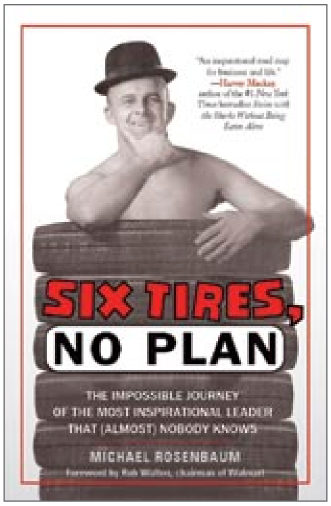
Book it: Best bets for board reading

From a roundup of new books, insights on losing a company founder, looking for red flags, male vs. female humor, a central figure in the boardroom, and what makes an everyday hero.

The story of an everyday hero

From **Six Tires, No Plan** *by Michael Rosenbaum. Copyright ©2012 by the author. Published by Greenleaf Book Group Press (www.gbgpress.com).*

In 1960, two years before Sam Walton opened his first Wal-Mart store in Rogers, Ark., Bruce Halle rented an empty shop in Ann Arbor, Mich., and founded Discount Tire Co. Half a century later, both companies are industry leaders with strong cultural drivers. While Halle's story is less studied than Walton's, the growth of Discount Tire offers significant insights into the creation of a sustainable, productive business.



Truth be told, Bruce Halle does not love tires. He doesn't love tire stores, either, even though he has amassed an empire of more than 800 retail tire stores over the five decades since his founding of Discount Tire.

What Halle does love is paying forward, creating the opportunity for the next guy who is willing to work hard to build a life and pay forward to the guy after that. He loves to see his own success reflected — and created — through the success of other people.

This is the story of an everyday hero, a very ordinary guy who overcame obstacles to lead a very extraordinary life. It's the story of an average Joe who makes it possible for thousands of other average Joes to become everyday heroes in their own right.

Michael Rosenbaum is a business consultant and former financial journalist (www.sixtiresnoplan.com). He was president of investor relations agency Financial Relations Board.

Losing Anne Klein

From **Zennovation** *by Tomio Taki. Copyright ©2012 by Tetragon Consulting Corp. Published by John Wiley & Sons Inc. (www.wiley.com/business).*

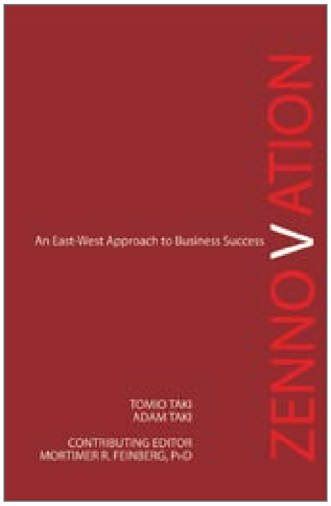
Four and a half months after I'd purchased half of the Anne Klein Co., Anne died of breast cancer. Everyone was devastated. I had not only lost a new friend but lost the heart and soul of my new business. Although I had been aware of Anne's previous battle with cancer, both Anne and her oncologist assured me that the disease was in remission. She hadn't appeared sick, and the doctors encouraged her to continue her normal routine. However, the doctors couldn't have been more wrong.

When I first bought into the company, Anne and I would talk every day. There was always a problem to solve, whether it was in the design room or the core business. Anne wanted to remain in the loop. She helped transition the operations from where they were to where they could be, and she also called me just to talk about what was going on in her personal life. Anne's death brought an unfortunate end to a friendship and a partnership.

Although I felt a bit overwhelmed upon losing both a close friend and a business associate, I didn't have much time to

Edited by James Kristie. Excerpts reprinted with permission of the publishers.

mourn. The deadlines for the upcoming season were fast approaching — and we did not have a chief designer. The Anne Klein Co. had invested a lot of money in samples and materials already, and there was no way I was going to abandon the brand. Anne had built up an image for the company; I would not let her effort be for naught. After her death, there was still her legacy, not only in the ideas but also in the very designs that had initially attracted me to the company. So my partners and I went back to the drawing board.



