Ed Woolard: A life in governance

He was an agent of change both within his own company's board and as a director on other 'hot seat' boards. Now his activist spirit is spurring the ambitions of a new academic initiative in the governance field. **INTERVIEW BY ROBERT H. ROCK AND JAMES KRISTIE**

EARLIER THIS YEAR, a group of friends, colleagues and admirers of retired DuPont Co. Chairman Edgar S. Woolard made him an offer he found difficult to refuse. They wanted to endow a chair in corporate governance at the University of Delaware in his name. They didn't want him to fund the chair in whole or in part, or even to help raise any money for it. They assured him that with his sterling reputation in the business community, if he would agree to lend his name to the academic position, the money would rain down to make it happen.

Well, you don't become head of one of the largest corporations in the country without bringing an element of skepticism to overtly enthusiastic proposals. But he was won over that the effort was eminently doable and worthwhile — that it would create an initiative in the field of corporate governance that would distinguish the university, the Delaware business and legal community, and the state itself. Within weeks of getting his blessing, the coterie of backers raised a million-dollar funding package.

"It was unbelievable," Woolard says, still a bit in awe about the endeavor when DIRECTORS & BOARDS Chairman Robert Rock and Editor James Kristie met with him a few weeks before the August launch date of the academic program. Formally called the Edgar S. Woolard Jr. Chair of Corporate Governance, the creation of this teaching position also propelled a parallel development — formation of the Center for Corporate Governance within the University's College of Business and Economics. The Center would extend the chair's influence by serving as a forum for discussion and research of significant issues affecting corporate directors, officers and shareholders.

The search for a top expert in governance to be the first Woolard Chair led to the doorstep of Charles M. Elson. With a background as a lawyer, corporate director, and law professor, Elson is a proverbial "triple threat" to put the Woolard Chair and the Governance Center on the map of influential governance institutions. Readers of DIRECTORS & BOARDS are certainly familiar with Elson's thought leadership in the field: He is a frequent contributor to our journal, most recently as a key participant in our heralded "The Legacy of *Smith v. Van Gorkom*" special report [Spring 2000], and as author of the classic reference article, "Courts and Boards: The Top 10 Cases" [Fall 1997].

"Dr. Elson is very well-grounded in the real world of governance," says William T. Allen, who was chancellor of Delaware's Court of Chancery from 1985-1997. Allen, who recommended him for the position, adds that Elson "has a wonderful network of people in business, law, finance, and academia."

In some ways it's a wonder that such a governance-themed combination of academia and enterprise wasn't heretofore undertaken in Delaware. As Provost Mel Schiavelli sees it, the Woolard Chair and the Center are "a natural fit" for the university "because of Delaware's world prominence as a corporate capital." University President David Roselle affirms that notion. With about half of the Fortune 500 companies incorporated here, he says, "Delaware occupies such a very special location with respect to corporate governance. Marrying the university's academic expertise in this area with the corporate and legal communities will help build better governance models that benefit everyone."

Due to the complexity of travel schedules, Woolard had not yet met up in person with Elson when DIRECTORS & BOARDS visited, but he certainly knew the designated chair holder by his "great reputation." He cites with considerable satisfaction Elson's role as a Sunbeam Corp. director in dis-

