

# Hp board of directors corporate governance



Hewlett-Packard Corporate Governance Assignment Considering how well Hewlett-Packard performed during his tenure, perhaps Mark Hurd was the right man for the job despite his shortcomings. Likewise, the hastened hiring of Leo Apotheker in late 2010 signified another apparent blunder by the H-P board, as he possessed neither the credentials nor aptitude to lead such a large and dynamic company to success. What do these two situations share in common? A myopic Board of Directors, well intentioned yet poorly qualified to make decisions of such magnitude.

The H-P board was complicit in multiple hiring errors in the process of choosing Mr. Apotheker, and later paid the price for his premature departure. Due to the bitter Hurd dispute, the Board of Directors required a complete renovation. However, internal strife persisted even among those who remained, which had a dramatic impact on the CEO selection process. By paring down the search committee to only four members, with the remainder failing to care to even take the time to interview potential candidates, the new CEO was walking in a minefield.

H-P, as indicated in the Bylaws in Proposal No. 1, desires Board members with the “ highest professional and personal ethics and values, consistent with longstanding H-P values and standards. ” However, a closer analysis of the now 17-person board reveals only four Directors whom have sat for more than five years on the board. It is unreasonable to expect such a naive board to have any credibility in maintaining the values and standards which made H-P what it is today over the course of the last seven plus decades.

This further reinforces a shortsighted approach to corporate governance, with a reliance and bias towards recent experience and those with little to no scope for a company the size of H-P. Evaluating the new Board of Directors from a broader approach reveals a few issues with independence, expertise, and diversity. First, immediately after the firing of Mr. Hurd, H-P changed four board members due to toxic connections. One of the standing board members was quoted in the Wall Street Journal as saying “ he and Mr.

Apotheker know the new board members and that they each have a background in a business that H-P is pursuing”. This implies a selection of amiable board members, more inclined to acquiesce to senior members and the Chairman. It also is indicative of a possible lack of diversity, as most of the board members come from technology or banking backgrounds. Perhaps the most glaring omission from the board is the lack of a member with significant, successful financial experience.

No one on the board has served as a CFO, and some of the CEO’s oversaw the financial decline (Nokia) and takeover of their companies (i. e. Wachovia). This lack of expertise was addressed with the addition of other members in 2011. HP’s Proposal Number 1 regarding the Election of Directors makes changes to the standard policy in expanding the number of directors and nominating 13 additional persons for election as directors. The biographies provided are written as if from an apologist, anticipating shareholder concerns regarding the experience and diversity of the board members under consideration.

Also, the majority of the board member biographies do not go into detail on other responsibilities, which may detract from their time and availability to attend to H-P matters. In terms of age and independence, the revised H-P board appears to be satisfactorily equipped with the right mix of individuals. However, due to the factors discussed above, the new H-P CEO may wish to further shake up the Board of Directors in order to gain a greater degree of diversity, financial expertise, and other professional qualifications.

Unfortunately she cannot affect length of tenure though, as this measure is driven by H-P's recent volatility of leadership. This element is also one of the primary causes for H-P's shortsightedness, as reflected in the handling of the last two CEO's and the firing of Mr. Hurd. A shareholder would be justified in his or her concern for the immediate viability of H-P, notwithstanding its rich history, due in large part to the poor selection of CEO's by an out of touch Board of Directors.