The company was well on its way to establishing a big-name brand. Anne the designer had begun to accrue almost celebrity status within the industry while amassing a strong consumer base. Unlike today, designers in the 1970s were known less by the media and more by the industry's inner circles; nevertheless, many people, both in the industry and among the public, had begun to link the name Anne Klein with elegant and timeless design. The momentum was there; we just had to figure out how to handle Anne's succession. It was a matter that significantly increased contention in the boardroom.

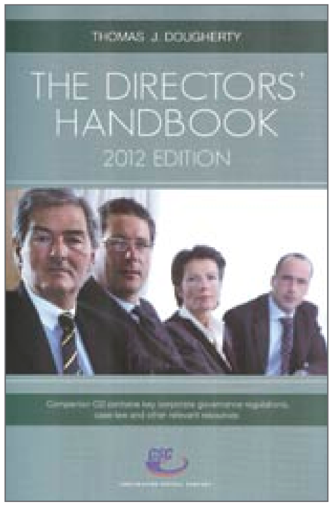
Tomio Taki is a Japanese business leader who over the past 50 years has consulted for, financed, or directly managed both private and public companies around the world. His son **Adam Taki** collaborated in the writing of the book.

Where to search for red flags?

From **The Director's Handbook** *(2012 Edition) by Thomas J. Dougherty. Copyright ©2012 by the author. Published by Corporation Service Co. (www.lexisnexis.com/csc).*

DIRECTORS ARE NOT EXPECTED to involve themselves in the day-to-day operation of a business. However, without trying to second-guess every management decision, directors must exercise sufficient vigilance, judgment and experience so as to recognize a red flag (or indeed even a yellow flag) and ask questions. The answers to the questions, or lack thereof, will build insight, which will in turn inform oversight.

But how are directors to know where to search for flags? Is it simply a matter of common sense, or can the search be structured?



One way to structure vigilance is to be on the lookout for gaps in relevant oversight protocols or processes. A director must ask if there is a check or balance against undue risk-taking or compliance failure, and ascertain who owns that check or balance role. Is the responsible person independent of the function being checked? If not, there is a gap.

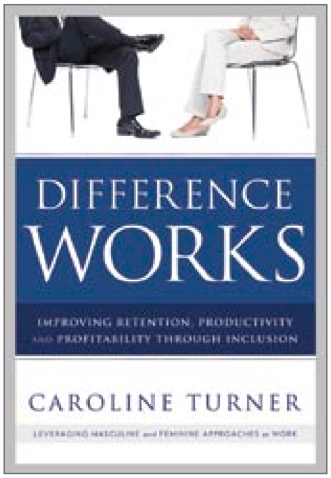
Thomas J. Dougherty has been a partner at Skadden, Arps, Slate, Meagher & Flom since 1984. He specializes in the representation and defense of companies and their officers, directors, underwriters and auditors.

One woman's 'breakthrough'

From **Difference Works** *by Caroline Turner. Copyright ©2012 by the author. Published by Live Oak Book Co. (www.liveoakbookcompany.com).*

NO ONE HAS EVER DISAGREED with me in my workshops when I've said that men and women have different senses of humor. Women sometimes describe male humor as "male bashing." Men scratch their heads at what makes women giggle.

When I worked in a large corporation and first joined the senior team, I was the only woman. In our staff meetings, the humor shared among the CEO and my peers seemed crude and harsh to me. They punched each other (hard) on the arm. They made digs at one another. Taking this rather literally, I concluded that, underneath it all, they didn't like or respect one another. How could they, and treat one another this way? Only when I hired a coach who understood gender differences did the lights come on. This was male humor! And it was foreign to me. Then they started poking fun at me, making light insults — though they never punched me in the arm. With my newly gained aware-



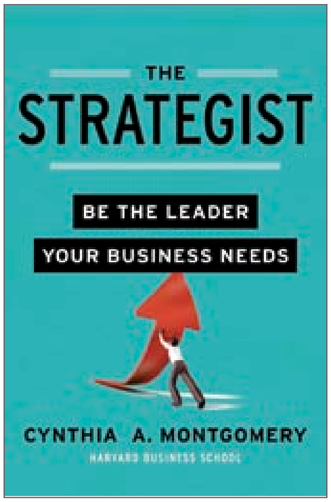
ness of masculine-feminine differences, I saw such behavior as a positive sign that they were comfortable with me and saw me as part of the team.

