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Trendspotter: Judith Richards Hope Sees Ahead of the Curve

Hope's thought leadership has helped General Mills keep in tune with America's tastes

By Heather Wolf

“When Judy was talking about soy protein in the 1990s, we all thought it was only for Georgetown shoppers, not our Hamburger Helper crowd,” says General Mills CEO Stephen Sanger. Today most shoppers can't navigate a mainstream American supermarket aisle without encountering products promoting soy.

“Judy believes that all boards

should have at least 40 percent female directors,” adds fellow director Hilda Ochoa-Brillembourg, president and CEO of Strategic Investment Group. When Hope first joined the General Mills board in 1989, she was the only woman. Today, four out of 10 independent directors are women.

Judy Richards Hope is quick to note that she is neither a “bra-burner” nor a “health nut.” Her promotion of

good women and good product just makes business sense. Hope reasons that diversity of all kinds makes for a richer, more balanced approach to solving business issues. It is this type of thought leadership, combined with a strict attention to detail, that make the long-time Washington D.C.-based litigator an Outstanding Director.

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“Judy is often first with an idea and steadily persuades the board to move,” explains Ochoa-Brillembourg. She reports that Hope has anticipated trends and supported product innovations to increase quality and the bottom line. For example, Hope is credited with getting the General Mills board behind acquiring Small Planet organic food company in 2000 and increasing investment in the yogurt business—which is now in 19 forms and a very big part of revenues. She was also a champion of General Mills being the first mass marketer to move to 100 percent whole grain cereals in 2005; reducing sugar and fat content across the board; and investing in 8th Continent, a line of soy products developed in a joint venture with Dupont.

These innovations coupled with vigilant cost cutting have helped General Mills weather the complicated Pillsbury acquisition and sharp increases in commodity and transportation costs. Accustomed to 13 percent compounded returns over the past 20 years, shareholders had to endure a few years between 2000 and 2004 when General Mills’ stock performance was only single digit and dividends held steady rather than rose. Still, the company outperformed the overall market and continues to do so.

Hope sees it as her job to show General Mills what’s out there. “They don’t always act right away, but they really listen,” she asserts. As a member of the Public Responsibility committee, Hope has overseen General Mills’ transition to a healthier approach on things like advertising, nutritional labeling, portion control packaging and exercise programs, particularly for children.

On the diversity side, Sanger adds that Hope always looks to identify and promote women into senior management roles during the board’s succession planning sessions. She has also

been a proponent of General Mills’ Women’s Network, a 100-member support group for female senior managers. “She has been very supportive of me and the other women who have joined

her board colleagues. “Independent auditors Deloitte & Touche have told me that Union Pacific’s filings are the cleanest in the United States,” says Archie Dunham, retired ConocoPhillips

DIRECTOR’S SNAPSHOT

Born: November 30, 1940, Cincinnati, Oh.

Education: AB, Wellesley College, JD, Harvard Law School

Career Highlights: Distinguished Visitor from Practice, Georgetown University Law Center; Partner and Senior Advisor, Paul, Hastings, Janofsky & Walker; Vice Chair, President’s Commission on Organized Crime, President Ronald Reagan; Associate Director of the White House Domestic Council, President Gerald Ford

Family: 2 children: Miranda and Zachary

Hometown: Rappahannock County, Va.

Favorite Summer Job: Fashion model for \$50/hour

Best Book read this year: *America’s Inadvertent Empire* by General William Odom

Favorite Artist: Sculptor Emelie Brzezinsky



Best Movie seen this year: *Breach*

Favorite Charity: Rappahannock County Conservation Alliance, which is working to preserve open space

Won’t leave home without: Sacagawea dollars – “I give them to children as my father did.”

Something people would be surprised to know about me: “I love to dance.”

Current Public Boards: Union Pacific Corporation, General Mills, Inc.

our board,” confirms Dorothy Terrell, a fellow director at General Mills and former SVP of NMS Communications. The tone Hope has helped set at the top has made for impressive results with the number of female directors and managers at the company jumping from 21 percent to 30 percent between 2004 and 2006.

At both Union Pacific Railroad and General Mills, she has taken on the job of audit chair under the microscope of Sarbanes-Oxley and earns kudos from

CEO. Dunham is a fellow Union Pacific director and audit committee member. “Her reports are always the longest, her questions are always the toughest, and her findings are always the most insightful,” Dunham adds.