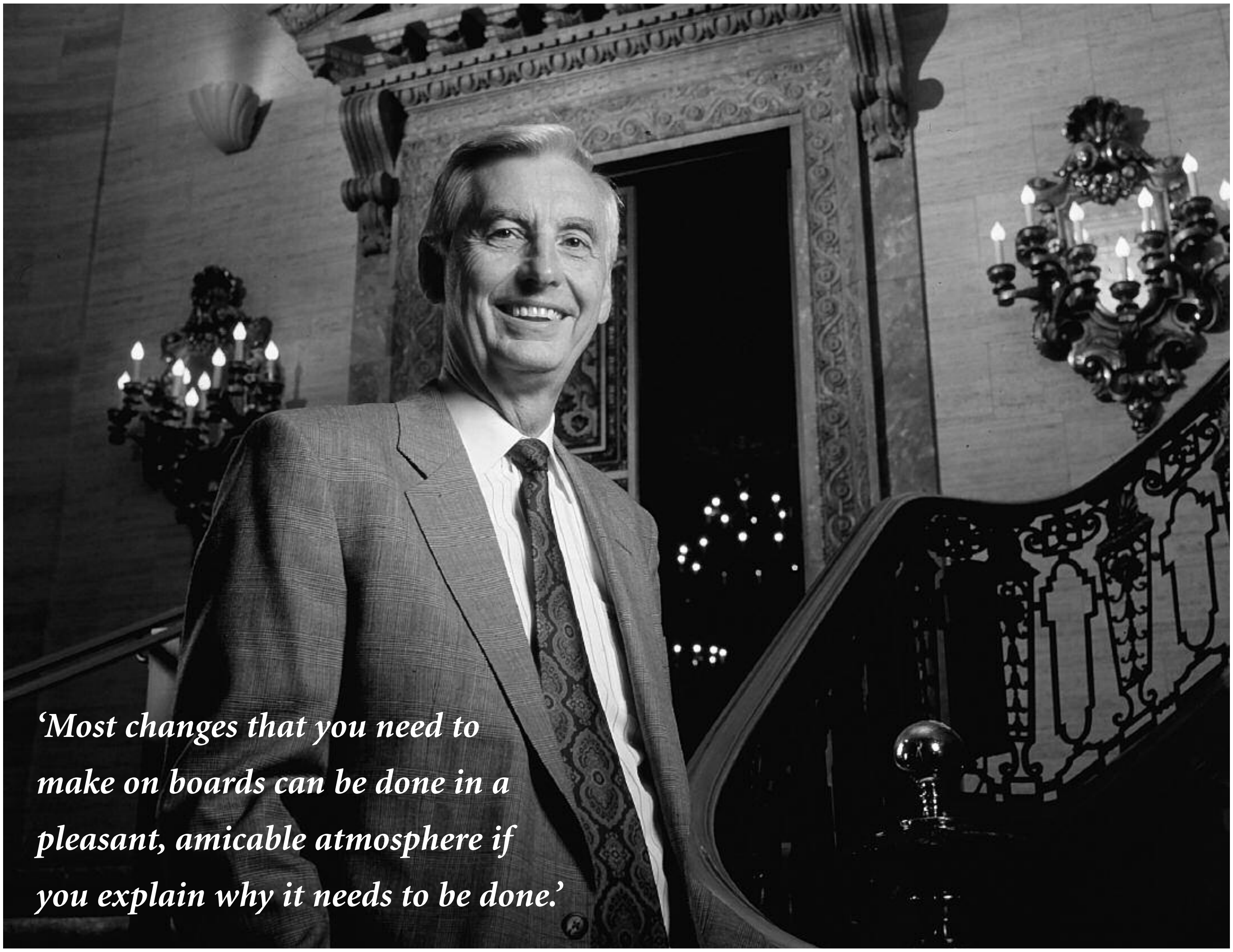

Photo: Jonathan Levine

Edgar S. Woolard Jr., pictured during his chairmanship of DuPont Co.

missing CEO Al Dunlap as that company became enmeshed in operational and financial problems. He's confident that Elson will differentiate the academic program from other educational initiatives in the market. "The potential is great," Woolard beams, seemingly having banished all traces of the initial skepticism that he had when the idea was first broached.

Having his name so closely associated with a governance program like this makes eminent sense because, as Woolard himself admits, "I've been deeply involved in a lot of interesting corporate governance issues, from mergers to the changing of CEOs." As examples of the latter drastic duty of boards, he reflects that he was a director of IBM Corp. when the board replaced John Akers with Louis Gerstner. He was a director of Citicorp when "John Reed's job was considered to be in jeopardy in the early '90s, but he got his act together and really turned the bank around." And he was a director of Apple Computer when the board ousted Gilbert Amelio and brought Steve Jobs back to save the company from what Woolard feared was "a total death dive."

His career at DuPont began in 1957 when he joined the company as an industrial engineer in a North Carolina plant (he is a native of the state and got his degree in industrial engineering from North Carolina State University). His biography shows his early years peppered with positions in manufacturing and production, with later moves into marketing and planning. At age 49, some 25 years into his tenure, he was named an executive vice president and elected to the DuPont board, becoming the youngest company executive serving at this august level. He became president and COO in 1987 and chairman and CEO in 1989, upon which he led the giant chemical company — and, no small feat in itself, its board of directors — through a major restructuring and revival. As *Business Week* noted at the time, "With his warm demeanor and soft accent, Edgar S. Woolard Jr. comes across as the quintessential gracious Southerner. But under those velvet gloves, the incoming chairman of DuPont is said to have iron fists." He retired as CEO in 1995 and as chairman in 1997.

