

Richard A. Davis, Ph.D., Author & Speaker, Partner with RHR International Presents
THE INTANGIBLES OF LEADERSHIP –The 10 Qualities of Superior Executive Performance
To National Association of Corporate Directors and Financial Executives International Denver Chapters

On September 15, 2011 Richard A. Davis, Partner with RHR International, spoke to the Denver Chapters of National Association of Corporate Directors and Financial Executives International about the comparative leadership skills for the successful executive and the successful corporate board member.

As a partner with RHR International, Mr. Davis has studied the special, unique, extraordinary and subtle characteristics “between the lines of LEADERSHIP” in years of assessing successful and not so successful Corporate Executives at a variety of organizations. Having selected only five of the 10 “Intangibles of Leadership” noted in his book, he discussed those attributes and how they may work in the CXO position and not as a Board Member, or vice versa. The following five areas are named, defined, compared between CXO and Board Member and discussed as to development for a Board Member level position.

#1 WISDOM – Leaders think about why something happened instead of what happened. As a CXO, daily decisions are made in the trenches and acted quickly upon about things that happened. As a Board Member, the impetus is to ask the right questions to discover why something happened and provide advice and guidance to the CXO assisting them with developing better responses in the future. The Board has the opportunity to review events in hindsight and generally has the position of mentor and advisor to the CXO. To gain WISDOM we should seek out new ideas and through self reflection we need to learn to look at the BIG PICTURE in addition to the daily details.

#2 WILL – We must be accountable for our own “luck” and “will” success to occur. Louis Pasteur’s quote “Chance favors the prepared mind” was given as an example of making our own luck. Preparation is paramount to willing success to ourselves and our organizations. Myriad opportunities exist; we need to be ready to seize them as they arise. The CXO position is to drive performance on a daily/weekly/monthly basis. The Board Member must have the courage to speak up and challenge the status quo to prepare for those opportunities they see from their BIG PICTURE position. To build WILL we must do our homework, find a target opportunity, and act on it. This ties in to the #1 WISDOM area directly.

#3 SOCIAL JUDGMENT - This is the ability to analyze people and situations, then to make good decisions based on that analysis. Leaders have to make good people decisions based on insight gained through experience, and sometimes error. CXO’s must manage internal and external interpersonal relationships to obtain people who will follow them and take their direction. They must manage and influence the daily politics of their environment. As a Board Member the ability to Influence over the strong personalities, egos, and politics is even more critical as they only provide input periodically, once a quarter/ six times a year/ annually. To build SOCIAL JUDGMENT we must be curious about people and their behaviors. It was suggested that to find a “taxonomy” of personalities that works, we should create a one page talent map on our direct reports and Board Members which summarizes their strengths and weakness’ as we see them to help calibrate our assessments of people surrounding us. This is in addition to the Myers-Briggs, DISC and Hogan Personality assessments available commercially.

#4 SELF EFFICACY – The underlying belief in your ability to achieve objectives is a strong emotional characteristic of the best leaders. It was demonstrated through a comparison of Tiger Woods change in his belief in himself during his recent public issues. Although the man himself did not change, his image of no longer being able to accomplish anything affected his physical abilities and mental game both on and off the links. It was most easily seen in this loss of confidence in himself which transferred to his recurring defeat over the next year. The CXO must lead from up front with a focus on self and belief that he can achieve those things necessary for success. Ego is most definitely a part of their success, as is their ability to sell their position to others based on faith in their abilities. The Board Member must lead from behind and focus not on their achievements, but those of the organization as a whole. They look to the team and the organization instead of their own personal abilities since they do not make the daily decisions or decide interim direction of the organization. To build SELF EFFICACY we must visualize and celebrate success. Recognize and deter self defeating patterns and be slightly over optimistic in our goals and accomplishments. A strong ego doesn’t hurt in this regard, however SELF EFFICACY is more targeted to specific things to be accomplished.

