



BoardNews

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A NEWSLETTER FOR MEMBERS OF THE CONFERENCE BOARD

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QUOTABLE

“Knowing when to shut up is just as fine an art as knowing when to speak up.”

Columnist Phyllis Gail Doloff in *Across the Board* magazine

Europe and U.S. – Ties That Bind

The United States and Europe comprise a formidable and growing transatlantic market that must, and will, withstand current political and social tensions between the two, according to an assembly of business leaders from the world's largest and most successful economic regions.

The leaders called for a barrier-free transatlantic market to further expand economic growth, at a special meeting this spring hosted by The Paris Chamber of Commerce and Industry.

Niall FitzGerald, Chairman of the Reuters Group and Chairman of The Conference Board, told more than 200 invited guests: “There is much more that unites America and Europe than divides them.” Noting the economic power of the transatlantic economy, he pointed out that the U.S. and Europe produce 60 percent of the world's gross domestic product, account for more than one-third of all world trade and drive the global economy.

While the removal of a wide variety of political and other barriers would further strengthen the transatlantic alliance, the link between the U.S. and Europe is both strong and enduring, said FitzGerald: “In no area has the relationship remained stronger than in the commercial ties that bind our people, our companies and our economies.”



Niall FitzGerald, Chairman of Reuters and of The Conference Board, and Co-Chairman of the Transatlantic Business Dialogue, speaking at the Paris Chamber of Commerce and Industry.

Gail Fosler Named Top Inflation Forecaster by *Wall Street Journal*

Gail Fosler, Executive Vice President and Chief Economist of The Conference Board, is one of two prominent economists who had the best record in predicting the inflation rate over the last three years, according to *The Wall Street Journal*.

She shared the honor with Maria Ramirez, President of MRF Inc. Some 56 economists participate in the *Journal's* ongoing economic forecasting survey.

Previously, the *Journal* has twice named Fosler the United States' most accurate economic forecaster.



QUOTABLE

“The U.S. will save more and spend less in the next few years. This shift in economic performance in the U.S. will do little but depress the rest of the world.”

Gail Fosler, Chief Economist of The Conference Board



Justice Randy Holland, Associate Justice of the Delaware Supreme Court, with Judge Andrew P. Napolitano, Senior Judicial Analyst for Fox News Channel, at a meeting of The Conference Board's Council of Chief Legal Officers.



Addressing the Strategic Alliances Conference: Atish Gude, Vice President of Strategic Planning and Corporate Strategy at Nextel Communications.

Almost All You Need to Know About Governance

The Conference Board's comprehensive new handbook on corporate governance is being used worldwide by companies in virtually every industry.

The handbook reveals a wide range of governance best practices and valuable new knowledge about compliance and legal standards. It includes the views of more than 100 corporate directors and top executives.

As the handbook emphasizes, the SEC, stock exchanges, Congress and state courts continue to underscore the need for good governance, but they can't tell directors or corporate officers how to determine whether their boards have set effective goals and are reaching them. The

Conference Board views governance as a profitable organizational tool, not just another layer of demands and requirements.

Indeed, the handbook describes a “sea change” in the way companies now view governance. “Corporate governance has gone from being something nice to do to please a few investors to an essential component of a company's valuation and risk assessment processes,” says Carolyn Brancato, Director of The Conference Board Global Corporate Governance Research Center. Dr. Brancato co-authored the handbook with Christian Plath, Associate Director of the Center.

Source: *Corporate Governance Handbook 2005: Developments in Best Practices, Compliance and Legal Standards*, Special Report 2, The Conference Board, 2005

Asia, India Spur Sharp Gains in World Productivity

Soaring productivity growth in China and India has doubled the world's productivity gains over the last decade, according to The Conference Board's 2005 report on the performance of national economies. This year's report – the fifth in the series – analyzes national productivity, employment and income levels through the end of 2004, and is expanded this year to include data from 97 countries.

The Conference Board, a leading global authority on productivity trends, shows Europe on the upswing but still lagging the U.S. and Asia. This year's study also shows Japan continuing to rebound, with productivity per hour growing at a 3.6 percent clip last year.

Labor productivity is a potent indicator of economic efficiency. Productivity growth not only measures how well companies use their resources but is widely used for benchmarking.

The Financial Times front-paged The Conference Board report, which is also appearing in a wide range of global media. The study is co-authored by Robert H. McGuckin, Director of Economic Research at The Conference Board, and Bart van Ark, of the University of Groningen (Netherlands).

Van Ark suggests that Europe needs to adopt a new business model to speed up its productivity gains. McGuckin recently presented findings from the study at the Foreign Press Center in New York.

Source: *Performance 2005: Productivity, Employment and Income in the World's Economies*, Research Report 1364, The Conference Board, 2005

U.S. Salary Hikes Will Stay Under 4 Percent This Year

For the third straight year, salary increases will be below 4 percent and this trend will continue next year as well, according to Charles Peck, The Conference Board compensation expert.

The latest salary survey from The Conference Board shows that median salary hikes will be 3.5 percent in all major industries.

