair**

Sprouts Farmers Market  
(Nasdaq: SFM),  
Former CEO, 99 Cents Only Stores

### **Susanne Meline**

Aqua Metals (Nasdaq: AQMS),  
Director, ClearSign Combustion



### **Ken Solomon**

LiveXLive Media (Nasdaq: LIVX),  
Chairman & CEO,  
The Tennis Channel

### **Richard Munro**

UST Nutritional Ireland Limited



### **Michelle Sterling**

Digital Turbine (Nasdaq: APPS),  
EVP - Human Resources,  
Qualcomm

### **Chuck Noski**

Wells Fargo (NYSE: WFC),  
Corporate Director, Microsoft



### **Enzo Villani**

THC Therapeutics  
(OTCMKTS: THCT),  
Managing Partner, Thrust Capital

### **Kristy Pipes**

PS Business Parks (NYSE: PSB),  
Former CFO, Deloitte Consulting



### **Mimi Walters**

B. Riley Financial (Nasdaq: RILY),  
Former U.S. Rep. 45th District,  
California

### **Anthony Rodio**

Caesars Entertainment  
(Nasdaq: CZR),  
Formerly CEO, Affinity Gaming

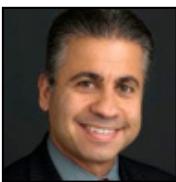


### **Peter Zippelius**

Catalent (NYSE: CTLT),  
Partner, Leonard Green  
& Partners

### **Sam Samad**

IDEXX Laboratories  
(Nasdaq: IDXX),  
CFO, Illumina



# Newsworthy Members & Sponsors

## When Passive Investors Become Active and Other Tales From The Street



Almost three years ago to the day, I interviewed Moira Conlon, CEO, and president of Financial Profiles Inc., on the topic of "How to Best Communicate with Shareholders." Conlon has been involved with investor relations and financial public relations for more than 25 years. She started Financial Profiles in 2007 to help public and pre-IPO companies address issues affecting valuation and corporate reputation and to effectively communicate with Wall Street and the financial press.

[Continue reading here](#)

In addition, Financial Profiles serves as the public relations (PR) agency for the Pacific Southwest and Chicago Chapters of the National Association of Corporate Directors. With a staff of about 20 executives, Moira and her team have deep and broad experience gained at Wall Street firms, global Investor Relations (IR) and PR organizations and corporations across several market segments. Moira, thanks again for participating in our Executive PayWatch blog.



## Lisa Greer Quatemann Named as One of the "Lawyers of the Year" by Best Lawyers® 2020

Am Law 100 firm Polsinelli congratulates 12 of its attorneys who were named "Lawyers of the Year" on The Best Lawyers in America® 2020 list, and an additional 161 attorneys ranked as Best Lawyers for 2020.

[Access the full article](#)

## The Compensation Committee Agenda for 2019: Top Five Concerns

Pearl Meyer's annual "Top Five" publication provides a roadmap for boards that are seeking to get ahead of emerging issues. More than ever, we are seeing the compensation committee's scope of influence expand, while much attention is being paid to how directors themselves are compensated. Measuring and rewarding performance—both financial and non-financial—

based on the specific goals of each company continues to be a complicated endeavor. Meanwhile, decisions must be made within a complex and uncertain business and geopolitical environment.

Our five topics for 2019 follow the convention of previous years in that we are offering a balance of practical, near-term ideas, as well as future-looking topics for your consideration.

- 1) Be Ready for An Expanding Compensation Committee Role
- 2) Get More Comfortable with Non-Financial Metrics
- 3) Revisit and Refine Your Relative Total Shareholder Return (rTSR) Plan
- 4) Brace for Changes in Director Pay
- 5) Expect and Prepare for Unexpected Impact to Your Compensation Plans

[Access the full article here](#)

# Pearl Meyer

## Newsworthy Members & Sponsors continued

### Blair Jones Featured in NACD: Board Oversight of Gender Pay Equity

Blair Jones was recently published in NACD Directorship Magazine for NXT, a multi-year initiative to highlight breakthrough board practices that promote greater diversity and inclusion, ultimately fostering long-term value creation. SBCG is one of the founding sponsors of NXT.

