

## **William McCracken Discusses the Board/Management Relationship at NACD-NJ Meeting**

On Tuesday, February 23, the New Jersey chapter of the National Association of Corporate Directors (NACD) welcomed special guest speaker William McCracken, chairman and chief executive officer of CA, Inc., to its morning meeting, held at the Hilton Short Hills. Mr. McCracken, who was named by NACD's *Directorship* magazine as one of the top 100 most influential people in the boardroom, shared his insights on the relationship between boards and management.

Mr. McCracken spoke about the need for change in board governance, especially in light of the recent financial crisis as well as Enron and the other corporate scandals that shook the business world in the last decade. Bad things happen to good boards, he observed. Therefore, boards ought to reexamine their boundaries, he suggested, and give consideration to issues that go beyond their traditional purview.

With respect to the business judgment rule, courts give boards much leeway in their exercise of duty of care, Mr. McCracken observed, but do boards necessarily know when several "yellow flags" equal a major "red flag"? Do boards have an institutional memory, where they are able to connect the dots from meeting to meeting and identify potential issues? Boards, he said, should shed their fear of "crossing the management line" and ask as many questions as necessary to get the answers they need to effectively perform their governance role.

Citing personal experience, Mr. McCracken spoke about executive coaching and 360° reviews and the positive results achieved by these exercises, including improved communication not only between board members but also between the board and senior management. Boards, he said, should leverage the knowledge and specialties of their members to maximum advantage, including committee composition.

At the conclusion of his talk, Mr. McCracken fielded questions and comments from attendees on such varied topics as executive compensation, board committee "housekeeping," company culture, frequency and duration of board meetings, and whether the role of CEO and board chair should be separated.

The next meeting of NACD-NJ, which will be on the subject of board evaluations, will be held on Tuesday, March 30. For more information, visit [www.nacdnj.org](http://www.nacdnj.org).

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