

Ken West

Ken West is one Outstanding Director you'll want to keep away from your boardroom.

He's the former **Harris Bankcorp** CEO. But now he keeps tabs on corporate governance for **TIAA-CREF**,

under his scrutiny. That, they say, makes him an intensely effective agent for serious boardroom change.

"Ken doesn't hesitate to take a very strong position," notes **Anne Jones**, who sits alongside West on the **Motorola** board. "But he has an innate quality that makes people trust him and listen to him." An attorney, Jones was formerly commissioner of the Federal Communications Commission.

"He doesn't beat around the bush," seconds former **Procter & Gamble** CEO **John Pepper**, director at **Motorola**, **Xerox** and **Boston Scientific**. "He approaches sensitive governance matters with great candor and integrity."

Not to mention knowledge and experience. West first became a director in 1976, when he was just 43 years old. He was then a rising star at **Harris Bankcorp**. A retired **Harris** chairman named West as his successor when he stepped down from his **Motorola** board seat. West has directed **Motorola** ever since.

In the months following his **Motorola** appointment, West also took a seat on the **Harris** board. Six years later he was made CEO. That, he says, is when his fascination with corporate governance really took off.

Harris's trust department managed large portfolios. Executives there took seriously their fiduciary responsibility to make proxy-voting decisions that were in the best interests of their clients. When the investment managers went to West with concerns about a pending vote, their young CEO initially suggested the time-honored "vote-with-your-feet" approach.

"I asked them, 'Why don't you just sell the darn stock?'," West recalls. But the managers answered that dumping the stock of companies with unacceptable boards would compromise their investment strategy, forcing them out of

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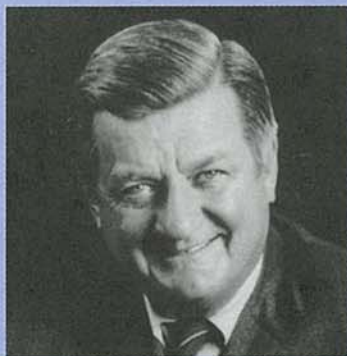
—**Anne Jones**, director, **Motorola**

the massive pension system known for scrutinizing the boardroom practices of companies in its quarter-trillion dollar portfolio.

When board structures fall short of **TIAA-CREF's** high standards, West comes knocking on the boardroom door, hoping to negotiate reform.

Why do his colleagues point to their occasional critic as an outstanding boardroom leader?

They're not just trying to placate him. Fellow directors credit West with an extraordinary knack for engaging the very people whose behavior falls



BORN

September 18, 1933 in Denver, CO, where he was adopted "by a couple of wonderful people." Raised in Carthage, IL.

EDUCATION

MBA, University of Chicago, 1960.

CAREER HISTORY

Currently senior corporate governance consultant to **TIAA-CREF**; formerly CEO of **Harris Bankcorp** Family.

MARRIED

to Karen; has two stepchildren.

HOME

Chicago.

FAVORITE BOOK

War and Peace by Leo Tolstoy.

FAVORITE MUSIC

A music lover. Dave Brubeck is one of many favorites.

I DON'T LEAVE HOME WITHOUT ...

Portable dictation machine, address book, "and usually the latest book I'm reading."

CURRENT BOARDS

Motorola, **Pepper Companies**.



Ken West addressing colleagues

otherwise desirable positions. “Voting with their feet” simply wasn’t in their clients’ best interests.

“That was a real watershed in my education on corporate governance,” West says.

The investment managers explained their objections to a particular board member, telling West they could not in good conscience vote to reelect him to the board. “I said, ‘Do what you have to, and I’ll talk to the company’s management.’”

The fund managers did just that, voting against an incumbent director—a rare move even among today’s more circumspect institutional investors. West kept up his end of the bargain by scheduling a meeting with the company’s CEO, with whom he was already acquainted.

“He wasn’t very happy with what we had to say,” remembers West, who, in keeping with his diplomatic nature, declines to this day to disclose the name of the company in question. “But I think deep down he understood.”

In the decade he spent as CEO of Harris Bank, West met with dozens of executives to discuss the bank’s position on proxy matters.

Meanwhile, TIAA-CREF and other

pension funds were dedicating similar levels of attention to governance matters. Some—notably the **California Public Employees’ Retirement System** and the **State of Wisconsin Investment Board**—were taking grievances to the press whenever companies refused to bend.

TIAA-CREF chairman and CEO **John Biggs** says his organization wanted a different approach. “We felt very strongly that, rather than using the state pension system’s publicity techniques, we wanted a lot of direct engagement with companies,” Biggs reports. “To accomplish that, we needed help. We were hoping to find a former CEO with good board experience, good judgment and an excellent style.”

Ken West fit the bill. In 1995, the year he surrendered the chairman’s title at Harris, West signed on as a consultant to TIAA-CREF. Since then he’s approached a few top executives each month—West, always discreet, declines to say which ones—to propose governance modifications. His favorite topics include director independence, anti-takeover devices (like so-called ‘poison pills’), and executive compensation. He’s publicly credited with successfully lobbying **H.J. Heinz & Co.** and **Advanced Micro Devices** to create more independent boards. But insiders say he has impacted scores of boards.

West’s experience helps him sniff out which boards aren’t up to snuff. “He’s an avid proxy reader,” says Motorola CEO **Christopher Galvin**. “He goes through them with a fine-toothed comb, a yellow pen and a highlighter.”

Peter Clapman, TIAA-CREF’s chief investment council, recalls a company whose compensation committee looked strong—but made some choices that struck West as dubious.

“He approached them and asked, ‘When was the last time the comp committee actually met? Which of the members were present?’” Clapman says.

“They had to admit that these companies that looked good on paper really weren’t functioning well.”

“Ken’s grasp of companies’ internal mechanisms lets him get to the heart of corporate governance questions,” Clapman notes.

The boards West actually sits on—Motorola and privately held construction concern **The Pepper Companies**—have benefited most prominently from his efforts. Motorola’s directors regularly review every aspect of their board structure. West is the driving force behind what he like to call a “zero-based evaluation,” which takes place every few years.

He also keeps his colleagues on the vanguard of executive compensation. “When I joined the Motorola board, I thought RONA was a person and ‘Black Shoals’ was a place,” jokes fellow director **Nicholas Negroponte**, director of the Media Laboratory at the Massachusetts Institute of Technology. “Ken is a dean on such matters—and a very thoughtful teacher.”

Among other advanced aspects of executive pay, Motorola’s top executives must own company stock worth at least three times their base salary. If they fail to do that, they’re required to hold onto half of all the stock they acquire through exercising stock options.

Thanks to West’s work, governance at Motorola—and countless other companies—will keep evolving apace. “He’s not trying to get publicity,” concludes TIAA-CREF’s Biggs. “He’s trying to get people to change their ways. He’s the ultimate change agent in corporate governance.”