

Book it: Best bets for board reading

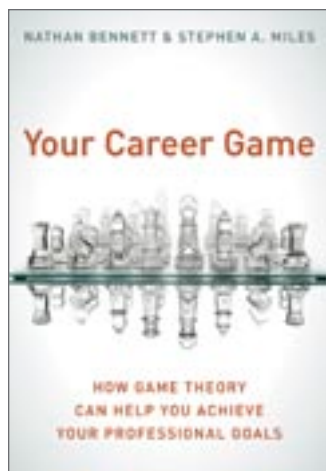
From a roundup of new books, leadership insights on winning the career game, the dangers of denial, the new activism, director dilemmas, and memorable board moments.

How to win the career game

From **Your Career Game** by Nathan Bennett and Stephen A. Miles (www.yourcareergame.com). Copyright 2010 by the Board of Trustees of the Leland Stanford Junior University. Published by Stanford University Press (www.sup.org).

ONCE A CAREER is understood as a game involving players who compete for opportunities, the natural next question concerns how to become a better player. We suggest that the key to developing ability as a career game player is career agility.

Career-agile individuals have high emotional intelligence, are politically savvy, are comfortable with uncertainty and risk, and thus demonstrate high degrees of successful portability from position to position over time. Great players of the career game are often modest, and most minimize their own role in their success. In our experience, the most common explanation that executives will offer for their personal success is that they were lucky enough to be in the right place at the right time. Of course, as the Roman philosopher Seneca observed long ago, “Luck is what happens when preparation meets opportunity.”



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Agile executives understand how to navigate to the intersection of preparedness and opportunity. Whereas a concerted effort to do so would likely uncover some examples of meritless people stumbling into that intersection, it is fair to expect that most people’s opportunities derive from demonstrated capability. Others describe their rise as resulting from a nearly invisible “hand up” from a mentor. Some successful individuals are more purposeful in their efforts. As an executive told us, “Some people are constantly plotting their career. I don’t know where they got this gene, but it seems that they are plotting from the playpen until they become chairman and CEO.”

Nathan Bennett is the Catherine W. and Edwin A. Wahlen Professor of Management at Georgia Tech’s College of Management. **Stephen A. Miles** is a vice chairman at Heidrick & Struggles who specializes in CEO succession, board effectiveness, and C-level executive coaching. The two co-authored *Riding Shotgun: The Role of the COO*, published by Stanford University Press in 2006.

Memorable moments from a board meeting

From **The Devil’s Casino** by Vicky Ward. Copyright 2010 by the author. Published by John Wiley & Sons Inc. (www.wiley.com).

THE DEAL TO SPIN OFF Lehman Brothers still had to be approved by American Express’s board — most of whom were skeptical that a spinoff was a good thing. Lehman, after all, made money. Amex Chairman Harvey Golub placated them by saying that the spinoff would be tax-free.

The presentation — a basic run-down of the businesses within Lehman, and what the economics looked like going forward — went over well, and the board signed off on the

deal. Two memorable moments occurred. First, when former Secretary of State Henry Kissinger, then on the American Express board, opened a sweetener packet, emptied it into his iced tea, then stirred the beverage with his pencil — eraser end first.

The second was when another board member, former U.S. President Gerald Ford, asked Golub if he could please explain the difference between “equity” and “revenue.” There was an awkward moment of silence as everyone digested this.

One person in the room recalls that Golub “did a very skillful job. I was very impressed. It’s a very basic concept, and he explained it

to the former president without making it sound like he was talking down to him.”

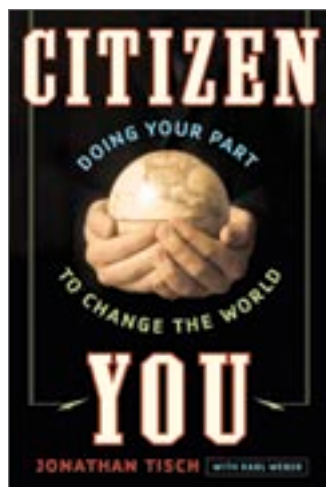
Vicky Ward has been contributing editor of *Vanity Fair* magazine since 2001, specializing in investigative reporting.

Time for a new activism

From *Citizen You* by Jonathan M. Tisch. Copyright 2010 by the author. Published by Crown Publishers (www.crownpublishing.com).

TODAY’S NEW ACTIVISM is emerging at a time when a fresh definition of citizenship is sorely needed — a time of unprecedented challenges on the national and world stage, when citizen engagement is not a choice but a necessity.

Here in the United States, a generation of young people is on the rise that is better educated and better equipped for the future than any in our history. Having largely shed old forms of bigotry — racism, sexism, homophobia, xenophobia — they are eager to play their part in helping to solve the great challenges of our time. And in 2008, they took a momentous step in that direction by helping to elect our first “citizen activist” president, Barack Obama. But today’s youth also face challenges more daunting



than any since the Second World War — economic collapse, looming environmental disaster, crumbling infrastructure, dysfunctional health and educational systems, and festering international tensions.

Rarely has the world been faced with such momentous opportunities and dangers. The election of a smart, charismatic young president is a hopeful sign. But the problems we confront are too enormous to be solved by any one person or even by the massive powers of government alone. The question is: Will we the people dare to reshape the social, political, and intellectual structures that have confined us, making it all but impossible for us to make the right choices for our world’s future? Or will “old thinking” doom us to repeating the same mistakes that made the twentieth century an era of both enormous technological advancement and horrific human suffering?

The new activism holds a possible hopeful answer to this fateful challenge.

