

## What Matters in the Board Room? Mellody Hobson talks with NACD SoCal



“It all comes back to the questions. Peel back the layers of the onion to learn more. What Matters?” These were some of the comments made today by Mellody Hobson, President of Ariel Investments, to members of the Southern California Chapter of the National Association of Corporate Directors. She talked about the importance of asking the right questions at the right time to gain the insight needed at the governance level. She talked about how some really good boards were not asking the right questions that ultimately led to situations such as Enron. “If I was on the board of Wells Fargo, I would be asking myself what questions should I have asked that I didn’t.” As she prepares for a board meeting, she ensures that during the meeting that she will have “a truly original thought, or an original question.” She noted that good questions, hard questions, should be appreciated by a good CEO.

Mellody Hobson has a lot of board experience and gave examples from her current seats on The Estee Lauder Companies and Starbucks Corporation boards and her former role as a board member and chair of DreamWorks Animation. She was recently elected to the JPMorgan Chase board, has not yet attended her first meeting, but talked about her meeting with CEO Jamie Dimon earlier this week.

The topic of diversity was woven through the whole discussion. The session was moderated by Jennifer DiGrazia, Senior Vice President of Ariel Investments. DiGrazia called Hobson her mentor. Hobson brought her to Ariel from DreamWorks. This was an example cited about the importance of women mentoring women. Hobson spoke of the risk of no women on a board in the “Me Too era.” Hobson said that diversity is more than gender and ethnicity. She often asks “Is everyone in the room.” Meaning are all perspectives and points of view present when making decisions. Diversity of thought, skills, experiences and even intelligence levels.

She stressed that the long term view is important to their investment strategy. Companies should not continue to evolve. “We’ve seen so many companies disintermediated. They have been coasting and don’t want to see change coming.” “Focus in on core competencies, core strength and don’t be distracted and pulled into other directions. Most successful companies understand their genius.”

“These are the tenets of how we invest at Ariel:

1. Patience
2. Focus
3. Experience
4. Team Spirit
5. Independent thinking”

She mentioned the importance of the company’s culture. “Team spirit. If you can’t play nice with others, what would make me want to work there. Would I want my child to work there?” I have been a longtime fan of Mellody Hobson and appreciate the perspectives she gives. Her comment on Team Spirit really resonated with me. Her approach to being a board member is thoughtful. She is even more impressive in person which leads me to a one word description of her: Quality!

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