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**HARDEST WORKING**  
board members

# Who rules Minnesota's boards?

BY TOM SMITH  
FACT BOOK EDITOR

*The Business Journal* presents its inaugural listing of Minnesota's 50 Hardest-working Board Members.

Topping the list are Terrence Glarner, who serves on five Minnesota public-company boards, and Richard W. Perkins, who belongs to six. (No other director serves on more than four boards.) Combined, these two investment experts serve on 20 committees. Together, they've served on their current boards for a total of 129 years.

The top five hardest-working board members also include Frank Trestman, Stephen Sanger and James Bernards. Sanger, the biggest name from this group, has chaired the board of his own company, General Mills Inc., for 11 years. He also finds time to serve on the boards of Target Corp. (where he's a member of three committees) and Donaldson Co. (two committees).

*The Business Journal* identified the hardest-working directors from a field of 100 people, all of whom serve on multiple Minnesota public company boards. The research project identified the 50 whose efforts have contributed the most to their respective boards. These folks don't just sit on their boards, they run them.

The project's goal is to recognize the men and women who are most responsible for governing in-state corporations.

Hardworking directors come from the entire spectrum of business. The financial and investment community is well represented, especially on critical audit committees. Chief executives serve on their own boards, of course, but also share their hard-earned management skills with other companies, often those in the same industry. Education and health care officials bring to the table their expertise in those key areas.

The time is ripe for a list like this one. Recent corporate scandals involving accounting fraud and/or excessive executive compensation have sparked renewed interest in corporate governance. The Sarbanes-Oxley Act, enacted last year in response to Enron, is arguably the single most important piece of legislation affecting corporate governance, financial disclosure and the practice of public accounting since the U.S. securities laws of the early 1930s.

An ongoing shareholders suit against Walt Disney Co. and its directors seeks to determine whether Disney's directors should be held liable for their CEO's outrageous pay package.

What better time to shed some light on the hard-working men and women who are trying to prevent similar scandals from happening in Minnesota?

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*The Business Journal* debuts in this issue its latest in-depth research project — an exclusive look at the board members who run Minnesota's public companies.

**Perkins**



The Hardest-working Board Members list identifies the 50 directors whose efforts have contributed the most to their respective boards. These folks don't just sit on their boards, they run them.

**Sanger**

Besides chairing his own board for the past 11 years, General Mills CEO Stephen Sanger serves on the boards of Target Corp. (where he's a member of three committees) and Donaldson Co. (two committees). He ranks fourth on the list.

Fact Book Editor Tom Smith ranked the 50 Hardest-working Board Members based on the time, effort and financial commitment they've demonstrated to each of their boards.

In the comprehensive report, *Business Journal* reporters talk to some of the top directors about how their lives have changed in light of increased corporate-governance oversight. Smith, aka Stat Man, looks at directors who serve on one another's boards and the effect those interlocks have on CEO compensation and stock return. Reporter Nicole Garrison also speaks to the top women directors about their rising role in the corporate boardroom.

Exclusive research shows which directors keep Minnesota firms in line

**Criteria chosen**

To determine how to measure the effectiveness of Minnesota's board members, *The Business Journal* talked to Dorothy Light, a director and co-author of *Into the Boardroom*, a book on what really happens behind boardroom doors; and Bob Sherman, owner of RTS Solutions, adjunct professor of ethics at the University of St. Thomas and a recognized expert on ethics and corporate governance. Their advice on recognizing a hardwork-

ing director helped tweak and prune the following categories, which were used to select the 50 hardest-working directors.

1. **Number of boards:** The project evaluated the number of boards on which a director serves, as a measure of effort. More is better, to a point.

On how many boards can a director serve without being stretched too thin? *BusinessWeek* recommends four if the board member is employed, seven if he or she is retired. The 50 Hardest-working Directors hold a total of 130 directorships. The greatest number is six, held by Perkins. Though still employed, because he owns his own business, Perkins presumably can take off when needed.



Though he's the second hardest-working director, Richard W. Perkins sits on the most public boards — six.

ORNN BARBERO | THE BUSINESS JOURNAL

## HARDEST WORKING board members

# Longtime director feels time pull of new regulations

BY JOHN SHARE  
STAFF REPORTER

Richard W. Perkins has no plans to retire from his nearly five decades in the investment business. However, the director of six public companies is considering scaling back his involvement on corporate boards during the next several years due to the increasingly time-consuming work.

"Because of Sarbanes-Oxley, it's a whole new ballgame," said Perkins, referring to the 2002 federal legislation that placed corporate governance under the microscope. "There are many, many more hours being devoted to corporate governance matters now than there were."

Perkins, 72, is president and portfolio manager of Wayzata-based Perkins Capital Management Inc., which he founded in 1984. Over the years he has served on many boards of publicly traded companies, currently six (seven if you count Teledigital Inc., a Bloomington-based company whose shares are traded over the counter rather than in an established market). Almost always, he has served on boards of companies in which he has invested his own money — some before they went public.

