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## Why Shareholders and Stakeholders Are Beholden to Battle

Director Skip Battle led the PeopleSoft board through a tumultuous Oracle buyout

By Barbara Bowers

**A.** George “Skip” Battle merits his surname. He knows what it’s like to navigate the twists and turns of a nasty proxy fight and an acrimonious takeover bid. He has presided over the hiring of some CEOs and the firing of others. He has provided crucial guidance in helping to turn troubled companies around.

Fellow directors say Battle has succeeded at this with intelligence,

fairness and respect, always focusing on what’s best for the company and its shareholders.

His 10-year tenure as a director of PeopleSoft, Inc., a leading provider of business enterprise software, is a perfect case in point. When industry rival Oracle Corp. attempted a buyout, PeopleSoft’s board fought back. The struggle began in June 2003 and lasted 18 months. The much-publicized takeover

featured antitrust lawsuits, a change in CEOs and other unusual features that prompted advisors Citicorp and Goldman Sachs to say they had never seen “anything quite that complicated, quite that long, quite that tempestuous,” Battle says.

It fell to Battle, who had joined the PeopleSoft board in 1995, to chair a

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five-person transaction committee of independent board members to make all recommendations related to the offer. “Skip showed a great deal of leadership,” says Steven Goldby, chairman and CEO of Symyx and a member of the PeopleSoft transaction committee. “He’s very well organized, very businesslike; he’s done his homework and he’s got the facts. It’s hard to imagine someone else doing everything right under those difficult circumstances.”

Oracle’s initial offer was \$16 a share, not much of a premium over where PeopleSoft was trading. “The price was way too low,” Battle says. “We weren’t sure they really wanted to buy us or whether they were just trying to disrupt us.” Since customers of enterprise software want to know that the company will stay in existence before they buy, the Oracle offer was “a great threat to the health of the company,” Battle says. Adding to the angst was “a real clash in company styles,” he says, noting that Oracle’s renowned rough edges didn’t mesh with PeopleSoft’s more laid-back culture. “We felt a bit like [we were] being attacked by the Visigoths,” Battle says.

Early on, he explains, it was easy for the PeopleSoft committee to turn Oracle’s offers down because it expected the U.S. Justice Department to block a merger that narrowed the marketplace from three players to two. After German software maker SAP, PeopleSoft was the second-largest provider of software for large corporations to manage their business operations such as payroll, inventory and human resources. Oracle came in third.

“We didn’t think there was an offer we could have accepted because it would have been reversed and, having agreed to be bought, the buyers for our software would dry up,” Battle says. Although the Justice Department blocked the Oracle buyout on the grounds it violated antitrust law, a U.S. District Court

later overturned that finding.

“It was excruciating,” Battle says of the lengthy transaction, “because so much of it was outside of our and Oracle’s control.” During this time, PeopleSoft directors held 80 board meetings and 40 audit and compensation committee meetings. The first 14 months

their votes, depriving Oracle of a resounding outcome. “If the vote had been in the high 70s, there would have been no sense on Oracle’s part to raise their price,” Battle says. When Oracle announced that roughly 60% of PeopleSoft’s shareholders had tendered their shares for the asking price of \$24 a share, Battle still re-

**DIRECTOR’S SNAPSHOT**

**Born:** Jan. 18, 1944, in Providence, R.I.

**Education:** BA in economics, Dartmouth College; MBA, Stanford University Business School

**Career Highlights:** Managing Partner, Andersen Consulting; CEO, Ask Jeeves; Senior Fellow and Moderator, Aspen Institute

**Hometown:** Berkeley, Ca.

**Family:** Son, Daniel; daughter, Emily; wife, Hilary Perkins; stepdaughter, Cass McNelley

**Most Memorable Summer Job:** Caretaker and gravedigger at Chepachet Cemetery

**Most Recent Book Read:** *Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets* by Nassim Nicholas Taleb

**Favorite Composer:** Willie Nelson



Skip with Hilary and stepdaughter Cass McNelley

**Something Most People Would Be Surprised to Know about Me:** “I integrated my fraternity in 1964, I testified in San Francisco to halt construction of the first residential high-rise, yet I was a Reagan appointee.”

**Won’t Leave Home Without:** Reading glasses and a book

**Current Public Company Boards:** Fair Isaac, Netflix, Advent Software, Expedia

alone were consumed by the review process by antitrust authorities and courts. The process server visited Battle’s Berkeley, Calif., home so much that he started apologizing with each new summons. Meanwhile, Oracle changed its offer several times, always to be rebuffed by the committee.

When a proxy fight arose, Battle’s committee, through PeopleSoft’s proxy solicitor, got several investors to split

jected that price as “inadequate.”

