



# Cadence Bank Podcast: In Good Companies

## S5E1 - [Fan Favorite] Turning the Tables: Diversity in Board Governance | Anna Catalano, Board Director, Governance Expert, Speaker

**OVERVIEW:** Together, we will talk about leadership and representation; the key functions of a board of directors today. We will also weigh up the challenges awaiting women in business, and think about how boards can make space for new talents.

### EPISODE TRANSCRIPT:

[00:00:00] **SFX:** Intro music in

[00:00:01] **Anna Catalano:** Now that most boards are interested in a diverse pool of people, people are starting to say, well, how do you make sure it's a meritocracy? Right? My retort to that is you are assuming it's always been a meritocracy and you're assuming everyone who is on a board today is the best in terms of experience. It used to just be who people in the room knew, and that was a very limited population of individuals, mostly men who were put on boards. The only time I've ever heard the term we need to take a risk on someone is when it refers to someone different than ourselves.

[00:00:37] **Patrick Pacheco:** I'm Patrick Pacheco, and you're listening to Season Four of In Good Companies, from Cadence Bank: the podcast where we share our wealth of knowledge to help you navigate the opportunities ahead. Because that's what Cadence is all about, the expertise and flexibility to do business on your terms. We're empowered to help, whether it's through our podcast or any of our more than 350 locations across the South and Texas.

[00:01:05] **SFX:** Intro music out

[00:01:06] **Patrick Pacheco VO:** Imagine a boardroom--a fancy one. Lots of glass, probably a great view. A long table stretches through the middle, surrounded by sleek office chairs. But who's sitting in those chairs? You'd be forgiven for picturing a bunch of men. In 2023, less than a third of all board members of companies in the S&P 500 are women. But things are changing, fast--in no small part thanks to our guest.

[00:01:34] **Anna Catalano:** My name is Anna Catalano, and I'm a board director based in the US outside of Houston, Texas.

[00:01:40] **Patrick Pacheco VO:** Anna has spent the past two decades perfecting the art of board governance. Fortune Magazine named her one of “The Most Powerful Women in International Business” – and that might be understating it. Very few people in the world know more about boards than Anna.

Over twenty years, she has sat on a dozen public boards. And what's more: she has made it her mission to lift new talent too. Together, we'll discuss effective governance, and why diversity is essential, both in the future and right now. As it turns out, one of the key functions of a board is representation.

[00:02:26] **Anna Catalano:** What I tell people is that a board represents everyone who can't be in the room. Our primary role is to represent people who have invested in the company, people who have bought stock, people who invest in private companies... People who have invested in companies, and the nonprofit world, people who have donated to organizations.

People who can't be there are represented by a group of experienced business people who understand how business should be run in terms of strategy, in terms of organization, as well as in terms of culture and how an organization should feel. In addition to people who invest in organizations, we also represent other stakeholders who can't be in the room. That includes customers, employees, communities; everyone who has a stake in the existence of that company, and the impact that it has on various audiences. Our role is to oversee how the organization

works. We oversee strategic options regarding growth and capital allocation, how companies spend their money and where they spend their money, as well as when they go into new markets. Do they go into new countries? Hopefully, you've got voices around the table who are experienced enough to contribute to that conversation and can help the CEO and their executive team make those decisions.

[00:04:01] **Patrick Pacheco VO:** Over the last decade, finding the right voices has become a focal point for directors. And while there's still work to do, Anna says that a shift is underway.

[00:04:13] **Anna Catalano:** Well, I think we've made a lot of improvement in adding different voices to the table over the years. I mean, since I started my board career over 20 years ago, on many of the early boards I was on, I was the first woman or the only woman on these boards. I've been on boards now where 50% of the directors are female. The advantage is the more different perspectives you have around the table, the better the conversation and therefore the better the decision. It can be pressure-tested in a lot of different ways—more ways than if you had people who had very similar backgrounds. As you increase the diversity around the table, and in this particular situation we're talking about gender, you increase the likelihood that someone's going to offer a question or a perspective that others around the table don't have. That's tremendously valuable as you consider options in a very, very complex business environment.

[00:05:12] **Patrick Pacheco:** It seems like they've come a long way, but we still need to continue to increase gender equity and maybe even just diversity in general on boards. It's important I think, to know how boards get selected. How does that occur, and how does that work in favor or not in favor of having more diversity on boards?