Read more about NXT in Jones' article, Board Oversight of Gender Pay Equity, [from Semler Brossy](#).

### Unlocking Digital Growth: Trust is the key

Successful organizations embrace technology to create customer value as a critical component of competing in a digital world. Savvy business leaders know that trust is the key to unlocking digital growth and ongoing success.

The most significant challenge to delivering value in the digital economy will be the ability to build trust. According to the



**Grant Thornton**

2018 Digital Society Index, trust is the leading factor in securing digital engagement. Building customer trust is a team effort. In order to drive value and accelerate growth, the entire C-Suite must work together to build trust across four key areas: customers, partners, technology and employees.

[Access the full article here](#)

### The Sandra Day O'Connor Board of Excellence Award

is awarded to a woman who has served with distinction on the board of a public company and has advanced the value of diversity in the workplace. The 2019 Sandra Day O'Connor Board Excellence Award will be awarded to:



[Read Rose McKinney-James' bio](#)

Rose McKinney-James, Managing Principal, Energy Works LLC and McKinney-James Associates; Director, MGM Resorts International and Toyota Financial Savings Bank.

# Pearl Meyer

The Leader in Executive  
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Learn more at:  
[www.pearlmeyer.com](http://www.pearlmeyer.com)

# Recent Program Recaps

## Executive and Board Compensation for the "Twenties"

In a fireside chat hosted by the NACD Pacific Southwest Chapter on September 5, 2019, Hoshi Printer spoke with Bruce Edwards, Compensation Committee chair at Lantronix and Semtech; John Kelsh, a partner at Sidley Austin; and David Swinford, president and CEO at Pearl Meyer, about executive and board compensation for the 2020s.

The lunch meeting at The California Club in downtown Los Angeles provided insight on what we can learn from the 2019 proxy season, how this will influence executive compensation going into 2020, and best practices for executive compensation.

### Key Takeaways:

- 1) Executive compensation is of importance to all board members and not just the compensation committee, because it should reflect the strategy of the business.
- 2) Results from 2019 proxies include (a) CEO pay ratio has become a non-issue and (b) environmental, social and governance (ESG) at large-cap companies could influence executive compensation in the future.

- 3) The proxy statement has moved beyond a legal and compliance document. The CD&A should be used to communicate the company's rationale for compensation in plain English.
- 4) Geopolitical uncertainty and potential economic downturn will make it difficult to properly reward for 2019 results and set 2020 objectives. Setting long term incentives (LTI) could be especially challenging in certain sectors such as technology and retail.
- 5) Business Roundtable's recent posture on the "Purpose of a Corporation" is for businesses to consider all stakeholders; customers, employees, suppliers, communities and shareholders. That may affect executive compensation considerations in the long term.
- 6) Encouraged by ISS, Economic Value Added (EVA) will become a key compensation metric. Although the EVA formula is deceptively simple, boards need to understand the implications on management behavior.
- 7) Use of clawbacks has been limited to date and enforced primarily for financial misconduct.



*Pictured (left to right):  
Hoshi Printer, John Kelsh,  
Bruce Edwards, Dave Swinford*

- 8) With increasing scrutiny on director compensation, best practice is to benchmark against the respective peer group and switch from a fixed number to fixed dollar value of grants.
- 9) The board compensation will need to increase to attract fresh talent and diversity to the board.
- 10) Regardless of company size, it is essential to conduct a pay equity study across the company as both the board and compensation committee are responsible for pay equity. Best practice is to have the study conducted by independent, outside consultants.

## Navigating the Corporate Ship in the Midst of the U.S.-China Storm

In a fireside chat hosted by the NACD Pacific Southwest Chapter on June 4, 2019, our Director Dr. Karen Bogart spoke with Susan Shirk, chair of the 21st Century China Center at the University of California-San Diego, and Dominic Ng, chairman and CEO of East West Bank, about navigating the corporate ship in the midst of the U.S. - China storm.