Sometimes I thought of rude retorts to make to my male peers, but having been taught to "be nice" I kept them to myself. Eventually, however, being around the bashing perhaps lowered my ability to restrain myself, or maybe I wanted to fit in. In any event, on one occasion, I bashed a male peer. I saw an opening and out of my mouth came an insulting (and off-color) remark. I couldn't believe I had said it. I am sure I blushed. I felt awful: Had I embarrassed my colleague or hurt his feelings? But, guess what? The other guys guffawed. Almost slapping me on the back, they complimented me. "Good one, Caroline," they said! Nevertheless, I knew then that I'd be unlikely to learn this form of humor or feel natural with it.

Caroline Turner is the former senior vice president, general counsel of Coors Brewing Co. She is a consultant on workplace and culture issues (www.difference-works.com).

What you bring to the world

From **The Strategist** *by Cynthia A. Montgomery. Copyright ©2012 by the author. Published by Harper Business (www.harpercollins.com).*



Isn't it risky to put my strategy statement on my website? This is a common question executives ask. Won't my competitors find out what we're doing?

In reality, if who you are and what you do is clear to your customers, it is also probably clear to your competitors. As with IKEA and Coca-Cola, if you're really good at what you do, there should be other barriers that will make imitation difficult.

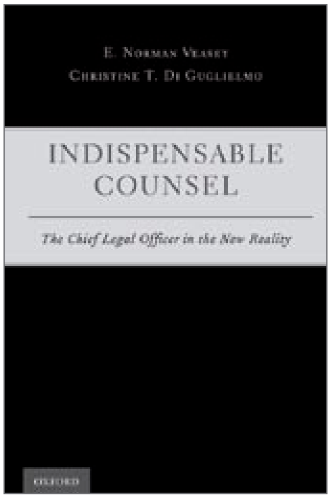
The strategy wheel, with all its detail about your specific activities and resources, is an internal working document. But who you are as a player and why you matter should not be a secret; in fact, it is something you should broadcast. People outside the company as well as inside need to know what your business brings to the world and why it matters.

Cynthia A. Montgomery is the Timken Professor of Business Administration and immediate former head of the Strategy Unit at Harvard Business School (www.cynthiamontgomery.com).

A central figure in the boardroom

From **Indispensable Counsel** *by E. Norman Veasey and Christine T. Di Guglielmo. Copyright ©2012 by Oxford University Press Inc. Published by Oxford University Press (www.oup.com).*

We write about corporate law here to a greater extent than other laws, for this reason: corporate law is the overarching law; it is the elephant in the C-Suite and the boardroom in many discussions of strategy, risk, and a broad spectrum of legal consequences. The chief legal officer is called upon to counsel management and directors on their fiduciary duties as they navigate legal concepts. To be sure, the CLO and her department must advise the corporate constituents with respect to other laws (such as antitrust, environmental, employment, etc.). But, at the end of the day, corporate law, corporate governance, and securities laws (particularly disclosure obligations) often predominate the conversation in the executive suites and may be the analytical framework for the consideration of other laws.



The general counsel is often a central figure in the boardroom, interacting with the entire board of directors, committees of the board, and individual directors. As part of these interactions the general counsel advises the corporate constituents on their fiduciary duties, which form the undergirding of discussions in many legal or ethical contexts.

Life in the boardroom is not black and white. Directors and officers make decisions in shades of gray all the time. The general counsel, in advising the board, must help them navigate those shades of gray. A "clear" law, in the sense of one that is codified, is simply not a realistic expectation in American business. There can be no viable corporate governance regime that is founded on a "one-size-fits-all" notion. Fiduciary law is based on equitable principles in specific factual settings. Thus, it is both inherently and usefully indeterminate, because it allows business practices and expectations to evolve. And it enables courts to review compliance with those evolving practices and expectations.

E. Norman Veasey is a senior partner at Weil, Gotshal & Manges LLP (www.weil.com) and is the former Chief Justice of the Delaware Supreme Court. **Christine T. Di Guglielmo** is an associate at Weil, practicing corporate and litigation matters.