

A Fireside Chat with Debra Reed, Facilitated by Rafael Pastor: Leadership Strategies – September 26, 2017

NACD Southern California held a lunch meeting on September 26, 2017 at The California Club in downtown Los Angeles titled “Leadership Strategies”. In a fireside chat, Rafael Pastor, Board Director – NACD Southern California interviewed Debra Reed, Chairman of the Board, President and CEO of Sempra Energy on a variety of topics including board/management relationships, succession planning for executives and board members, and women in C-Suites and Boardrooms.

Key Takeaways:

1) Recognize that Change and Diversification are Critical Success Factors

- CEO’s should constantly be the stimulus of change in an organization - people, strategy, or future vision. Companies need to stay one step ahead of tomorrow’s trends. Think Blockbuster and Netflix and Borders and Amazon.

2) Remember that the Board and Management are Both Focused on Shareholder Value Creation

- The roles are different but the end game is the same. Management is responsible for developing and executing the strategy and delivering the results. The board’s job is to ensure the company has a good strategy and the right governance in place.

3) Bring the Board into the Fold Early on Major Corporate Developments

- Conflict can be avoided if management is transparent with the board early on about important corporate initiatives. The goal is to move everyone along in the process together and avoid surprises.

4) Balance the Long-Term Vision with Short Term Results

- The ultimate goal is to do what is best for shareholders. Boards and management are focused on the long term strategy and vision, and Wall Street is focused on near-term results. The CEO has to manage both and sometimes, this requires taking some flak from investors.

5) Build the Best Possible Board

- Recognize the position that needs to be filled, assess the strengths that are missing from the board, and then identify candidates accordingly. Ideal candidates will understand the complexity of the business and be acute problem solvers, regardless of career or background. It pays to have a diverse board with a broad range of experience with different perspectives and skills, but never sacrifice quality for diversity.

6) Start the CEO Succession Planning Process Early

- Succession planning should begin on the CEO’s first day. Identify and assess potential successors, and then provide coaching to ensure that if a successor is needed, the company is ready.

7) Create a Culture of Teamwork Not Competition

- Move employees to different roles within the company so they experience every aspect of the business. A horizontal perspective allows people to see how different jobs link together and the importance of mutual support.