Directors & Boards met with Woolard in the office he still maintains at DuPont's Wilmington, Del., headquarters, and we found him every bit the warm and gracious person (no iron fists in evidence) as described in the press clippings. With the Woolard Chair and Governance Center soon to be opening for business, he was visibly heartened by the developments that resulted in this personal and career recognition. "Like so many things in my life," he says about this new activity, "I was in the right place at the right time." In the following article we capture from our conversation a few of his observations about boards and how they work (and don't work), about management lessons learned, about his accomplishments at DuPont, and about other experiences that, melded all together, infuse the spirit of the new Edgar S. Woolard Jr. Chair in Corporate Governance.

— *James Kristie*

The DuPont board

Directors & Boards: Woolard recalls a time when the DuPont board numbered 31 members. One characteristic of the board was a powerful finance committee, which had to approve any major initiative. The committee was made up primarily of DuPont family members and headed by the most recent of the retired DuPont Co. Chairmen. Retired CEOs stayed on the board for life, so at one time there were five ex-CEOs of DuPont on the board. When Woolard became CEO, the board was down to about 25 members. Here is what he had to say on the remaking of the board:

The board was too big to be effective. It was very bureaucratic. Basically it was a rubber-stamp board and had been for some time. Most importantly, it was very hard to recruit CEOs to come on the board when they saw the makeup and the two-tiered structure — people who weren't on the finance committee felt that they weren't important people on the board, and if you weren't on the finance committee you couldn't possibly vote against what it had approved.

'Management is about managing effectively in a changing business environment. Ex-CEOs just can't keep up.'

So it was like anything else where you make a major change — you do it over time. You talk to people individually and you talk collectively on the board. I give Dick Heckert *[Woolard's predecessor as CEO]* tremendous credit. What he told the directors was that this regimen wasn't working, that we've got a new young guy — I was 55 at the time, considered young in those days, I guess — who needs to have a smaller board and needs to be able to recruit a couple of CEOs who really are up to date with the speed of change in the business world. He was highly respected and had the guts to prepare people for me to then say, "Dick and I have been talking to you and we think this is best for the company."

We got down to 12 board members in about two years. We eliminated the finance committee and an executive committee. We had a one-year phase-out for those over 70. Ex-CEOs can stay on the board until they are 70 and not for life. People hated like hell to go because they loved being on the board. We only had one member of the DuPont family who was, I would say, disturbed by the change. Most everybody else said it was the right thing to do.

It is true, you know, that on almost anything that you do in life, if you are honest with people and your logic is good, they will accept it. Most changes that you need to make on boards can be done in a pleasant, amicable atmosphere if you explain why it needs to be done.

On what it was like to be a young company executive elected to the DuPont board:

It was very helpful in many ways because it gave me credibility in the company and outside the company. I had been told my entire career that I had the wrong education to ever be the CEO. I am an industrial engineer, not a chemist, not a chemical engineer, not a Ph.D. My style is always to dig into everything and talk to people. Wherever I went, people viewed me as a person who they could tell things to with the hope that whatever it is they wanted to get changed might get changed. I was able to build the network that would pay off for me so much later.

From a board governance standpoint it was great because I got to see how ineffective the board was. You basically sat there and listened to reports. I gave my three minutes and the next person gave three minutes, there would be a rather inconsequential question or two and no real give and take. So it helped me get a sense for how I would like to see a board operate if I ever became chairman.

I loved the company and I loved the management and I didn't want to ever do anything critical. I just wanted to be in a position to make change.

No place for ex-CEOs

Woolard, now 66 years old, could have stayed on the DuPont board until he was 70 but chose not to. On his belief that ex-CEOs should leave the board:

This was kind of the final step in my governance thinking. I don't think that ex-CEOs ought to stay on the board. Management is about managing effectively in a changing business environment. Ex-CEOs just can't keep up. You can read *The Wall Street Journal* but it is not like being out there on the battleground and really knowing what is happening.

I don't care how objective you are, how good you are, any person who has been a CEO remembers the businesses the way they were when he was talking to employees and out in the marketplace talking to customers. Now you are not having interaction with customers. You really can't because the customers are constantly trying to figure out "where is the power?" — if they've got a problem, if they want more product, if they want a better price, who is the final arbiter? I've been around for a long time and knew just hundreds and hundreds of customers, and they would want to come to me.