#5 INTEGRITY – This is a three pronged Intangible of Leadership comprised of Trust, Consistency, and a Moral Compass. In his book, Mr. Davis describes being trustworthy as demonstrating “the ability to get things done... the benevolence that shows you care about and support (others) ... and the sense of justice that tells people your word is gold.” Consistency is described as someone you can rely on and will be there to support their commitments and promises. Moral Compass is a set of values that guide your decisions. For both the CXO and Board Members this translates into doing the right thing. The CXO does this on a daily basis in their decisions and positions. The Board Member does the right thing to minimize risk and for corporate governance. To build INTEGRITY we need to help people understand why they need to do the “right thing”. We need to be consistent in our applications

and one exercise suggested is to write down your personal Code – five things you believe in as a leader. This Code should be reviewed and reflected on periodically to maintain integrity between our beliefs and actions.

The second part of the presentation was an interview of two executives who moved from their Management positions to Board seats with various companies. Mr. Ernie Sampias was CFO of several large and international corporations including McData Corp and Zybertex. Ms. Susan Bowick was an H.R. Executive and Consultant working with Hewlett Packard (before, during and after the spinoff).

Both commented on the distinctions of active Management and direction driven Boards of Directors, having served on both sides of the table. The primary difference noted was a change to becoming an integrator and change leader as a Board Member as opposed to the relatively short term position of CXO's. Both agreed that the Board Member positions are more concerned about mitigating risk and that first-hand experience plays a big part in developing the sixth sense needed to develop judgment necessary for becoming a Board Member. As a Board Member the ability to lead by influence is critical and is based on expertise, knowledge and collaboration with the CXO.

For those wanting to transition to a Board position there were several recommendations and caveats provided. We need to be able to present a "resume of accomplishments" including big successes and experience in the industry. Prior Board exposure is recommended as well as working on developing "soft skills" to convince Management long term. We must be cognizant of inherent liabilities (do your due diligence) and understand the compensations difference due to a change in role for daily functioning to "mentoring" from behind.

A PowerPoint presentation will be available on both the NACD and FEI websites shortly.

About Ernie Sampias: *Ernest Sampias'* experience includes financial roles for both private and public companies within the information technologies, telecommunications, and directories industries. These financial roles were as Chief Financial Officer for Sensis Pty Ltd, in Melbourne, Australia, Chief Financial Officer for SpectraLink Corporation, McDATA Corporation, US West Dex, Local Matters, Inc., and Convergent Communications, Inc. Mr. Sampias graduated from Indiana University with a Bachelors of Science degree in Business with distinction, and holds a Masters of Taxation degree from DePaul University in Chicago. He is a Certified Public Accountant and a member in the Financial Executives Institute and American Institute of Certified Public Accountants.

Board memberships – Xyratex Ltd (XRTX NASDAQ) and BioFuels Energy (BIOF NASDAQ)

About Susan Bowick: Ms. Bowick serves as a consultant to the joint venture of Nokia Corporation and Siemens A.G. since 2006. Ms. Bowick served at various executive positions with Hewlett-Packard Company, a provider of information technology, infrastructure, personal computing, global services and imaging and printing, most recently as its Executive Vice President, Human Resources and Workforce Development. Ms. Bowick serves as a guest lecturer at Stanford Graduate School of Business and is a founding Board member of the Washington state M.E.S.A. program engaged in the identification and retention of high potential junior high students. Ms. Bowick holds a B.S., Business Administration and Education from the University of Nebraska. Ms. Bowick is an independent director.

Board memberships – Earthlink (ELNK NASDAQ) and Comverse Technologies, Inc. (CMVT OTCB)

About Financial Executives International: Financial Executives International is the leading advocate for the views of corporate financial management. Its 15,000 members hold policy-making positions as chief financial officers, treasurers and controllers at companies from every major industry. FEI enhances member professional development through peer networking, career management services, conferences, teleconferences and publications. Members participate in the activities of 85 chapters, 74 in the U.S. and 11 in Canada. FEI is headquartered in Florham Park, NJ, with additional offices in Washington, DC, and Toronto. The FEI-Colorado's mission is to be the premier organization for financial executives in the state of Colorado. The Chapter currently has over 250 active members promotes the fellowship and interaction among its members and has active programs to enhance their professional knowledge and qualifications. For

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or the local Colorado chapter at <http://feicolorado.org>