The lunch meeting at The California Club in downtown Los Angeles provided a historical overview of U.S. - China trade relations, insight into the current status of the negotiations and advice for corporate directors in managing the effects of the political uncertainty on their businesses.

### Key Takeaways:

- 1) Relations between the United States and China are on the verge of crisis. It's important to recognize that the issues between the two

countries are multifaceted, ranging from trade and investment to intellectual property (IP) and ideology.

- 2) The current state of the negotiations needs to be tied into recent history when China rapidly ascended into a global economic powerhouse after the 2007-2008 financial crisis.
- 3) In the mid-2000s, China started to take a hands-on approach to its economy. More recently, the country has embarked on financial

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risk-taking, using debt to fund developing economies. These strategies have exacerbated ideological differences between the two countries.

4) Although there are genuine concerns these differences may lead to military conflict, the media in China have not provoked the issue. This suggests China may be willing to reach a compromise with the United States soon.

5) The U.S. approach of obsessing over the trade deficit is arbitrary and wrong. Rather, efforts should be directed toward China's protectionist policies, which are

restrictive to American companies.

6) However, there have been signs of progress with regard to protectionism in the country. Recently, China opened up its financial service industries to American firms. This may pave the way for thawing of relations in the future.

7) For those on corporate boards, it's easy to fall into the trap of shying away from business in China in the short term. But this may prove a premature decision, given China has spent years building its infrastructure to accommodate foreign investment.

8) Ultimately, boards should avoid knee-jerk reactions when it

comes to China. Those that build a long-term strategy will be in the best position to achieve success.



*Pictured (left to right): Larry Taylor, NACD Pacific Southwest President, Karen Bogart and Rafael Pastor (Co-Chairs of the Southern California Regional Advisory Board of NACD Pacific Southwest), Susan Shirk, Dominic Ng*

## Board Governance of Private Equity-Controlled Companies



*Pictured (left to right):  
Rafael Pastor, Chris Mitchell,  
Chelsea Grayson, David Layton*

In a fireside chat hosted by the NACD Pacific Southwest Chapter on April 18, 2019, our Board Leader Rafael Pastor spoke with Chelsea Grayson, CEO of True Religion, David Layton, Co-CEO of Partners Group, and Chris Mitchell, a seasoned corporate boardroom leader, about board governance of private-equity controlled companies.

The lunch meeting at The California Club in downtown Los Angeles provided insight on the evolving nature of private equity today, the importance of boards in helping to align interests

and the attributes directors need to thrive in private-equity controlled companies.

### Key Takeaways:

- 1) With the precipitous decline in publicly listed companies (50% over the past 20 years), today more companies are owned by private equity than ever before. Collectively, private equity firms manage \$5.6 trillion and are among the largest employers in the United States.
- 2) The success of private equity has been supported by a corporate governance regime that enables entrepreneurialism and creates value through management teams and boards.
- 3) Alignment of interests is a guiding principle for the private equity community. Private equity firms want directors who are actively engaged and have skin in the game to support that alignment.
- 4) Private equity held companies have a similar fiduciary responsibility as public companies but differ in that they are not bogged down with public company reporting requirements and engagement is in real-time rather than just at quarterly board meetings.
- 5) Management teams want to build trust with private equity firms and to rely on directors for mentorship. A good private equity firm should strive to shadow management not try to run the business.
- 6) Historically, private equity firms have managed portfolio companies by being "number-ninjas." Today they are also focused on issues such as corporate culture, ESG, and diversity.
- 7) Like a marriage, the first 100 days matter; a good start with private equity is crucial to long-term success.
- 8) The pool of intellectual capital and talent on private equity boards is growing, but strong board members are still in demand. Key attributes for success include directors who (1) are generous with their time, non-judgmental, responsive and bring operating experience; (2) have a high profile that is exciting to employees and customers and (3) add diversity to the board.

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