An ex-CEO sitting on the board can do one of three things: he can agree with the current CEO — whether he does or not — which is a bad thing because all the board members are looking to see if the ex-CEO agrees and if he does, then they think it must be okay. He can disagree, which creates tension. Or third, he can take the time to get involved and understand what is the decision that the CEO is trying to make — and then you send the wrong signal to customers and employees and everybody else that you are looking over the CEO's shoulder.

As one employee said to me when we were about to have a big decision, "You know that every director is going to look down to see whether you are nodding your head or what your facial expression is." It was a natural thing to do since I had been there a long time and that Chad *[Holliday, Woolard's successor as CEO]* was 50 years old and I was 64, and that it was a natural thing to do.

So, a long answer but I have thought a lot about this and I just don't believe it is appropriate for CEOs to stay on. And that is the way that the world is moving more and more as the years go on.

The Securities and Exchange Commission has turned up the heat over the past two years on board audit committees, a focus that Woolard agrees is appropriate:

An area that continues to bother me a bit is audit committees. To do them right is very time consuming. [In remaking the Apple Computer board] the first guy that I recommended was Jerry York. Jerry was CFO with Lou Gerstner when I was on the IBM board. We got him as chairman of the audit committee right away. I said to Steve Jobs, "You will never have to worry about anything on the audit committee." Jerry is a hard-nosed driver. He may have had the CFO and the financial staff pulling their hair out, because before we sent out the quarterly earnings report he was on the phone for three or four hours going over everything, but within a year Steve was saying, "I am so glad that I've got him because I don't have to worry about that at all." Apple was in trouble, so maybe it was more important to have that much effort and detail on Jerry's part. But I think the audit committee is a primary area that still needs a lot of attention.

'I guarantee you that if you look at the CEOs who have failed, they didn't know what was going on in the company at the time.'

Apple Computer: Back from the abyss

After four years as a director of Apple Computer, Woolard resigned from the board in April 2000. He calls his time with Apple "the most exciting business experience of my life." After his first year as a very active director closely monitoring the company's struggles, its business continued to deteriorate and the board made the decision to remove CEO Gil Amelio and ask Steve Jobs to come back. Woolard was "commissioned" to make both calls:

I was in London because my wife and I always go to the Wimbledon tennis tournament every summer since I've retired. It was the Fourth of July, a Sunday, when I called Gil and told him that we just had to make a change. I told him that he was a great guy and that he had done a good job at other companies but that he just wasn't a fit for Apple.

Then I called Steve, and Steve played hard to get. He would only agree to come back as an adviser, not as chairman or CEO. I said, "Okay, we'll start with that." And he told me he would only do it if the board would agree to resign. I told him I couldn't ask the board to do that, but he insisted. Well, we all knew we were in trouble. I didn't think the company could have survived another year — software developers had quit writing for it, employees were leaving, and revenues were going down every quarter.

Woolard met Jobs for the first time at the board meeting several weeks later. An agreement was reached in which Woolard and Gareth Chang, then-senior vice president of Hughes Electronics Corp., would be the only ones to stay on the Apple board. (New additions that year would include William Campbell, then-CEO of Intuit Corp., Lawrence Ellison, CEO of Oracle Corp., and Jerome York). During the ensuing months in trying to pull Apple out of what Woolard calls "a total death dive," he and Jobs formed a close working relationship:

When he first took over he would call me a couple of times a week, maybe more. My wife Peggy would say, "Your son is on the phone." *[Laughter]* And time meant nothing to Steve. Eleven o'clock at night in California is two in the morning here. He would never say, "Were you asleep?" *[Laughter]* He'd say, "Hey, I've got this idea. What do you think?" And we'd talk.

I give Steve fantastic credit for what has been accomplished there. I honestly believe that this is one of the greatest success stories in the history of American business. With his presence and his credibility, people quit leaving and within months he was able to hire good people. Once we saw how much he was falling in love with turning the company around, we worked on him to agree to become interim CEO.

'Like so many things in my life, I was in the right place at the right time.'