In the midst of this turmoil, PeopleSoft’s directors fired Craig Conway, their CEO of five years. “We lost confidence in him,” Battle says simply, stressing that the dismissal was not directly related to the takeover bid, which Conway opposed. Conway was replaced by David Duffield, PeopleSoft’s founder. Analysts criticized Conway’s firing and the board’s resistance to the Oracle takeover,

with some speculating that both actions were motivated by personal rather than business reasons.

“It was very clear that Dave Duffield hated the idea of having his company sold,” Battle says. “So the question that people would ask is, were we unthinking acolytes for Dave? But that wasn’t the case at all. Our analysis said that Oracle could afford to pay more. We knew that there was a price at which we would sell the company.”

Resolution finally came when Oracle learned that Battle, in a legal deposition, said that PeopleSoft would consider an offer somewhat higher than the \$24 a share on the table. The messenger happened to be one of PeopleSoft’s major investors.

Oracle moved quickly to open talks with PeopleSoft and the transaction soon became an amicable merger negotiation. Once Oracle saw PeopleSoft’s books, it increased its bid to \$26.50 a share. Battle still pushed for termination agreements for employees and a customer insurance plan to assure that Oracle would support PeopleSoft products. Finally, the deal was done and Oracle announced it would acquire PeopleSoft for \$10.3 billion.

The PeopleSoft saga wasn’t the only high-level corporate drama that was unfolding under Battle’s watch. During this time, he also was chairman of Ask Jeeves, the Berkeley, Calif.-based Internet question-answering service that went public in 1999. In 2000, however, an advertising slowdown on its website spurred operating losses.

“It was clear that we’d grown too fast,” Battle says. “It was clear that we weren’t making the kind of engineering progress with research software that we should have. We asked management to reorganize the company and take some costs out. They just didn’t get that job done.” CEO Robert Wrubel stepped down. With the stock market going against Ask Jeeves, there was no time for an executive search. The board asked Battle to step in as interim CEO. He later

became permanent CEO, a post he held through 2003. Battle then served a two-year stint as executive chairman.

Just a week after the PeopleSoft deal was finished, Ask Jeeves was sold for \$1.85 billion to IAC/InterActiveCorp, the media conglomerate controlled by former Hollywood mogul Barry Diller. The service was renamed Ask.com in 2006.

Currently, Battle is non-executive chairman of Fair Isaac, a leading developer of credit scoring systems. He’s helping to fix this company, too. The Minneapolis-based analytics firm reported a 38% drop in fiscal fourth-quarter earnings in November 2006. That same day,

“Skip showed a great deal of leadership... It’s hard to imagine someone else doing everything right under those difficult circumstances.”

Steven Goldby, fellow PeopleSoft director and chairman and CEO of Symyx

Thomas Grudnowski, Fair Isaac’s CEO of nearly seven years, resigned. Although the company had seen several years of high-flying growth, it was up against new competition from credit-reporting agencies and a restructuring that cost 200 jobs.

With Grudnowski’s abrupt departure, Battle “stepped in to steady the ship and be involved as needed,” says Alex “Pete” Hart, a board member. “He’s a steady-as-you-go guy and does what needs to be done.”

Battle headed the CEO search committee that polled the top 40 company managers to learn what they wanted in a CEO. The result: The committee cast its net for a candidate who understood analytics, was expert at allocating capital costs and had a financial services industry background. It seemed an impossible task, but the committee discovered the ideal choice in Mark N. Greene. He ran IBM’s very successful financial services business and, as an economist, was the youngest officer to work for the Fed-

eral Reserve Board. Greene became CEO in February 2007.

“Skip was extremely open in this process and really was looking for so much more” than a candidate who understands “our industry and its markets,” says Margaret Taylor, a member of the search committee. “Skip really homed in on the dimensions of leadership that are going to add most value to the company at this time.”

Colleagues attribute Battle’s skill to the broad business background gleaned from his 27 years at Arthur Andersen LLP and Accenture Ltd., where his last position was managing

partner, market development.

As chairman of Fair Isaac’s board, Battle conducts meetings in a participatory way. “He is very outspoken, but at the same time he’s a very good listener,” Hart says. “He doesn’t seek closure without everyone’s point of view; then, he gives his own.”

In fact, Hart says he’s adopted Battle’s leadership style to “dramatically” change his own as chairman of the SVB Financial Group and Silicon Valley Bank in Santa Clara, Calif. “Skip is my role model,” Hart says.

For his part, Battle pictures the director’s job as “a little bit like a fireman — a lot of times you’re underemployed, and then, when the bell rings, you’re sort of overemployed,” he says. “But there are a distressingly large number of directors who don’t answer the bell. And that’s a great disappointment.” ■

Skip Battle will speak at **ODX San Francisco** in March 2008. Please call Ajay Bhambri at (212) 542.1229 to attend.