

James Lam

Risk Expert. Engaged Director. Diversity Advocate.

Current Positions: Director, E*TRADE Financial Corp.; president, James Lam & Associates

Past Positions: Director, Covarity; chief risk officer, GE Capital Markets Services, Fidelity Investments; president, ERisk; partner, Oliver Wyman

Education: BBA, Bernard M. Baruch College, City University of New York; MBA, University of California, Los Angeles

Why did you decide to become a public company director?

I always thought it would be a great opportunity to contribute my knowledge to a company's success, work with accomplished business leaders, and continue to learn and be engaged professionally. After nearly five years on the E*TRADE board, my experience has exceeded my expectations on all of those fronts. Boards are faced with the most complex business challenges, and it has been a privilege and pleasure to work with my fellow directors to tackle those issues.

You have specialized in risk management for years. What business threats surprise you?

Risk professionals are trained to expect the unexpected, so we are not often surprised. That being said, the scope, scale, and impact of cyber risk has been incredibly alarming. Cyber risk is like nothing we've ever seen before in terms of its reach and consequences, and I am concerned that current security-based approaches are failing to keep up with this threat. Yet, like any other risk, cyber risk needs to be broken down into economic value at risk, probability of a breach, the severity of loss in the event of a breach, and whether there are correlations between risks that could result in higher losses. Better quantification leads to better management.

What risks do directors need to pay attention to that aren't front-page news?

In general, I think directors need to spend more time on core strategic risks. Studies have shown that strategic risks represent about 60 percent of a typical company's risk profile, while operational risks account for 30 percent and financial risks only 10 percent. While we can't predict what is around the corner, we must be prepared. I am also concerned about emerging technologies, geopolitical risks, economic nationalism, and the impact of climate change.

How can boards address the alarmingly low representation of Asians in the boardroom?

Asians represent about 7 percent of the U.S. population but only 2 percent of corporate directors. As boards become increasingly aware of the issues and opportunities associated with board diversity, Asian director candidates should be part of that discussion. And we need more effective advocacy. Ascend Pinnacle is a corporate board initiative where Pan-Asian business leaders have a platform to share our experiences, build a community of qualified Asian board candidates, and mentor aspiring directors.

If you could give an aspiring director one piece of advice, what would it be?

Be prepared, start early, and jump off the page in terms of what you can contribute.

—Interview conducted and edited by Jesse Rhodes