The thing that people don't know about Jobs is that not only is he creative in marketing but he understands the mechanics of operations. I have to tell you that a lot of CEOs don't. When they get to be CEO they don't want to get their hands "dirty," you know, by keeping on top of what is going on in the guts of the business. But it is what you have to do nowadays. Jack Welch is the best at that. I learned a lot from Jack. We are very good friends. He told me two things: One was to get your team in place, people you can trust and who can do the job, and do it fast, and the second was to keep up with the important parameters and metrics of the company. It sounds simple, but I guarantee you that if you look at the CEOs who have failed, and I know many of them well, they didn't do that. They didn't know what was going on in the company at the time.

Need for speed

Woolard notes that one of the great management lessons that he had come to embrace was the need for speed in decisionmaking:

Speed has become the watchword nowadays. But it wasn't always. It started happening about the time I came on board. You need to make decisions and move on. Percy Barnevik *[who served for a time on the DuPont board during Woolard's tenure as CEO]* taught me that, although all of us to a degree intuitively know it. Percy's view was: Make a decision. If you are right 70% to 80% of the time you win the game. And the 20% you are wrong, find out fast and change it. People who have the data to be right 80% of the time but who say, "Let's get a little more data" — they are going to be too late.

I will never forget sitting in our Green Room restaurant *[in the Hotel DuPont]* for breakfast with one of our salesman and a customer. The customer was saying, "Gee, I can't believe how fast I get decisions now at DuPont. It used to take forever." And I said, "Well, let's think about it. There is the salesman. He has a boss who reports to me and his boss is out of town, so he and I can decide."

The organization was dying for decisions. So that was another big thing we tried to change with the board and with the management and with the customers. Speed is a tremendous asset nowadays. If you make a mistake it is just not fatal.

CEO as chief environmental officer

When Woolard looks back on his career at DuPont, what he also emphasizes with particular pride and pleasure is the company's high ethical and environmental standards:

Something I always like to say is that I worked for DuPont 40 years, counting the time that I was chairman, and I never remember ever being asked to do anything that I thought was inappropriate or unethical or unfair. It is great comfort to grow up in a company where the ethical standards are very, very high. The DuPont family drilled that in. I have a great respect for the DuPont family and their relationship with the company. DuPont was one of the first to have laboratories to check for health in every way. And it was the first to have pension plans and safety plans. There was a great sense of respect for people here, which I felt all through my career. I could say anything that I wanted without fear of retribution. I knew as I was moving up through the senior ranks and on the board that this company wasn't going to do anything inappropriate.

I want to mention the whole environmental issue that I was deeply involved in when I took over. The company had always done things well, within standards, but I committed the company to move to a higher level and try to set a new standard for the industry and lead the industry. I said things like "the

CEO stands for chief environmental officer as well as the chief executive officer." Even our scientists were telling me we couldn't do certain things, such as emission reductions, that I wanted done, and I had colleagues in the chemical industry telling me I was crazy. But we did every one of them and more. It was the most cohesive thing I have ever done in my life. Everybody in this company felt that DuPont had moved into a highly responsible leadership position in commitment to the environment.

The next step

While former big-company CEOs are much sought-after for directorships, don't look for Woolard to be taking on a slew of board seats. In fact, he is going the other direction. He has gradually stepped down from the three public company boards — Apple, Citigroup, and IBM — he was serving on:

I have done all that. I would never go on a board where there are six meetings a year, you show up and get the papers, you sit there and listen to the story, and you don't do anything in-between the meetings. For me, that kind of board would be boring. If it was another Apple kind of situation — a small board where we interacted and did things — or an e-commerce board, which I have had a couple of people approach me on, then I might consider it.

Finally, on the role he sees himself playing with the Woolard Chair and within the Center for Corporate Governance:

It's to be defined. I will sit down with Charles and see what would be the appropriate role. I don't want to be seen as the main driver of this. It would be easy for me to dominate it, which I think would be terrible. The role that we decide for me to play is going to be one where I can genuinely contribute, but Charles has to primarily drive how we differentiate ourselves. ■

Whose company is it anyhow?

As part of the opening week launch in August of the Center for Corporate Governance at the University of Delaware, Charles Elson presented a panel discussion for his students and faculty and administration colleagues. Elson, the Edgar S. Woolard Jr. Professor of Corporate Governance and director of the newly formed center (*see main story*), invited five representatives from business, law, and the press to address a variety of governance matters to set the stage for the coursework to follow.

