



In the wake of the  
economic crisis: Renewing the  
corporate governance imperative

Acceptance speech excerpts by

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(Excerpts)

Thank you, Jim (Leech), for your flattering and generous comments.

There are many people to whom I am indebted tonight. First of all, to Jim and to those others who supported my candidacy in spite of having worked with me on boards, some of you for many years, I am deeply thankful for your endorsement. Then, to those of my fellow board members who are here in the audience tonight, thank you so much for coming and supporting me.

Given that I am the last of your speakers tonight, I promise that I will take no more than my four minutes, but there are a few things I would like to say about governance.

Despite the fact that the spotlight has been shining on boards and their activities more during the past ten years than ever before, I believe that it is undeniably true that in addition to the massive regulatory failure that has precipitated our current financial and economic crisis, we also have experienced a governance failure of unheard-of proportions.

We must take this opportunity to explore the reasons for that failure and find solutions from within our own director community. The public at large clearly wants answers from us and wonders why we didn't see what was coming and take steps to avoid it. Did we not ask the right, or enough, questions? Did we not listen to those who were warning of coming problems? Were we so focused on the good returns in the market that we thought they would go on forever?

We are supposed to be the experienced ones, with 30, 40, sometimes 50 years of problem-solving behind us. We are the ones who have been through recessions and market melt-downs in the past. What were we thinking? Or were we thinking at all? How did compensation levels for CEO's get so out of line with reality? How did corporate incentive systems work against our ability to convince management to see the risks in doing that last deal?

Hindsight is perfect of course; but it is because it is *so perfect* that this is an ideal time to examine what has transpired over the past few years and do the root cause analysis that will help the director community to come up with better ways to see danger ahead and counsel its chief executives in a more effective way.

You will expect me to say something about women directors, and board diversity in general. Just as in management, I would say that ignoring 50 per cent of the educated population doesn't make any sense, and so I continue to lobby for a greater representation of women directors on boards. However, it doesn't end there. People who come from different cultural backgrounds look at situations differently, as do women, of course, so that diversity is the best defense I know against "group think" – that most insidious of board diseases – and one which I feel we will find at the nasty bottom of that root-cause pile.

My late father, who was a great man for quotations and for offering them up to his children and grandchildren whenever he could get them within earshot, used to say this: "there is no right without a parallel duty" (what does an option grant oblige you to do in return?); "there is no high destiny without perseverance" (did I back down too fast in the face of criticism when I questioned why something was a good idea); and "there is no real greatness without self-denial". With self-denial not much in evidence recently, we need to wonder – did we stop wanting to be really great?

Thank you all for this honour.