Major companies continue to be very cautious with all spending plans, with most firms in a cost-control mode throughout this year. Inflation will be a wild card. If the inflation rate hits 4 percent this year, projected salary gains would be wiped out.

Source: *Salary Increase Budgets 2005-2006*, Executive Action No. 147, The Conference Board, May 2005



Luis Gomez Sanchez, Government Relations and Corporate Communications Director for DaimlerChrysler de Mexico, S.A. de C.V., speaking at the Global Corporate Citizenship Conference.

The Conference Board Helps Companies in Asia Grow and Prosper

Growing numbers of senior executives are participating in The Conference Board's knowledge-building programs throughout Asia-Pacific.

More than a dozen major events have been held since last fall, featuring leading economic and management experts. More than 400 executives in this fast-growing region are members of Conference Board councils and working groups, and speak and attend management briefings and conferences. Members of The Conference Board network also participate and receive exclusive research from The Conference Board.

Recent events have been held in Hong Kong, Singapore, Shanghai, Manila and New Delhi. Speakers have included David Ho, President of Nokia China; Steve Schneider, CEO and Chairman of GE China; Yong Ying-I, permanent secretary of the Ministry of Manpower in Singapore; Financial Times correspondent John Burton; Angela Lee, Sprint International's manager of human resources for Asia-Pacific; Tom Algeo, Executive Director and Group HR Director for the Esquel Group; and Andrew Ditty, Vice President of Human Resources in Asia-Pacific for BP Hong Kong Ltd.

Among the wide-ranging issues examined at these meetings: improving HR effectiveness; developing and building leaders; designing new sales and marketing strategies; managing risk and ethical issues; and identifying and responding to changing communications and branding challenges.

Conference Board events in Asia-Pacific are drawing speakers and attendees from China, Hong Kong and Singapore, as well as from the United States, Indonesia, Malaysia, Australia, Switzerland, Germany and Mexico.

"Our aim is to provide targeted opportunities for top-level executives to meet with their peers, share unique experiences and receive cutting-edge research," says Abi Hashani, The Conference Board's Regional Director for Asia-Pacific.



Addressing the Diversity Conference: Joseph Douglas Harris, Leader/Managing Director at Worldvue.



Tina E. Decker, Best Buy's Senior Vice President of Human Capital and Leadership, speaking at the Talent Management Conference.

Demetrai Mitchell, Director of Diversity at Battelle, speaking at The Conference Board's Diversity Conference.



More Companies Are Using CDHPs

Companies in a wide variety of industries are turning to consumer-driven health plans (CDHPs) to slow sharply rising healthcare costs. But only time will tell whether these plans will satisfy employees and reduce costs.

Up to 15 percent of major companies are now using CDHPs, and company officials say they show promise.

Intel, International Paper, Whirlpool Corporation and SC Johnson are among the leading firms offering CDHPs. The aim is to turn employees into "consumers" of health care, rather than just "users." The strategy is to make employees accountable for their health.

A Conference Board report, based on a meeting of top human resources executives, examines the pros and cons of these programs and shows you who's doing what.

Source: *Consumer-Driven Healthcare: Cost Shift or Paradigm Shift?* Executive Action No.145, The Conference Board, April 2005



At the Corporate Image Conference (left to right): Michael Simon, Executive Vice President of Client Services at Stromberg Consulting; Bill Becker, Director of Corporate Brand Management at John Deere & Company; and Sheryl Behar, Citigroup's Executive Vice President of Strategic Marketing for CitiCards.

Why Tysers Went Faceless

Four years ago, Tysers International Insurance in London split off from Lloyd's Brokers, its 180-year-old partner.

The company attracted almost instant attention in its annual report by showing headless bodies at work throughout the firm. In a world full of grinning executive faces, it's not until page 41 that you see one.

Tysers' strategy? To compel people to actually read its annual report, a daunting challenge facing many companies these days. As one of the company's managing partners explains: "Unless you present your report in an interesting way, nothing you say in it will matter." The report was nominated for two major awards.

Source: "The Art of the Annual Report" in *Across the Board*, May/June 2005, The Conference Board



At the Talent Management Conference: Bijay Sahoo, Vice President of Talent Acquisition and Development at Wipro Technologies Ltd.

Brush Up Those Buzzwords

Alpha pup A market research term referring to the "coolest kid in the neighborhood." As in: "If the alpha pup goes for it, we'll sell millions of 'em."

Chips and salsa Refers to computers. Chip = hardware. Salsa = software.

Dial it back To tone down. As in: "Your sales pitch is too aggressive. Dial it back."

Pain points A favorite of consultants, used to describe places where an organization is hurting due to poor operating structure, technology or inefficiencies.

Tszuj Pronounced "zhoozh." To tweak, finesse or improve.

Value stream Six Sigma term that encompasses every step in the process of producing and delivering a product or service (whether it adds value or not).

Source: "Update Your Buzzwords" in *Across the Board*, May/June 2005, The Conference Board