**BHF REMARKS at Wed. Dec 3, 2014 NACD D100 Hall of Fame Panel (As Delivered)**

**Moderator: Jeff Cunningham, senior advisor at NACD**

**Other panelists: Ilene H. Lang, Former CEO of Catalyst**

**Hon. Myron T. Steele, Former Chief Justice of the Supreme Court of Delaware**

**Jeff Cunningham opening remarks:**

The pleasure of the job I reserve for actually this moment when I get a chance to introduce you to people who again need no introduction-- the Hall of Fame. They’re people who have done what all of us like to do not every day, not every month, and not every year but throughout their entire lives... They’ve led distinguished careers. They’re the types of people we want to hang up their jerseys, but they won’t hang up their spikes. They’re still doing it, and we’re so glad they’re doing it with us in the boardroom and they’re going to do it here tonight.

The Hall of Fame is renowned for its requirements which I’ve just mentioned. It’s a lifetime of solid dedication. It’s as close as we come - I hesitate to use the word – “boardroom celebrity” at least among the direct NACD *Directorship* audience. Previous Hall of Fame winners: Anne Mulcahy, Jim Robinson, Chancellor Chandler, Norm Augustine, Warren Buffet, Ann Fudge, Charlie Munger (we make sure to put him after Warren by the way), Jack Welch, Paul Volcker, Marty Lipton, SEC Chairs Bill Donaldson and Arthur Levitt. And today’s Hall of Fame is their equal in stature, in intellect, and in dedication. So I’d like to introduce them…

The Honorable Barbara Franklin: first in governance, first in government. For someone so principled it’s no surprise that Barbara grew up the daughter of a principal. She forged ahead education-wise from Penn State to Harvard, she’s one of the only 12 women of 600 men in her graduating class of business school in 1964, and frankly, she’s still setting records. As most of you know she’s chair emerita of NACD National board of directors. Her experience in government began with Richard M. Nixon’s White House staff sought her out to lead a pioneering effort to advance women in federal government…we’ve been at this a while. It’s a good thing, probably need to do a better job moving forward, but thanks to Barbara that’s going to happen. Barbara helped triple the numbers of women in high level policy-making [positions] and move over 1000 to mid-level positions in the federal government during her time in the Nixon administration. Her story was recounted in a book, (which I reviewed): *A Matter of Simple Justice: The Untold Story of Barbara Hackman Franklin* by archivist Lee Stout. Her prodigious board service began when she was named in 1979 to the Aetna board and 1980 to the boards of Dow Chemical and Westinghouse. When she became the 2nd woman to lead the Commerce Department in 1992, she had to resign from 7 boards and then return to Aetna and Dow chemical when she went back into private industry. Please join me in welcoming The Honorable Barbara Franklin.

**[all on panel]**

…We’re going to do a radio call in show, only the calls have already been made. Now, nobody on the stage knows what the questions are. They may not even know the questioners. But I’ve asked some of their closest friends and people who may not be friends after this evening by the way, to pose some questions that would be provocative and interesting both for those here in the Hall of Fame as well as for you. Are you game?

BHF: (laughing) Do we have a choice?

JC: Well, you don’t have a choice, actually… here’s one for Barbara Franklin…This was an interesting one. Wally from Hartford asked (laughter), “Most observers believe that women bring a lot to boards, but do boards to anything for women? Some cynics suggest women join boards in part to meet potential husbands. Was that any part of your motivation in joining the Aetna board and if so, was it a fertile field or a dry wasteland?” (laughter) Barbara, what do you say?

BHF: (laughing) I don’t know what to say exactly. Except, no! That was the last thing on my mind. (applause and cheers) However…

JC: Wally, we have a pull out bed in the Lotus Club…

BHF: Well, I now need to say something because he’s right there. My husband Wally Barnes is here.

JC: Wally, take a bow. Wally Barnes. (applause)

BHF: And, he was on that board when I got there. He’d been there probably 10 years, and… I got there in ‘79 and I think he got there in maybe ‘71. We were married in 1986. So it was not love at first sight. (laughter)

JC: Like the man said, was it a fertile field or a dry wasteland? That’s what he’s talking about!

