Ed Brennan's reign as CEO of Sears, Roebuck & Co. was tumultuous.

Earnings were erratic. Return on equity was low. Brennan was attacked for poor board governance. And Sears was buffeted by operating problems.

Brennan oversaw a series of profoundly complex corporate changes, culminating in one of the largest restructurings in business history and, with the spin-off of Allstate, the biggest initial public offering up until that time. His promotion to CEO may have coincided with the launch of the Discover credit card, but in his final years Brennan discovered that credit cards—and several other businesses—were not right for Sears.

So how can a beleaguered CEO become an Outstanding Director?

The difficult challenges Brennan faced as CEO built him into the exceptional board member he is today. "He had a wealth of experiences—not all of which were pleasant," notes Dick Thomas. "Today, Ed's a very resilient person. He translates his Sears experience into all different companies, all different situations." Thomas is the former chairman of First Chicago and sits on the Sabre and Unicom boards with Brennan.

Moreover, Brennan defies the theory that effective directors must limit the number of boards that they serve on. In addition to overseeing nuclear power giant Unicom and travel services concern Sabre Inc, Brennan sits on the boards of 3M, Dean Foods, Morgan Stanley Dean Witter, Allstate, and AMR Corp, the parent company for American Airlines.

No slacker, he chairs at least one committee on each of those boards, and heads up the labor-intensive compensation committee on four of them—a sabbatical from the days when he used to chair five.

What makes Brennan an Outstanding Director is that he has been able to use his roller-coaster experience at Sears to the advantage of the boards he serves on.

"He's played a very important role at Unicom," Thomas cheers. And other directors agree.

The Chicago-based power concern, owner of the Commonwealth Edison utility, ran into deep trouble with its nuclear operations in the early 90s.

Starting in 1992, Unicom faced an uncommon number of reactor shutdowns—including the astounding five-year closure of its Dresden plant—along with numerous safety violations. At an especially low moment on a hot summer day in 1998, the company had to spend tens of millions of dollars in mere hours to buy electricity from other suppliers. The reason? Six of its ten plants weren't functioning.

Brennan stepped up to the plate.

In 1997 he became chairman of the board's newly formed nuclear over-
had doubts about joining a firm with a record as checkered as Unicom’s. “Ed was instrumental in talking to Oliver and convincing him to come on board,” Jannotta recalls.

Just as important, Brennan has first hand experience with the problems that develop when the reins are passed from one CEO to another. Brennan was a director of AMR during the long tenure of Bob Crandall, who built the airline into a strong and powerful competitor. At his retirement, Crandall left big shoes to fill. Even the strongest successor can flounder when he is replacing a legend. But Brennan helped ease the transition from Crandall to Don Carty, the current CEO.

Fellow AMR director Ann McLaughlin points out the key role Brennan played. “When Don Carty came in, Ed was a huge help to him,” she avers. “Here was a former CEO who had been through wars on governance issues, battles over shareholder return, and the task of reinventing Sears. He’s invaluable as a mentor.”

Brennan certainly knows how to weather board-related storms. In 1991, shareholder activist Robert Monks waged a proxy fight in which he tried to get himself elected to the Sears board. Monks is also known for his role in founding Institutional Shareholder Services, the widely influential advisory service that counsels institutional investors on how to vote their proxies. In the course of the Sears’ proxy fight, he blamed the corporate governance structure at Sears for the company’s troubled performance.

At the time of Monks’ campaign, Sears had generated a return on equity just over 10% for five years. Monks claimed that a better board could help the company boost its ROE to 15% annually. Accusing the board of a lack of independence, Monks was especially critical of Brennan for chairing the nominating committee of his own board. He also argued that Brennan’s dual role of chairman and CEO should be delegated to two different individuals.

Monks’ campaign caused enormous publicity problems for Sears. But Brennan looks back without rancor. “With the help of Bob Monks, we were involved in the early days of the corporate governance movement,” Brennan says. “I believe those are very good issues. And out of that period come some very positive changes in the way boards govern themselves.”

“He’s invaluable as a mentor.”

—Ann McLaughlin, director, AMR

Today, one of the foremost leaders in the era of independent governance is none other than Ed Brennan.

What’s the secret of Ed Brennan’s success?

He makes it all sound easy. “I always tried to do the best I could,” Brennan recounts. “And if the next job opened up I was pleased to take it.”