Union Pacific’s new CEO James R. Young came up through the finance-side of the business and worked with Hope for many years in that capacity before taking the top job in 2006. He believes Hope’s laser-like focus on what is most important and how to

get to it efficiently has minimized the audit burdens on the business. “She was well-prepared to handle what was coming and has stepped up to every challenge,” summarizes Young. Hope herself says, “Sarbanes-Oxley was an easy transition. We had our 404 done early with no comments back from the SEC.”

Sanger believes it is Hope’s intimate knowledge of General Mills’ business and people that make her especially valuable as their audit chair. “Her experience allows her to separate the important from the unimportant in no time,” he says. “I focus on the areas that require judgment,” says Hope matter-of-factly. Things like estimates, reserves, adequate controls and, above all, safety are her hot buttons. Recently Hope has been working to revamp enterprise risk management (ERM) at both Union Pacific and General Mills. Various executives now “own” each risk the board has identified and are accountable at the highest level for minimizing their negative impact. At UP, for example, a measure that has come from the new ERM system is the installation in all locomotives of cameras that record what the engineers see. Hope says this will heighten awareness of staff—“they know everything can be reviewed”—and thereby reduce accidents.

Hope gained her ERM knowledge from her participation in Tapestry Network’s Audit Committee Leadership Network, an invitation-only group of twenty-four audit committee chairs that meet regularly in facilitated sessions. “It is invaluable to have a support group of this caliber to solve issues we are all facing and explore what is coming down the line,” says Hope.

Things coming down the line have not always been positive at Union Pacific. Hope says the lessons of the arduous takeover of Southern Pacific in 1996 have been digested and that the company is over the hump. “Our

new CEO is one smart cookie,” she asserts, adding that succession has been extremely smooth and the two-year trend is good. Indeed, 2006 was a record year with commodity revenue up 15 percent to an all-time record of \$14.9 billion. With significantly improved return on invested capital, the company can further plans for operational and financial improvement.

Hope’s public board legacy will undoubtedly be her two decades of service at both Union Pacific and General Mills. But Hope’s boardroom story begins 10 years earlier, when, as a young

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Hilda Ochoa-Brillembourg, fellow General Mills director

lawyer, she was getting good at breaking through glass ceilings.

While finishing up a stint in the Ford administration where she worked on transportation policy, Hope received a call from Gilbert Richards, chairman of The Budd Company. Richards thanked Hope for her support of the automotive sector and ended the call by saying, “When you’re finished at the White House, there may be a place for you in Detroit.” When the time was right, Hope pursued Richards, winning him and the Budd board over and becoming their first female director in 1978. Despite several changes of control and management, she remained on the board for 25 years.

Hope created her second corporate board opportunity all on her own. In the early 1980s she read of a Woodward and Lothrop shareholder complaining that there were no women on the board even though the majority of Woodies’ shoppers were female. Hope found someone who knew the company’s chairman, Ed Hoffman, and got herself a meeting with him. Over lunch, they discussed many topics including their respective love for gin

rummy. Hope seized on this and challenged him to the best of seven hands. “If I win,” she said, “you must recommend me to the board. If you win, you can do as you please.” She won four games to three and became a director shortly thereafter. She remained on the Woodward & Lothrop board for more than 10 years.

The real turning point in her corporate visibility came when the Harvard Corporation selected Hope to be the first woman to join their seven-person board in 1989. “People respected the rigors of Harvard’s vetting process and

the phone really started to ring,” recalls Hope. She accepted Union Pacific where she still serves today, IBM where she was a director for nearly five years, and Zurich Re where she served for three. She has also been on the board of privately held Russell Reynolds for 10 years.

Hope grew up in rural Ohio, gardening with her social worker mother and hunting with her minister father, and has not lost her mid-western sensibilities. Union Pacific chairman and CEO Dick Davidson recalls a time when UP was having trouble integrating a couple of rapid acquisitions and was experiencing a lot of customer dissatisfaction. “Judy called me one day and offered to answer calls in the customer service center, drive freight, put her gloves on and do anything she could to get us through this crisis,” he says. Despite years inside the boardroom, and the beltway, Hope remains grounded in America’s heartland. ■

Judy Hope will be speaking about “Maintaining Long-Term Vision in a Short-Term World” at ODX New York on June 15, 2007. Please call Ajay Bhambri at (212) 542.1229 to attend.