



Donald. R. Knauss, board director at Target, McKesson and Kellogg's, and former CEO of Clorox



The New Director's Chair

Conversations with business leaders about changing board dynamics in an age of disruption.

Biweekly Series

The Three Qualities of Top Directors: Curiosity, Compassion and Humility

Adam Bryant |

For the next installment of our interview series, "The New Director's Chair," my colleague [David Reimer](#), the CEO of [The ExCo Group](#), and I sat down with [Don Knauss](#), former CEO of Clorox and a board director at McKesson, Target and Kellogg's. Knauss shared his insights on what separates the very best directors from everyone else, and some of the most important leadership lessons he's learned over a long career in business and from his years in the Marine Corps. Stay tuned for more interviews with other leading directors.

Reimer: What is your perception of how the role of the director has changed?

Knauss: It's certainly gotten much more intense in terms of the preparation for board meetings. When you consider the basic duties of directors, including the duty of loyalty and the duty of care, the focus on those duties has become much more exacting. Every company I'm on the board of – Target, Kellogg's and McKesson – is in an industry going through a major transformation, so the directors' duties have become more intense.

Reimer: What are the patterns you've seen in terms of the right and wrong way to drive transformation?

Knauss: I focused on three broad areas when I was a CEO, and they really have informed my work as a director. The first was that I had to deliver the annual plan because without delivering the annual plan, I

didn't have a future. So directors need to help management deliver the plan by thinking through the critical priorities.

What's the vision and the strategy for the company? What is its "economic true north?"

The second thing is that boards are spending a lot of time on creating the future. What's the vision and the strategy for the company? What is its "economic true north?" That's obviously the primary role of the board, along with selecting the right CEO, and it's getting more and more difficult because of dynamics in the marketplace.

The third area is, are you creating a culture that can attract and retain the talent you're going to need to win? I think boards in general have not been as focused as much as they need to be on developing talent and giving exposure to the pipeline of talent below the executive committees. The boards I'm on are certainly getting more involved in making sure that the values and culture of the company can attract, retain and develop the talent you need to win.

Bryant: How do you sense whether the transformation plan is too aggressive, too timid, or appropriately ambitious?

Knauss: When you peel the onion back on whatever the company's articulating in terms of how they're going to win in the marketplace, it's about the "right to win." You have to have a relevant point of difference for the consumer. It's amazing how many times companies go down a rabbit hole where they really don't have a relevant point of difference or a real competitive advantage -- either in their cost structure or in their capabilities -- to win in the marketplace. And if you don't see that fundamental advantage, you can get a sense very quickly whether what they're advocating is smoke and mirrors or really has a chance of winning.

Bryant: How do you get a fingertip feel for the culture of the companies where you're a director?

Knauss: I try to get more access to more people at different levels and get out in the marketplace with some of them, rather than being in a hermetically sealed environment where you're just getting the party line. For example, I walk through Target stores and talk to middle managers and others. I'll visit manufacturing plants at Kellogg's and go out with salespeople.

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As a CEO, you're in this bubble, and boards are bubbles, as well. If you don't make any effort to penetrate different levels of management into different aspects of the operation, you're not going to get a sense of the culture, and whether people are living the values or whether they're just words on the page.

Reimer: If you were asked to give a talk to 100 newly minted directors, what would be your advice to them?

Knauss: The first thing is to really understand the duties you're tasked with, and what they mean.

Second, don't feel you have to be the smartest person in the room for the first six to twelve months.

It's okay to listen and not talk very much. Don't think that you've got to wave a flag that you're going to make incredible contributions right off the bat. You've got to assimilate into the board. I define the first 90 to 180 days as a "look, listen and learn" period.

Third, make sure that the unique capabilities you're bringing to the board are understood. That's obviously why you're on the board; you fill a gap in capability and you have the capacity to execute against and use that capability.

Reimer: What are the subtle X-factors that separate a great director from a good director?

Knauss: I would say curiosity, compassion and humility. Those three attributes are incredibly important in any director. They have an intellectual curiosity about the business. The boards I've seen that have failed, because they didn't stop strategic blunders of management, often had a lot of directors who just didn't understand the fundamentals of the business.

Second, do they have some compassion for the people who work in the company and understand the stress that almost every industry is under today? It's a very difficult operating environment out there.

And third, do they have humility about how they work with other directors and management and say to themselves, "I don't have all the right answers here, but I'm going to probe and try to work with everybody to figure out what those answers should be." When I've seen these characteristics, those are the directors who really made a difference.

Bryant: What about the lead director role? What is the X-factor there?

Knauss: I try in my role as the lead director at Kellogg's to really encourage open debate and make sure that every director's point of view is heard on any given topic. In any executive session, I'll go around the table and call on each director just to make sure they have been heard and whether they would like to add anything.

It's incredibly important for anybody in that role to make sure that the directors are engaged, they've got time to opine on whatever topics you're discussing or any agenda item that they may want to see at a future board meeting. With boards, after all, there tends to be some people who dominate discussions and some people who sit back.

Bryant: I'm struck by a phrase you used earlier about a company's "economic true north." Do you find that people have trouble crystallizing the strategy in that way?

Knauss: I really do. There are dozens of metrics that you can focus on, and management teams and boards can get lost in the myriad of metrics for measuring success. The executives who can distill the priorities are certainly in a minority. People in senior leadership roles, particularly when they're new, tend to over-intellectualize everything and they get bored with the fundamentals. You can't get bored with the fundamentals. They may not be flashy, but you've got to stay focused on the basics.

Reimer: You were in the Marines. What was a key lesson from that experience?

Knauss: I was in the Marine Corps for four-and-a-half years, and I ended up as a battery commander. During my three years in the fleet, I gave one order, when I actually told somebody to do something. People often have this perception of the military, particularly the Marine Corps, as a rigid culture, where people are telling everybody else what to do. It wasn't like that at all.

It was really a team-building environment. You talked to the team, and said, here's the mission. Everything was mission-oriented. One of the big takeaways from the military is that it's always about the mission and how you succeed against that mission, and soliciting the feedback of people who'd been around a lot longer than me. How are we going to accomplish this mission? If you can create an environment where open debate is a good thing, it's amazing what you can accomplish.

Bryant: What about leadership lessons from your career in business?

Knauss: When I went to South Africa to run the Coca-Cola business there, I took with me a long-held point of view about the characteristics that effective leaders have in common. You have to have good judgment and confidence or nobody's going to follow you. You have to have integrity, curiosity, a compassion for people, humility and a sense of optimism that you can prevail, regardless of how tough the situation is.

I was in South Africa in 1998. They'd just come out of apartheid. My job was to transition the leadership of Coca-Cola Southern Africa from white expats who were American or European to black Africans. I articulated this point of view about what it takes to be a leader, and what struck me was that those values resonated more with the Africans sometimes than the Europeans or the Americans. It really showed me that people are a lot more similar than they are different. If you have those values – and be consistent and have respect for people -- you can lead just about any organization on the planet.