William Rucklehaus

Bill Rucklehaus is more than a corporate director. He’s among the most respected figures in American public life. His

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—Enrique Hernandez, CEO, Inter-Con Security Systems

story goes back to the Watergate scandal—he was one of the few bright spots in that saga. He’s also shown himself, colleagues say, to be both a savvy businessman and a tireless advocate for the environment. It’s a balancing act few have successfully emulated.

In the boardroom, he’s built a reputation for integrity, for an ability to mediate, and for raising the bar for corporate governance at companies like Solutia, Nordstrom and Pharmacia.

At Nordstrom, for instance, he has been working as chair of the compensation committee to install the best compensation practices, says board colleague Enrique Hernandez, president and CEO of Inter-Con Security Systems. Rucklehaus and fellow committee members have devised a more performance-driven pay system. One result: “top management hasn’t received bonuses in the past couple of years because the company hasn’t performed according to its own plan,” Rucklehaus says.

At other companies, Rucklehaus has helped introduce board self-evaluation processes. These are seen as key building blocks of strong corporate governance today.

For example, Rucklehaus played a major role in developing the self-evaluation process at Pharmacia, says Phil Leder, a colleague on the Pharmacia board. Leder is chairman of Harvard Medical School’s genetics department.

As a result of the recent agreement of Pfizer to purchase Pharmacia, only Pharmacia CEO Fred Hassan will go onto the Pfizer board, Rucklehaus says. It wasn’t a hostile acquisition, he explains. Both boards were discussing the possibility for a long time, and both companies recognized the advantage of merging. Pharmacia board members got a “huge premium” from the purchase, Rucklehaus notes. The deal is expected to close in late 2002.

As chair of the governance committee, Rucklehaus also led the development of a self-evaluation policy at Solutia after it spun off from Monsanto in 1997. Solutia’s evaluation process uses questionnaires that ask directors general questions about how board performance could be improved. The tricky part, Rucklehaus observes, is ferreting out how directors rate their colleagues’ work
individually. "We don't ask them to name names," Ruckelshaus says. "But this process will bring that out if used properly."

Much of this work requires a knack for strong people skills and bridge building — seeing everyone's side of an issue. Colleagues give Ruckelshaus special kudos on that score.

Ron Weinstein remembers one incident that was especially telling in this regard. Weinstein is chairman of Coinstar, where Ruckelshaus was a director from 1997 to 2001.

One day, Weinstein recalls, there was a hotly contested boardroom issue. "The decibel rating kept going higher and higher," he says.

At one point, there was a pause.

"Bill said nothing until then. Then, he pointed out each side's position. He drew a compromise, and received unanimity from the board in probably less than two minutes. I just looked at him, thinking, 'How did you do that?'

Ruckelshaus comes from an Indianapolis family that has produced lawyers and politicians going back to the mid-1800s. After serving in the Army and state legislature, he became the first administrator of the Environmental Protection Agency under Richard Nixon in 1970. There he got the nickname "Mr. Clean." He lived up to that name again as assistant attorney general in 1973. In what has come to be called the "Saturday Night Massacre," Nixon asked Attorney General Elliot Richardson to fire special Watergate prosecutor Archibald Cox. Richardson resigned rather than do so. Nixon then promoted Ruckelshaus to attorney general and asked him to do the firing. Ruckelshaus refused, and Nixon fired him.

And no, Ruckelshaus doesn't know who "Deep Throat" is. "I get letters asking me that from all over the country," he laughs.

In 1983, Ronald Reagan asked Ruckelshaus to run the EPA for a second stint, after the agency had descended into a near-shambles.

In 1988, wastehauler Browning-Ferris Industries hired "Mr. Clean" to boost its image after a series of regulatory debacles.

Things went wrong at first. Profits plunged after Ruckelshaus led BFI into the money-losing recycling business amid an economic downturn. Later, he got the company back on its feet. He cut costs and worked with authorities to break the grip of organized crime on New York City's waste-hauling business, so that BFI could enter that lucrative market. Ruckelshaus also mended BFI's relations with regulators.

In the boardroom, Ruckelshaus uses many of the bridge-building and governance techniques he had learned at BFI. He has also become an authoritative voice on environmental matters.

"He's a large man, both literally and figuratively," says Hernandez of the 63" Ruckelshaus.

To Ruckelshaus, the trick to working with both sides is to listen and to understand the environment in which each side has to function.

"Most business executives have difficulty seeing the world through the eyes of a government official," he says. "The government's view seems very irrational to them," and vice-versa. Understanding why helps people craft resolutions acceptable to both sides.

"I try to be very careful to limit my direct intervention with a regulatory agency. That can often do more harm than good," Ruckelshaus comments.

On the Solutia board, he has helped keep the company focused on the environment and site cleanliness, says John Slaughter, a board colleague. Slaughter is president and CEO of the National Action Council for Minorities in Engineering.

Ruckelshaus is "the kind of guy you'd like by your side in a boardroom. He's the kind of guy you'd probably want by your side in a foxhole. And no question, he's the kind of guy you'd want by your side at a dinner party," Weinstein says. "He can regale you with stories from the headlines and stories of common life and everyday people. He's one of the good guys."