"I've been asked many, many times to serve on boards of directors, and I turn them down because there's a limit to the number you can be on," he said.

Perkins is a director of CNS Inc., Lifecore Biomedical Inc., Nortech Systems Inc., PW

Eagle Inc., Synovis Life Technologies Inc. and Vital Images Inc., all Minnesota-based companies. He serves on the audit committees of all but Synovis and chairs those committees at CNS and Nortech. He's on the compensation committees of all the companies except Vital Images, chairing those committees at PW Eagle and Synovis. He also serves on the governance committee at PW Eagle.

Perkins figures the minimum time commitment is 40 hours per year or more to serve on one board and one committee — about double what it used to be. That includes meetings, plus additional time to prepare and review materials.

"Take that number and multiply it by six boards and you can see how much time it really takes," said Perkins, who also serves as a director of several private companies and the Minneapolis-based Center for the American Experiment, a conservative think tank.

### Harder working

Sarbanes-Oxley has made board membership more complex and time-consuming, he said. For example, audit committees typically meet in person with management and external auditors before every quarterly earnings release. In the past, the meetings often were conducted by teleconference. Other changes include more extensive committee charters, detailed record-keeping and development of codes of ethics.

"I think it's all very good but, having said

that, I think it is a little bit of overkill, especially in terms of the cost to get it done for smaller companies," Perkins said. "It's very expensive to be a public company, it just is. And then to have this additional burden, it's time-consuming, very costly in terms of legal and accounting fees."

Before Sarbanes-Oxley, many directors considered board membership to be fun and prestigious, and it still can be, Perkins said. However, he said, directors are asking, "What's the liability?" Due to increased actual or presumed liability, director fees are rising, which also burdens small companies.

"Perk" contributes extraordinary financial skills that are needed in the Sarbanes-Oxley era, said Jay Miller, president, CEO and a director of Vital Images Inc., a Plymouth-based company that develops medical imaging software.

Perkins, who has served on the company's board since 1990, has seen Vital Images through its spinoff from the company now known as Synovis, where he's also a director.

"He has a fantastic range of board experience," Miller said. "Perk's a guy who's been doing this since the '50s. ... He's used to the fluctuations in the market. He's seen it all."

### Recognized name

Perkins also is well-regarded in the Minneapolis financial community and beyond, Miller said. He has invaluable individual and institutional contacts, including many with capital to invest.

"We do road shows on the East Coast and the West Coast," Miller said. "Nearly everybody knows who Perk is. They all respect the fact that he's on the board and respect the fact that he's an investor."

Perkins has been on the board of PW Eagle since 1992. He's an active, accessible director whose extensive knowledge of corporate governance ensures that the board acts in a fiduciary and responsible way, said the company's CEO, William Spell.

"His experience as a board member is probably his greatest strength to us as a board member," Spell said. "He's a very good resource to the management."

Perkins said, on balance, he has gotten more out of his board memberships than the companies have gotten out of him.

"I know I've helped many of these companies in areas where I have expertise," Perkins said.



DIANA WATERS | THE BUSINESS JOURNAL

Richard W. Perkins, with Executive Watch Dog Bo, is thinking of scaling back his board memberships in the future.

### MINNESOTA'S TOP 5 PUBLIC-COMPANY DIRECTORS

Director	No. of public company boards
1. Terrence Glarner, President, West Concord Ventures Inc.	5
2. Richard W. Perkins, President, CEO, Perkins Capital Management Inc.	6
3. Frank Trestman, President, Trestman Enterprises	3
4. Stephen Sanger, Chairman and CEO, General Mills Inc.	3
5. James Bernards, President, Brightstone Capital/Facilitation Inc.	4

## HARDEST WORKING board members



### RICHARD W. PERKINS

#### Day jobs:

Principal, Perkins Capital Management Inc.  
President and director, Perkins Foundation and Perkins and Partners Inc.

#### Current boards:

Vital Images Inc.	1997-present
CNS Inc.	1993-present
Nortech Systems Inc.	1993-present
PW Eagle Inc.	1992-present
Synovis Life Technologies Inc.	1987-present
Lifecore Biomedical Inc.	1983-present
American Oats Inc.	NP
CystoMedix Inc.	NP
Duke Financial Group Inc.	NP
Intelefilm Corp.	NP
PureChoice Inc.	NP
Teledigital Inc.	NP
Two Way TV (US) Inc.	NP

#### Past board memberships include:

Children's Broadcasting Corp., Community Airwaves Corp., Garment Graphics Inc., Harmony Holdings Inc., LSC Inc., Paper Warehouse Inc., Peerless Industrial Group Inc., Quaretech, Reality Quest Corp., SuperPower Inc., XOX Corp.

"The other side of the coin is that I've learned a lot. I've learned a lot about managing an enterprise. I've learned a lot about people. I've met a lot of people, made a lot of friendships."