BHF: I think there’s a little more explanation maybe that’s needed here – how did this happen? It happened: you become colleagues and friends, and somewhere in the, I don’t know, the 5 years maybe after we met. he called me one day and said he had a corporate thing to go to and he didn’t have a spouse and would I go with him? And I thought, “oh my dear, is this proper?” I asked some friends… and anyway, long story short, I did that. And it worked out just fine. And then I had a thing like this to go to, and I thought, well, it worked fine with Wally, so maybe he will come with me - and he did. And so this whole thing began as friends kind of helping out, escorting each other. And then when we decided we were going to get married, that was a whole other kettle of fish. Here the two of us are on the same board. And I figured I was the junior partner and I was going to have to leave and then Wally said, “Oh no, you shouldn’t do that.” So what did I do? I called my friend Felice Schwartz, who was then running Catalyst, and said “Felice, what do you think about this?” (applause) I loved Felice Schwartz. I said, “Felice, this is the situation, what do you think?” And she said “Well, let me ask around.” And she did and she came back to me and she said “We think it’s no big deal, we think you can both stay.” And then we did. And then I went and talked to Jim Lynn who was then the CEO and his reaction was, “Well okay, but I think the company should get a finder’s fee. Maybe two finders’ fees.”

JC: I gotta tell you, this story has legs, I’m going to take it on the road!

BHF: I’m wrapping it up here. But the bottom line is we did get married in 1986 and he’s perfectly wonderful so I guess it wasn’t a “dry hole” – it was a fertile field at the end of the day. But when we got married it just was disclosed in the proxy under “Certain Relationships.” (laughter)

JC: This is under the “Marital discussion and analysis section.”

BHF: And there was never - frankly never a question… it was just, “He got out of the board in this year and I joined in my year and they were married in 1986.” There was never a question about this except from a kind of a gadfly character who used to go to Wally’s annual meetings and ask him questions when Wally was sitting CEO. That guy asked a question at an Aetna annual meeting and the question was, “Why didn’t she change her name?” (audience noise) True story. Anyway… I think this wouldn’t happen today, we were both chairing committees on that board – he was chairing compensation and I was chairing audit – and I think today this would not be viewed as proper but for a time it worked out just fine.

JC: I had no idea the board room was such a hotbed of activity!

BHF: Well, no it’s a wonderful place. My table full of Aetna directors are there -- I appreciate you being here. Current directors. (applause)

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JC: Barbara, Bill Donaldson, former SEC chair and Parter, Perella Weinberg, Director, Aetna, asked, “During your more than 30 years of your service on the Aetna board (with time off as Commerce Secretary), how many CEO successions at Aetna have you participated in and what is the most important thing you have learned about succession?”

BHF: Oh my goodness. Okay, Bill was there in 1979 when I joined the board too. John Filer was the CEO then, after him came Jim Lynn, and then Ron Compton, and then Dick Huber, and - who am I missing, and that’s when Bill stepped in for a time to be CEO - and then Jack Roe, and then John Williams, and now Mark Bertolini. That’s… was it 8? That’s a lot of successions… That’s a long spell of years too. One of those that leaps to mind that did not work out very well. The company performance was not in great shape and trust in the Aetna brand wasn’t either and a variety of other things and the board had to remove that particular CEO. One of the things that I take away from – that’s when, as I said Bill became the CEO after that, he stepped in – one of the things that I take away from that but in addition to everything else that happens, is that boards have to be prepared and be working on CEO succession all the time. Not just when you think there’s a retirement in the offing, but all the time, and had we been doing that - this thing at Aetna, this is 15 years ago, so we’re doing a whole lot better today I would say there - but the guy we chose was the guy that didn’t work out was the last man standing. And had there been a better process of knowing who the candidates were, particularly inside, and knowing their strengths and weaknesses, we probably wouldn’t have made that kind of mistake. So my bottom line is: Be working on CEO succession all the time really, and the board needs to know who the candidates are. You want to develop them internally if you can, and get to know them - know their strengths and weakness. And the underpinning of this is that you got to understand the strategy too, so you can carry that forward. But CEO succession - constant.

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JC: Barbara, I don’t know how to say this, but you have a family of troublemakers. Lilly, not sure where Lilly lives, she made an anonymous call. Lilly is Lilly Barnes, she’s Barbara’s 8th-grade great-granddaughter.

BHF: Thanks to Wally I have great-grandkids.

JC: Well he’s a great husband, he should have great grandkids! I’m sorry, that – it’s late. Lilly asked, “Who was the person who made the biggest impact on you as you were breaking down barriers as a woman?”

BHF: I don’t think I was thinking about breaking down barriers - I was just doing what needed to be done. The person who I would say made the most impact on me is my father. Who was, I think as you said before, he was principal and he was a superintendent. But back in the days when I was growing up which would have been the 50s, he was encouraging me to do whatever I wanted to do. “You can do it,” he would say, “but do it well.” It always was followed by “do it well.” I don’t know how many fathers of that time in central Pennsylvania were telling their daughters they can do anything they wanted. He set a great example himself of great standards of excellence and integrity. “You can do it, but do that right thing.” That’s always stuck with me and I think that’s the reason, if I’ve broken barriers, it’s because I was listening to my father’s voice.

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