



Chairman's Spotlight: A Conversation with Maggie Wilderotter

NIRI Los Angeles and the National Association of Corporate Directors (NACD) Southern California Chapter hosted a joint luncheon on February 16, 2016, featuring Maggie Wilderotter, Executive Chairman of Frontier Communications, one of the nation's largest broadband, video and voice companies. Moderating the conversation was Lorraine Segil, a seasoned director, CEO, entrepreneur and author.

Ms. Wilderotter opened the discussion with an overview of some of the things she walked into when she became CEO of Frontier in 2004 (private planes, chefs and doctors on staff were among them) and the much-needed cuts and changes she had to make to turn the company around (the planes were sold). These included replacing all of the board members during a 15-month time period and bringing diversity to the board by adding women directors, including Segil who sits on the Frontier board. Part of Wilderotter's new vision for the company was to put customers first and to get more involved with the local communities that Frontier served – something she saw lacking from Frontier's competition.

Creating a Successful Board

As a seasoned board member, Wilderotter gave her perspective on what makes a successful board. "The challenge in the board room is to reach the best consensus...and that there are no surprises," said Wilderotter. She elaborated that boards need to be flexible and may need to change as things evolve within the company or its market, so that the organization always has the best talent in the room. Wilderotter also suggested that boards need to develop long-term succession plans and have candidate lists at the ready. One of a CEO's priorities is to help ensure a smooth transition when director changes are needed, she said.

Continuing the theme of board flexibility, Wilderotter also discussed that boards should be open to how they handle combining, or dividing, the top job – how at times splitting the chairman and CEO role makes sense, but that boards should also be open to combining the position when it makes sense to do so.

On shareholder activism, Wilderotter said that, in general, boards need to be more transparent because the activist will always try and take credit for things that may have actually been the board's decision – taking advantage of the board's general position to not discuss or disclose actions publicly.

On the subject of investor relations, she offered that today's investor base is very different than it was several years ago as index funds now are a company's primary long-term investor, and many of them are becoming more active than they once were. Wilderotter reiterated that board transparency will serve companies well across many areas – be it with activist defense or day-to-day investor relations practices.

Throughout the discussion, Wilderotter told the packed room several anecdotes from her days sitting on a number of boards – including Yahoo! and Procter & Gamble. Regarding P&G, she noted how the company excelled at its brand promise and delivered consistency to the customer. She recently stepped down from the P&G board to join the Costco board so she could be closer to her West Coast-based family.

Cybersecurity

Wilderotter rounded out her comments with her views of cybersecurity, given her role on President Obama's National Security Telecommunications Advisory Committee. "We need to view cyber attacks as an act of war," she said. She likened the Sony hack to a nation-state blowing up a company's headquarters on U.S. soil and noted that such an event would never be tolerated. Wilderotter outlined some areas of vulnerability, such as threats via Web-enabled devices, and said that federal authorities need to be more effective at helping companies better protect against and detect cyber threats.

In closing, Wilderotter listed some challenges facing companies – namely China and emerging markets. China, she noted, can be extremely challenging for multinationals and others due to its rule of law, rampant IP theft and cultural differences. With emerging markets, the volatility of their political and business structure makes them complex regions for companies to successfully navigate. Closing on a positive note, she said that low gas prices and high consumer confidence should be helpful to business and the economy.

Next NIRI LA Event

If you missed this dual event, we hope to see you on April 5 at the Palm Restaurant for our luncheon event featuring Jan Hargrave speaking on the topic of "The Impact of Body Language." Check www.nirila.org for more details and our full schedule of spring program events.

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