

NACD PROGRAM

April 27, 2017

In Conversation with Denise Morrison, CEO Campbell Soup Company

On April 27, the Chapter hosted an open meeting in Princeton . It was structured as a conversation with Denise Morrison, CEO of Campbell Soup Company and one of the state's iconic corporate leaders. Denise is also a member of the Board of MetLife, Inc. This was the second in a series of "leading New Jersey CEO" conversations being hosted by the New Jersey Chapter. Because of the Camden location of Campbell Soup, the event was held in conjunction with the NACD Philadelphia Chapter. Denise's conversation was with Terry Connors, Chairman of the Philadelphia Chapter's Board.

The session produced extensive audience interaction and resulted in several key takeaways, as follows:

- Board service today is much different than it was a few years ago. There are higher expectations from the shareholder community, as well as from Board members themselves. Board service is no longer an appointment for life as directors face a new higher level of accountability and are expected to be heavily involved in more things, such as strategic planning.
- Looking down the road, we will see increasing diversity on Boards and otherwise, but there is still more work to do in this regard. The interview process needs to become more rigorous. The search for diverse talent should become a continuous one, and a pipeline of diverse candidates created. The search horizon must be broadened, to include candidates below the senior level and/or with nontraditional skill assets. Diversity candidates themselves need to engage in "deliberate" networking. Getting involved with nonprofits is a good way to get noticed. Diversity is part of good governance per se and ought to be recognized as such even without legislative requirements that may be enacted.
- The process of evaluating board performance needs to aim for continuous Board improvement, and must not merely degenerate into a search for "gotchas."
- In dealing with stockholder activists, good communication is key. Independent Board members need to be prepped about responses to stockholders, in order to keep the message consistent. Board members should practice becoming their own activists.
- The Board needs to know the CEO is transparent. Trust is key. The presence of founder members on the board helps the CEO keep a long term focus.

- In providing information to the Board, management needs to take a balanced approach, avoiding bombarding the Board with too much information. In making board presentations, management should showcase young talent, to assist the Board in formulating succession plans. Strategy should be on the Board agenda for every meeting. Board committee members should be rotated, but meeting materials should be distributed to all Board members.
- A balanced approach needs to be taken with Board refreshment, lest institutional memory be lost. A “clean sheet” approach is not the way to go.
- Establishing and communicating a worthwhile company purpose is key to attracting good employees today.
- There are several similarities in serving as a Board member of a financial services company with serving on a consumer products company Board. Two such areas are customer service and brand protection. The biggest difference is time horizon, with strategy in financial services being extremely long term in focus.
- Bottom line, the company’s reputation is the most important factor to protect. Do the right thing even if it’s hard.