

# CLAUDINE A. MALONE

For spearheading a strategy that opened up The Limited to the benefits of a more diverse workforce

**T**HE SQUEAKY WHEEL gets the oil. And if there is oil needed to be gotten, Claudine Malone is quite willing to do the squeaking. Case in point? Her persistence led **Limited Brands** to adopt a more inclusive system for hiring and promoting employees. "She really moved the company forward in the area of diversity," reports **Roger Blackwell**, a director of the Limited subsidiary **Intimate Brands**. Top management at Limited Brands had always been committed to equal opportunity in the hiring processes, Malone insists. She just "emphasized the next step."

When Malone joined the Limited board in 1982 there was a dearth of females in management—a situation made all the more inopportune since women represented the majority of the company's market. In the '90s Malone was appointed to a subcommittee organized by the board to explore how the hiring and promoting process could be made more inclusive. "She approached it from a quantitative as well as a behavioral perspective," Blackwell continues. "She analyzed the numbers, but also analyzed the behavior of the organization to determine how best to achieve the goal of the corporation to be more inclusive."

The committee used Department of Labor guidelines of availability and utilization as one measurement tool to see whether the company was taking full advantage of the applicant pool at its disposal. The other monitoring tool was similar to a Monte Carlo simulation where particular groups were tracked as they moved through the ranks of the organization. "I wanted to avoid anything that looked like a quota," Malone says. As a result of this method, the board was able to observe how discrepancies in hiring tracked through the organization and to use that data to help management refine the process.

"I had hoped I could leave as my legacy a female chief financial officer in each organization where I served," Malone says. She can point to **Ann Hailey** at Limited Brands as one success. In addition the company is now listed on the Domini Social 400 Index, which vets socially responsible



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investments for various pension and mutual funds. Socially responsible investing is a fast-growing segment of the equity markets. Specifically, Domini applauds Limited Brands for promoting a woman to a senior line management position in the company.

Equal opportunity is one area where Claudine Malone focuses her boardroom energy. The other is finance. "She has a great facility with finances and financial structures," says **David Kollat**, a fellow Limited Brands director. Kollat says her fiscal acumen played a major role in the success of a deliberative "portfolio sort," which pared down some of the 15 operating companies Limited Brands once controlled. "We went through several iterations on this," Malone says. "We would go over some of these things two or three times and I would definitely be an active nudge."

She was on the **Union Pacific** board when it spun off **Union Pacific**

**Resources** and on the **Scott Paper** board when the company was sold to **Kimberly-Clark**. She was on the special committee established by **Houghton Mifflin** to debate the merits of an acquisition offer tendered by **Vivendi**. She also served on the boards of **Mallinckrodt** and **Hannaford Bros.**, when they were sold to **Tyco** and **Delhaize America**, respectively. The Hannaford Bros. deal was, at the time, the highest price to earnings ever paid for a supermarket chain.

Due to her tenacity and fiscal vigilance, life under Sarbanes-Oxley doesn't seem all that different for companies upon whose boards Malone has sat. "In making sure that there was the right financial infrastructure in place and making sure that the accounting was conservative, she helped with the transition under Sarbanes-Oxley," says **Tom Luce**, one of the longest-serving **Dell Computer** board members. This is even though Malone stepped down from the board in 2000 — before Sarbanes-Oxley even appeared on the horizon.

"Claudine has taken the time with the internal audit group and really championed them, making sure that the administration is penny wise and not pound foolish where internal audit is concerned," says **Alan Hassenfeld**, chairman and former CEO of **Hasbro**. Knowing her skills firsthand, the toy and game maker

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Roger Blackwell  
President, Roger Blackwell Associates

asked Malone to return to the board in 2001 to help with its restructuring. Malone had stepped down in 1999.

It was at her parents' store in Washington, D.C., that Malone got her first taste of the business world. After graduating from Wellesley College, where she is a very active alumna, Malone went to Harvard Business School and then into her own management consulting business. In the 1980s and early 1990s she served on a wide range of corporate boards, as well as on the board of Massachusetts Institute of Technology and as a two-term chairman of the Richmond branch of the Federal Reserve.

**H**ER LIFE TOOK A TURN IN 1996. That year she was serving on 11 corporate boards, her mother suffered a debilitating stroke and *The New York Times* published an article criticizing the size of her board portfolio. “I began to prune my board portfolio,” she says. She spent a good portion of her time caring for her mother, Katherine Malone, who passed away this year. “Her mother was a big influence on her life,” says friend and colleague Wesley Williams, who served with Malone on the board of Penn Mutual.

Looking back, is there any part of her board service that she particularly regrets? “Yes. I regret not pushing harder for an independent chairman at Scott Paper,” Malone responds.

When Scott Paper brought in Al Dunlap to head its turnaround, Malone was skeptical. She worried that allowing Dunlap to assume the position of chairman as well as CEO would consolidate too much power in the hands of someone who was an unknown to the company. Fellow Scott director Dick Lochridge reports that Malone pushed for the board to name an independent chairman to check the power of the new chief executive. The board did not take her advice. Dunlap, who came to be known as “Chainsaw Al” for his cost-cutting tactics and later became associated with corporate malfeasance at Sunbeam, eventually dismantled the company through layoffs and sold it off to Kimberly-Clark. Malone still regrets the sale of Scott, despite the great return it gave shareholders.

Malone feels almost as much regret about the decision to sell Houghton Mifflin. Rather than take on the costs of updating the company's technology and of finding a successor for Houghton's retiring CEO, the board decided that it would be better to accept Vivendi's offer. “We got through it and we got an excellent price, but I would have been surprised if any director did not regret that we made the sale,” Malone says. The 150-year-old company, considered an American institution, was the original publisher of some of the greatest works of early American thought, including the writings of Henry David Thoreau and Ralph Waldo Emerson. ■

### DIRECTOR'S SNAPSHOT



▶ Claudine Malone with her fellow board members

**BORN:**

May 5, 1936, in  
Louisville, Kentucky

**EDUCATION:**

B.A., Wellesley College  
M.B.A., Harvard Business School

**CAREER HISTORY:**

President, Financial &  
Management Consulting.  
Professor, Harvard School of  
Business Administration

**CURRENT HOMETOWN:**

McLean, Virginia

**BEST BOOK READ THIS YEAR:**

*John Adams*,  
by David McCulloch

**FAVORITE MOVIE SEEN THIS YEAR:**

*Bend It Like Beckham*

**BEST VACATION PAST 5 YEARS:**

Trip on QE2 from New York City  
to Southampton in August 2000

**BEST SUMMER JOB:**

Preparing corporate-wide budget  
for Raleigh stores

**WON'T LEAVE HOME WITHOUT:**

My cell phone

**WHEN I WANT TO RELAX, I:**

Swim in my pool and read/doze  
poolside

**FAVORITE QUOTATION:**

“It's amazing what one can  
accomplish when you don't care  
who gets the credit.”

**CURRENT CORPORATE BOARDS:**

Lafarge North America, Lowe's  
Companies, Hasbro