On the panel were John Nash, president emeritus of the National Association of Corporate Directors; Ned Regan, president of Baruch College and the former comptroller of the State of New York; Adam Bryant, a senior writer for *Newsweek* magazine; William Chandler, chancellor of the Delaware Court of Chancery; and James Kristie, editor of Directors & Boards.

Any overview of the fundamental concepts of governance inevitably confronts the question of "Who owns the corporation?" The query sparked an animated exchange among the panelists and audience, an excerpt of which follows.

Charles Elson: Here is what Al Dunlap had to say in *Mean Business* [the former Sunbeam Corp. CEO's book is used as one of the course's readings], in his chapter entitled "Whose Company Is It, Anyhow?": "The people who invest in a company own it — not the employees, not the suppliers, and not the community." True or false?

Ned Regan: False, false. Shareholders don't own the company. They own their stock. You can't, as a shareholder, walk onto the plant property. You can't say, "Make this car this way or that way." You can't do any of that. It's not like owning your house. Now, owning stock gives you certain rights — but you are not an owner of the corporation.

John Nash: When you look at the big pension funds or mutual funds today, you have to ask yourself, "When is a shareholder a shareholder and when is a shareholder an investor?" From a director's perspective, I wrestle with that.

As a director, I have a duty of loyalty to the corporation, because if the corporation fails what do the shareholders have? Nothing. So my most critical role as a director is to hold the CEO and his management team accountable.

But I am getting very concerned that directors may be going overboard in the monitoring of management. We are seeing a tremendous turnover in CEOs. I just read a statistic that in 1999 there were 802 CEOs fired by their boards. Institutional shareholders who may be unhappy with a corporation's performance want instantaneous gratification.

I think we are at a point in our role of corporate directors of — am I acting too fast if I start firing the manager over and over again? If I see a company continually going down the tubes over a two or three-year period, sure I would have to take action. But if I hire a new CEO do I fire him in nine months because he didn't turn the company around? Are you going to disembowel a corporation to maximize your value? Is that a reasonable expectation?

So board members now are kind of caught in the middle of trying to satisfy the needs of the shareholder and doing what is in the best interest of the corporation.

Elson: Should the obligation of the board, then, be to the shareholders or to someone else?

Regan: The shareholders, absolutely. That is the discipline around which other stakeholder interests swirl. It might not be the optimum discipline to run a corporation but no one has thought of a better one yet.

On the panel: (l. to r.) John Nash, Ned Regan and Adam Bryant

William Chandler: Ned, there was a distinction that you made and I want to be sure I understand it. When Charles first asked, "Who owns the corporation?," you were emphatic that shareholders did not own it.

Regan: They're not owners.

Chandler: But you seem to contradict that when you ask the question as "For whom should the corporation be run or operated or whose interests should it consider?," and then you said, without any equivocation, "the shareholder."

Regan: I said "shareholder" and quickly moved to "shareholder value." The shareholder clearly doesn't own, as you think of ownership rights, the corporation. They own stock and stock gives them certain limited rights.

On the other hand, when you look at it as "What is the discipline by which we are going to run this corporation?," shareholder value appears to be the one that works best. It does seem to organize employee rights and other stakeholder rights the best way that we know how — and the whole world is moving towards it.

James Kristie: Ned, I am not sure that you want to totally discredit the notion of ownership. When I buy stock, in my own little way I feel like I am an owner of this company now. I am funding this company by buying its stock.

Regan: No, you didn't. You just bought the stock from somebody else. You didn't give it any fresh cash.

Kristie: Well, I don't see it that way. I see myself as having direct ownership in that particular company.

Nash: How do you view these people who trade in and out? Are they shareholders or are they investors?

Kristie: Well, at the time they bought their stock my presumption is that they probably thought it was a good investment. The moment they sold their stock, presumably they thought it was not.

Nash: Who do I represent, as a director, at that point?

Kristie: I think you represent anybody who is a present holder of your stock.

Elson: Whoever is a shareholder. I think I have to agree with Jim on this. Even though you didn't invest as a founding shareholder, the stock represents that original investment in the company itself. Your investment is giving cash to someone who originally did invest and that, I think, is the key to it. Unless you give that stock protection then who, in fact, would ever invest in it?

