



Michael Miles

CEOs turn to **Mike Miles** for advice on topics of every kind, from advertising slogans to management changes.

Last year, **Morgan Stanley Dean Witter** CEO **Philip Purcell** requested Miles' advice on a new company slogan. Miles, a director, had suggested that the old slogan—"Move your money, get well connected"—could stand an overhaul. As Miles dryly sums it up: "I don't know why, as a potential client, the idea that I can move my money is all that enticing."

During the development of the new ads, Purcell invited Miles to meetings where advertisers presented new ideas for potential publicity themes. Finally Morgan Stanley, with Miles' advice, adopted the current slogan, "One client at a time"—similar to the slogan from **Dean Witter Discover**, which had merged with Morgan Stanley in 1997. "I was a great fan" of that old theme, says Miles.

CEOs turn to Mike Miles because they trust his judgment. "He has a very powerful intellect and is

extremely objective," Purcell says.

"Mike is all about business. He has no personal agenda whatsoever," adds **Alan Lacy**, chairman, president and CEO of **Sears, Roebuck**, where Miles is also a director. Lacy values Miles because he can boil down information to simple, clear summaries. "His brain is remarkable," states Lacy. "My sense is, here's a guy who in his ad agency days was able to distill lots of points into a crisp, clear message." Miles spent the 1960s working at **Leo Burnett**, a Chicago advertising agency.

AOL Time Warner CEO **Dick Parsons** also frequently calls on Miles for advice. Miles "can say something that other people are saying, but... Mike says it in a way that you can hear it more clearly," he says. During the recent management shakeup announced in July 2002—in which COO **Robert Pittman** resigned amid disappointing earnings on the AOL side—Parsons says he steadily sought input from Miles.

Miles "looks beyond the short-term implications of an issue and moves the discussion in a more strategic direction," says **Ed Brennan**. He's retired Sears CEO and a fellow Morgan Stanley board member.

Don Carty, chairman and CEO of **AMR Corp.**, knows Miles from several boards. Miles is often the first to look at strategic decisions "from the customer's point of view," Carty states. Miles advocated increasing coach legroom in the aircraft of AMR subsidiary **American Airlines**. The changeover has paid off, Carty says: "Our consumer feedback on this one has been a home run."

Miles' career hasn't always been a smooth ride. He resigned as chairman and CEO of **Philip Morris** in 1994, having joined three years earlier as

BORN

June 22, 1939; Chicago, Ill. (but raised in Washington, D.C.)

EDUCATION

B.S., Northwestern University

CAREER HISTORY

Limited partner, Forstmann Little & Company; Chairman and CEO, Philip Morris (1991–1994).

FAMILY

Wife, Pamela; two sons, five grandchildren

HOME

Summers in Lake Forest, Ill.; winters in Florida; much of the spring and fall in New York City

FAVORITE MUSIC

Classical; country and Western

FAVORITE BOOKS

History books, especially British naval history books. Likes the historical novels of Patrick O'Brian, which deal with the British navy in the early 19th century

AN ADMIRER PERSON

"My wife, Pamela."

HOBBIES

Reading, golf

CURRENT BOARDS

Allstate Corp.; AMR Corp.; AOL Time Warner, Inc.; Community Health Systems, Inc.; Dell Computer Corp.; Exult, Inc.; Morgan Stanley Dean Witter & Co.; Sears, Roebuck & Co.

an outsider and a non-smoker. He left under pressure from a tradition-bound board that included the previous CEO. The directors reportedly perceived Miles as less than unwaveringly pro-smoking. He had even ended publication of the *Philip Morris Magazine* in 1992, a periodical touting the joys of smoking.

The experience didn't dim Miles' star. He joined several boards after leaving the tobacco giant; some might say too many. Miles says that while he's received media criticism for having too many directorships, he can easily handle the eight he has. He figures that his boards meet 46 times a year in total. If he allows a day for each meeting, another day to prepare for each one, and double that to allow for time spent keeping up with business generally, that makes 184 days' work per year.

"It's not as though I don't have time to play golf," he quips.

Miles' colleagues don't seem to think he's spread too thinly. They describe him as attentive and involved, both on the full board and in committees. On at least two boards, Miles has helped to develop unusual new pay-for-performance plans. These plans reward executives not only for good earnings or stock prices, but also for achievement of non-income business milestones.

As a member of the Sears compensation committee, Miles proposed and helped implement such a plan last year, Lacy says. The plan has focused the company on goals rather than just financial outcomes, as typical plans do, Lacy says. "Mike caused us to make sure we get these various initiatives done, and done well."

The plan awards executive bonuses based on progress in about 15 key business objectives this year. They

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center on revitalizing Sears' core department store business by remodeling stores, changing product offerings and an agreed-to purchase of catalog retailer **Land's End**.

Bonuses "should reward people for doing the right thing," Miles says, not just for how much money they bring in, which is beyond their control.

Colleagues also praise Miles for his ability to bring two sides together. Morgan Stanley's Purcell, for instance, says Miles inaugurated regular board dinners that started after Morgan Stanley and Dean Witter merged. The dinners have helped meld the boards, avoiding a classic pitfall of some mergers—the inability of some directors to connect with the new board members and new company.

At Dean Witter, where Miles was also a director, Purcell credits Miles with having led a committee effort in the mid-1990s to set governance policies for the company. After the merger, a committee of the combined board reviewed the policies, and "they were so solid there were no changes," Purcell says.

AOL Time Warner's Parsons also praises Miles for strengthening connections after that merger in a different way. "We embarked on a grand experiment here, marrying the old and new media," Parsons notes. "Sometimes you'd almost think this is the Tower of Babel. Everyone's speaking a different language."

Parsons continues: "The one guy that

seems to be able to cut through all that and speak in a way both sides understand... is Mike. He's got lots of old or traditional corporate experience, but he's firmly planted in the newer world. He's on the board of Dell, and has worked with some tech funds. He gets both worlds."

Miles tends to wield his influence behind the scenes, colleagues add. There's a lot of discussion by phone between board meetings. Often Miles will sit quietly at a meeting while he jots down some notes. Then he'll pass them to the CEO at the end.

"At the end of any board meeting, I have a stack of pieces of paper with things he's written down to me," Lacy says. The stack might contain half a dozen notes. "Later we'll talk about it on the phone. I find that very helpful."

Mike Miles with his wife, Pamela, at a dinner.

