

Gordon Gund

How can a sightless man hold his own in today's quick-tempo, high-pressure boardroom?

Meet Gordon Gund. "He's the best-prepared director on our board," says **James Houghton**, former CEO of **Corning**.

"Forget handicaps!" agrees **Harold Poling**, retired CEO of **Ford Motor Company**. "He doesn't have one."

Colleagues like to praise Gund's preparedness for boards meetings, his brilliant fiscal savvy, and the unflagging resolve with which he listens and learns. Like many blind people, Gund has an acutely developed sense of hearing.

"He's always there. He's always interested. And he always asks good questions," observes current Corning CEO **Roger Ackerman**. "He probably reads better than any director I know. He's got a great mind and a great disposition."

Gund, an entrepreneur and an intensely skilled investor, built his fortune by taking stakes in startups, real estate ventures, and professional

athletic teams.

His earliest board experience was as a governor of the **National Hockey League**, where he chaired the finance committee and sat on the executive committee. He later served on the board of governors of the **National Basketball Association**. Today, Gund also holds seats on the boards of Corning and **Kellogg**, where he's served for 14 years.

His peers on the Kellogg board say Gund went above and beyond the call of duty in leading the succession planning meetings that resulted in last year's appointment of **Carlos Gutierrez** as CEO.

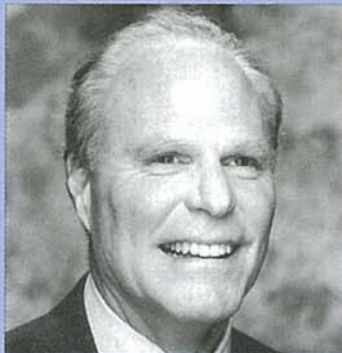
One of his feats was keeping word of those meetings from leaking out of the boardroom. Gund organized a secret location where directors and then-CEO **Arnold Langbo** could convene.

"We did it discretely to avoid in-house scuttlebutt and press speculation. We wanted to stay in control of the timing," notes fellow Kellogg board member and **Aspen Institute** chairman **Ann McLaughlin**.

Gund even made his private jet available to his colleagues. "It was important that we not use the Kellogg aircraft, because of the confidentiality of what we were doing," Gund recounts. "Yes, getting everyone together and having interview time with the CEO candidates took some doing."

Once the directors had gathered, Gund guided the discussions that resulted in naming **Carlos Gutierrez** as the new CEO.

McLaughlin says Gund's technique for leading those meetings was superb. He began in a singularly structured fashion. In separate sessions with each board member Gund asked the same three or four no-nonsense questions—



BORN

October 15, 1939 in Cleveland, OH. 60 years old.

EDUCATION

BA from Harvard

CAREER HISTORY

Currently CEO of Gund Investment Corp, owner of the Cleveland Cavaliers and Co-Owner of the San Jose Sharks.

FAMILY

Married to Lodie. Has two sons.

HOME

Princeton, with houses in Nantucket and Aspen.

FAVORITE BOOK

The Europeans by Henry James. Recently enjoyed the *Red Mars—Blue Mars—Green Mars* sci-fi trilogy by Kim Stanley Robinson.

FAVORITE MUSIC

Mozart, jazz, blues and 50s and 60s rock.

I DON'T LEAVE HOME WITHOUT ...

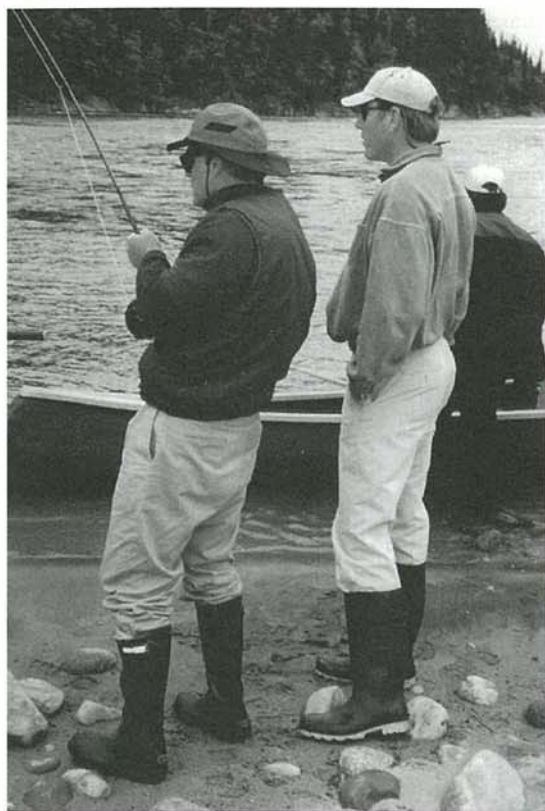
Tape recorder with essential information for upcoming meetings and a portable dictation machine.

CURRENT BOARDS

Corning, Kellogg.

including whether Gutierrez was CEO material. If not, what other steps did the board need to take to produce a new chief executive. All of this was done before Gund sent his peers into open discussion.

Many times a nominating committee will push through the board its candidate for the CEO job. Or the decision



Gund fishing with his son

will be made by a handful of board leaders and then presented to the rest of the board as a *fait accompli*.

"I thought it was very important that each board member have a chance to express themselves," Gund reports. "Both on the succession planning process and on the implementation of that process."

"Everyone had a chance to speak and

"He's the best-prepared director on our board."

—James Houghton, former CEO, Corning

be heard," says McLaughlin, adding that Gund's tactics required every director to buy in to the succession planning choice. "It was extraordinary."

No less extraordinary was what Gund accomplished by bringing Gutierrez to meet with the board prior to finalizing the decision.

"You'd be surprised how many boards don't do that," McLaughlin says. The ensuing interview allowed the CEO candidate to articulate his strategic vision for the company. This step helped directors arrive at the criteria by which his performance should be judged.

"We knew what the strategic plan was," McLaughlin reports. "We knew Carlos's short-term goal was to get the financial picture better, and we held him to it."

Former Kellogg CEO **Bill LaMothe** applauds Gund for helping establish periodic board meetings without the chief executive being in attendance. "Installing that practice can be very worrisome to the CEO," LaMothe says. He adds that Gund's smooth interpersonal touch eased the introduction of that process at Kellogg. "Gordon handled it extremely well."

Gund's affability has other merits. "I always felt very free to pick up the phone and say, 'Here's what I'm thinking. What's your insight?'" LaMothe recalls. "And Gordon always had a thoughtful approach."

Gund has a knack for reaching out to people beyond just the CEO.

At Corning, he's succeeded at building a deep network of corporate contacts that fellow director **John Foster** says enhances his skills as a board member.

"He makes it his business to know and interact with people at all levels of the company," That effort, Foster observes, pays off. "The fact that he's well known to people makes him an effective leader. And it also means he brings knowledge about many walks of the company to his judgments as a board member."

Gund brings his financial expertise to his boards. Fellow Corning director and former **CS First Boston** group CEO **Jack Hennessy** gives special credit to Gund for expanding the responsibilities of the Corning board's pension committee. Corning employees had over \$2 billion in their company-sponsored defined-contribution plans that was not under the supervision of the pension committee.

Gund argued that the committee should oversee those funds also. Over time the board got control. More importantly, Gund's efforts gave the employees more options on how to invest their retirement money, including opportunities in real estate, venture capital and several types of private equity.

Financial savvy runs in the Gund family. His father, a former entrepreneur, enjoyed a long tenure as CEO of **Cleveland Trust Company**. It was his father's influence that led Gund into finance. "He always extolled the virtues of banking," Gund says.