Nash: Well, Charles, that is where you and I disagree and where I agree with Ned. Shareholders don't own companies. Shareholders don't manage companies. Management manages companies, and directors are responsible for seeing that a proper management is there to maximize the value of the corporation so shareholders will benefit. Now, should shareholders have a say? Sure, they can make their voices heard. But as to the notion that shareholders truly own the company — they don't. They own shares in the company.

Regan: Potential shareholders would not buy the stock unless the board was managing the company to create long-term stability and growth. When the board is making sure that the CEO manages the company for long-term growth, that is most times consistent with good shareholder value. So those interests are absolutely congruent. There is no conflict there.

Question from the audience: John, you point out that you see your role as a director as one of preserving the corporation. It doesn't strike me that that is a necessary premise at all, and that it may be an incorrect focus. First of all, M&A activity happens all the time. And if you are ultimately focused on shareholder value, aren't there times when the corporation should *not* be preserved.

Nash: True. Corporations die just like people die. And if I keep making bad decisions, I deserve to die. Look what happened to General Motors in the '80s? For nine years the board sat there like a bunch of dummies and watched General Motors go down the tubes.

The role of the board is to keep the management focused, to ensure that it is in tune with today's business environment, and to see that it is doing what it should be doing to maximize shareholder value. If not, it won't be around long.

William Chandler (at left) and James Kristie

Question from the audience: I would like to ask the panelists — if the shareholders don't own the company, who owns the company?

Nash: Shareholders own shares in the company. They don't own brick and mortar. They don't own any of the products. They are investors. I look at a shareholder as an investor.

Historically, there used to be what we called a "Wall Street Rule" — "If you are unhappy with your investment, sell your shares." Then Ned came along and tried to change that attitude.

So my answer is, to maximize shareholder value I have to make sure that the corporation is performing as it should perform. Yes, I represent the shareholders on one hand but to survive as a director in today's environment I have to make sure that the management is performing — and that way I will get the shareholders off of my back.

Regan: To say that shareholders don't own the company requires some qualifications. If you own 51%, obviously you are an owner. But as John and I have stated it, what you own are shares which give you certain rights, and those rights can grow or shrink.

Adam Bryant: The question on the table of who owns the corporation is one of the most interesting points that Dunlap makes. The notion of the stakeholder is that the company should serve more than just the shareholder. A real acid test is whether a corporation feels its role is to give to charity or whether all the profits should go to the shareholders and they, in turn, can give to charity if they want.

In reporting on this issue, what I found intriguing is that I ran into a lot of companies that would give to charity but wouldn't tell shareholders all of the charities that they give to. To me, it is all about disclosure — are you telling shareholders what you are doing with their money? A lot of companies aren't.

Chandler: I want to come at the question a certain way because, frankly, I am not sure I understand the distinction between "investors" and "shareholders" and "owners."

I think if I answered your question strictly as a matter of law, the owners of the corporation are the shareholders. The quintessential dilemma throughout history has been the agency problem — the shareholders being the residual owners of the corporation, and the managers and directors being those entrusted to deploy the capital that has been contributed voluntarily by the shareholder owner in a way that eventually returns maximum profits to those shareholder owners.

The tension that surrounds that issue — the agency problem — was magnified tremendously in the 1980s during the era of hostile takeovers. You saw, as a result, reactions to that. States passed antitakeover legislation and other constituency statutes that effectively gave managers and directors authority to take into consideration the interests of other parties, such as the community, employees, suppliers and so on. In a sense, legislatures were trying to say that there are more interested parties in a company's operation than just the shareholder owners.

But again, looking at it from the point of view of the Court, our law has been clear over time that shareholders own the corporation. Now, I wouldn't disagree completely with Ned. That doesn't mean that I, as a shareholder, own some differentiated fractional interest in a plant in Peoria and therefore can go on the property anytime I want. But I do think that my capital is invested in the corporation, is being used by those who have been selected to run and manage the corporation, and it's to be used in a way that will return maximum wealth to the corporation and ultimately to the shareholders who are its owners.

Kristie: The notion of ownership is a fundamental one not only in our corporate governance system but in our free enterprise system. Why would anyone invest thousands or millions of dollars if they did not feel like they were buying a significant asset or becoming an owner of an asset? When you invest in a company you get a stock certificate. It is not just a piece of paper that you tuck in your drawer. It comes with some responsibility for taking an interest in the fortunes of that particular investment, just out of your own self-interest. So the notion of ownership is a very incentivizing notion, too. It is what makes our capitalist system here in this country so great. ■