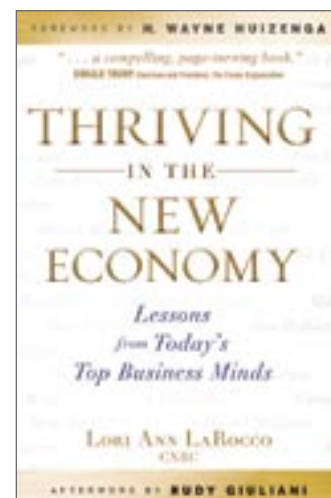
Jonathon M. Tisch is chairman and CEO of Loews Hotels and cochairman of parent company Loews Corp.

Witness to a firestorm

From *Thriving in the New Economy* by Lori Ann LaRocco. Copyright 2010 by the author. Published by John Wiley & Sons Inc. (www.wiley.com).

WHEN THE MARKETS COLLAPSED in September 2008 — and as one spectacular failure rode on the heels of another — people wondered when it would end. As we entered each weekend of that month, my CNBC show “Squawk Box” left the guest list loose. There was no sense in trying to fill up the show with guests for Monday when we had two entire days left between shows, and *anything* could happen. The weekends quickly turned into a “wait and see” of which company would fail and which one Uncle Sam would rescue. We would book our Monday morning news makers on Sunday.

This market crisis took me back to my years as the nightside assignment editor at WFTV-TV in Orlando. The wildfires of the 1990s were consuming hundreds of acres in central Florida; the winds were picking up, and there was no rain in sight to quench the parched soil. Despite the fact that the flames were miles away, I can remember the dense, stifling smell of



the forest fires hanging in the newsroom. Watching the images of flames several stories high swallowing up trees and homes in a blink, I thought to myself, *When will this end?* No one knew; we were in uncharted territory. A crisis like this had no timeline. The unknown was the most frightening thing we were facing.

The September 2008 economic crisis was in fact a firestorm engulfing the markets. Much like the massive Florida wildfires of the 1990s, we were reporting on events we had never seen before. We were reporting on history. No one knew when the market turmoil would end or what kind of reaction the rest of the world would have to the U.S. markets. It was a global crisis. Both Main Street and Wall Street depended on our program for unbiased, actionable, and up-to-the-minute information. It's a responsibility we never took lightly.

Lori Ann LaRocco is senior talent producer at CNBC and one of the producers of the CNBC show "Squawk Box."

Reality? What reality?

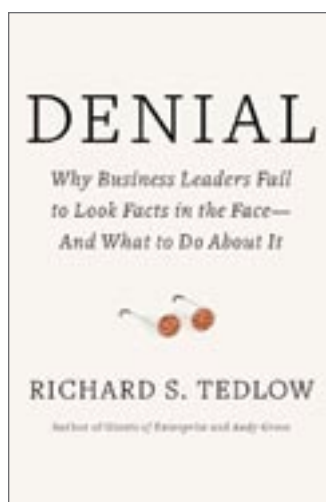
From *Denial* by Richard S. Tedlow. Copyright 2010 by the author. Published by the Penguin Group Inc. (www.penguin.com).

THIS BOOK IS BEING WRITTEN in the midst of the worst global economic crisis since the Great Depression. How, when, and indeed if the crisis will end no one knows. But whatever the future holds and the postmortems reveal about the crisis, one culprit is abundantly clear: denial.

Denial is the unconscious calculus that if an unpleasant reality were true, it would be too terrible, so therefore it cannot be true. It is what Sigmund Freud described as the combination of "knowing with not knowing." It is, in George Orwell's blunt formulation, "protective stupidity."

From the young child who insists that his parents haven't separated even though his father has moved out, to the alcoholic who swears he is just a social drinker, to the president who declares "mission accomplished" when it isn't, denial permeates every facet of life. Business is no exception. In fact, denial may be the biggest and potentially most ruinous problem that businesses face, from start-ups to mature, powerful corporations.

But surely businesspeople ought to be among the most hardheaded and clear-eyed among us. Why would a sane,



smart person deny a fact of critical importance to his or her business? Because, to state the obvious, he or she is human. And the impulse to avoid painful truths, just like the impulse to avoid pain itself, is a part of human nature.

I have been teaching and writing about business history for four decades, and what is striking about the dozens of companies and CEOs I have studied is the large number of them who have made mistakes that could and should have been avoided, not just with the benefit of hindsight, but on the basis of information available to decision makers right then and there, in real time. These mistakes resulted from individuals denying reality.

Richard S. Tedlow is the Class of 1949 Professor of Business Administration at Harvard Business School. He is the author of *Andy Grove*, one of *Business Week's* 10 best books of 2006.

What to do, director?

From *Dilemmas, Dilemmas: Practical Case Studies for Company Directors* by Julie Garland McLellan. Copyright 2009 by the author. Published by Great Governance (www.mclellan.com.au/books.html).

JANE IS AN INDEPENDENT nonexecutive director of a listed chemicals company which was originally family owned and is still managed by family members.

The CEO of the company has purchased luxury assets such as a yacht, a corporate jet and more, ostensibly for entertaining company guests, customers and opinion makers, as well as a staff welfare measure. Jane believes these assets will be used by the CEO for his personal use, including his family, but is sure that records will be created to reflect that the assets will mostly be used for the purported purpose and only a minimal time will be booked as personal use.

The auditors of the company have sought a resolution from the board that the assets are in fact for the purpose of the business of the company.

How should Jane proceed?

Julie Garland McLellan consults extensively with boards and individual directors and also presents and facilitates director education. She is the author of *The Director's Dilemma*, a global email newsletter for directors (www.mclellan.com.au).

