Ann McLaughlin Korologos

With former Secretary of Labor Ann McLaughlin Korologos, it's hard to find a single reason she's considered a best of breed director.

It may be the wealth of labor relations knowledge that she brings to the Board of AMR and its American Airlines subsidiary. Or her relentless questioning of marketing tactics and her ability to think outside the box at Kellogg's. Not to mention her ability to help Microsoft—at a critical regulatory juncture—cope with the inner workings of the nation's capital.

For all these reasons and more, Don Carty, AMR Chairman and CEO calls Korologos (formerly known in Washington circles as Ann McLaughlin), an "absolutely terrific director."

And there's no question that she gets a lot of practice. She's a familiar face around many boardroom tables. Seven to be exact. And at a time when many are questioning whether directors should limit the number of boards they're on, some may wonder if Korologos has stretched herself too thin.

Not so, says her colleagues. Korologos, who is currently senior advisor to Benedetto, Garland & Co., a New York investment banking firm, is a creative, engaged director who draws from her experience with many different boards. Her other directorships include Harman International Industries, Host Marriott and Vulcan Materials.

Relatively few directors bring to a board such rich Washington experience and extensive contacts. When Microsoft first learned of the government lawsuit for their breach of monopoly regulations, the software giant was underprepared to deal with Washington. Korologos flew to Seattle to meet with Microsoft executives, including then CEO Bill Gates.

"She told the Microsoft team they had not been involved enough and needed more friends in Washington," says Judith Richards Hope, an experienced Washington attorney who's shared several board assignments with Korologos. "She helped to convince them to reassess and adjust their Washington strategy."

Korologos, who spent three years as the Treasury Department's assistant secretary for public affairs, also helped Microsoft sharpen its Washington presentation skills, says Hope. As a result the company is putting its best face forward in the D.C. arena.

"Microsoft is giving more money and has become more adept at lobbying and other efforts," Hope explains.

During the long-running government lawsuit, both Microsoft and its competitors have worked to sway lawmakers and public opinion. "Korologos knows lobbyists and and she understands how political power works. That's very important to a regulated industry. Especially one that's being
sued,” says Hope. Because of her outstanding efforts, Microsoft named Korologos to their board in January 2000.

Regulatory affairs are not Korologos’ only strong suit. Not surprisingly, the former labor secretary’s (1987–1989) labor relations expertise is also an invaluable board asset. AMR’s Carty notes that virtually all of AMR’s business, from its international rooting to its fuel costs, is driven by federal agencies. “Ann’s Washington contacts are helpful to our day-to-day business.”

Korologos is not only involved at the policy level—Carty says she also has a great sense of managing more grassroots union relationships. This is a constant subject at AMR’s board discussions.

Her bounty of government and business experience includes serving as president of the federal city council in Washington D.C. from 1990 to 1995. The non-profit organization, comprised of 150 top business and civic leaders is dedicated to improving the capital city.

Despite her extensive Washington background, some are quick to point out that Korologos should not be pigeon-holed by her government expertise. She’s known as a curious student and proponent of the latest marketing techniques. Her service at Kellogg’s is a case in point. “She has a constant focus on marketing and how consumers are thinking,” says Gordon Gund, a longtime Kellogg’s board member. “She thinks hard about how an old-line cereal company can break out and move ahead in today’s markets. She’s always testing whether what worked in the past is the best way,” he attests.

Korologos plays an important role in keeping Kellogg’s concentrated on areas such as Internet marketing and direct sales. “We were seeing heavy use of the Internet in other sectors such as autos,” she says. “I think I’ve been very vocal in this area.”

Indeed, marketing has become so important at Kellogg’s that a few years ago it instituted a Marketing Committee, a rarity among the nation’s boards. “It is testimony to the fact that marketing is a very big part of the company. And not just in terms of repositioning a product, such as buy one, get one free,” says Korologos.

Aside from sharpening its marketing techniques, Kellogg’s has been working on creating more types of foods that appeal to shifting consumer desires. Korologos has helped steer the company toward products that are more appealing to women. “I’ve also been active in the trend toward more healthy foods, including sugar reduction.”

Gund says Korologos also played a pivotal role in identifying CEO Carlos Gutierrez in 1998 when Gund was leading the full board’s search effort. The succession issue was complex because the company was undergoing some major changes. Kellogg’s had previously focused mainly on market share or volume, and they were shifting to a more value-oriented approach, says Gund.

Kellogg’s board knew that it needed new leadership and Korologos helped the company weather the storm. “The board never would have come together as a team, with their full involvement in the hiring process” without Korologos, he says. “She devoted tremendous energy and time. She was very vocal about a process the board should follow, and helped insure that it was followed. It was way beyond the call of duty.”

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—Gordon Gund, Director, Kellogg’s