[00:05:28] **Anna Catalano:** Yeah, that's a great question. It's important to understand how it all happens. So what usually happens is in a board meeting, a group of directors will sit around and say, “Hey, we need to think about what our board looks like down the road. We've got so-and-so who's going to be rolling off either through a tenure decision or personal reasons they're not going to stay on the

board, and there's an opening that's going to exist.” And the first question is usually: here are the skills that we need to look for based on what the company is trying to do, who do you know? I get phone calls quite a bit that say, “Hey, I've got a search and I need to look for some more diverse candidates that have these skills, who do you know?” Because they know that in my circle, I know a lot of people who are different. So the first group of people that's important to know you are a group of directors that are sitting around the table. That's always the first way the conversation goes. After people accumulate a list, they will then usually move to the conversation of, “Okay, how do we expand this?” We usually go to search firms that have people that specialize in board placement. And the search firm then says, okay, what are the skills you're looking for? Who do we have in our network of people that we know that we might be able to put forward? Most boards these days will say to a search firm, we want to make sure that we have a diverse slate of candidates. So please make sure that the list you give us is a diverse slate. And that could be gender, it could be people of color, it can be geographic background if a company is a global company. And that's how we get the names. And 20 years ago, recruiters didn't know people who were that much more diverse than people sitting in boardrooms. But now recruiters have an incredible database of people who are board-ready as we call it. And there are a lot of organizations that they can connect with. Organizations like the National Association of Corporate Directors (NACD) organizations like Women Corporate Directors (WCD). There are organizations out there that are filled with people who are board-ready individuals who represent diversity.

[00:07:49] **Patrick Pacheco VO:** Boards are diversifying across many fronts: gender, race, and age to name a few. But change isn't always straightforward.

[00:07:57] **Anna Catalano:** All in all, I think most boards are interested in making sure that the room represents a diverse pool of people. So now people are starting to say, well, how do you know need to take a risk? Are you lowering the bar? How do you make sure it's a meritocracy, right? How do you make sure everyone who's on a board is qualified if you're looking for diversity? And my retort to that is you are assuming it's always been a meritocracy.

[00:08:26] **Patrick Pacheco:** [laughs]

[00:08:26] **Anna Catalano:** and you're assuming everyone who is on a board today is the best in terms of experience. I would venture to say that in many cases that's not the case because people have chosen people they know. It used to not go to recruiters; it used to just be who people in the room knew. That was a very limited population of individuals, mostly men, who were put on boards. I find it interesting that the only time I've ever heard the term “we need to take a risk on someone” is when it refers to someone different than ourselves.

[00:09:02] **Patrick Pacheco:** Mmh...

[00:09:03] **Anna Catalano:** Right? I would say that by going to greater diversity on boards, you have made it more of a meritocracy. I would say that by virtue of going to greater diversity on boards, you have made it more of a meritocracy. So do you have many people who are qualified to sit on boards that haven't been considered that are female and people of color? Absolutely you do. I don't worry at all that anyone has had to lower the bar to increase diversity on boards.

[00:09:29] **Patrick Pacheco VO:** One thing that stands in the way of board diversity is unconscious bias. That's something Anna has experienced firsthand.

[00:09:36] **Anna Catalano:** I've got a story that I'll share regarding unconscious bias that happened to me years ago. My ethnic background is Chinese. My parents were immigrants from China, and when I grew up, I learned to speak Mandarin. When I started my career with my company, I made it very well-known and clear that if the company ever had opportunities in China that I was suited for, I would love to go. In 1994, my company was looking to open up a downstream refining and marketing office in China.

When a group of individuals got together to think about who they wanted to put on this job, a meeting took place and there was a group of people—they were all men in this room—who were talking about, “Okay, who should we send?” From what I heard, the conversation went like this. Somebody said, “Well, we should send

Anna. She's always wanted to go, and she speaks Mandarin. She suits the role and we should send her." Someone else in the room said, "Oh, she'd be outstanding, but Anna's expecting her second child. There's no way she'd want to go to a developing country with a new baby, so we need to think of someone else." So the conversation moved on until somebody interrupted and said, "You know what? I think we need to ask Anna."

[00:10:58] **Patrick Pacheco:** Mm-hmm.

[00:10:59] **Anna Catalano:** Sure enough, they asked me and I told them, as long as my child was born healthy, I would be willing to go three months after they were born. I tell that story because the person who initially said "She wouldn't want to go because she's pregnant," was not deep-sixing my career. This was not someone who didn't like me and didn't want me to have the opportunity. This was someone who had a bias that thought no woman who was pregnant would or should go to a developing country. And, if it was my wife or my daughter, I don't think I'd want them to go. He was making that statement not to harm me, but to look out for me.

[00:11:42] **Patrick Pacheco VO:** To combat unconscious bias, you have to interrogate your assumptions.

[00:11:46] **Anna Catalano:** I don't think many people get up in the morning and say, I'm going to go to work and make life as difficult as I possibly can for women today. There may be a few, but there are very few. I think that people sometimes don't realize that the assumptions they make regarding other people may not be correct. I often wonder what would've happened had that second person not said, "I think we need to ask Anna," because I may not be speaking to you today, Patrick. I may not have become a director. Those are all opportunities. What I tell people is when you experience unconscious bias and you hear it happening, it's so important to call it out. I call unconscious bias out sometimes in board meetings myself. In a board meeting not too many years ago, I remember hearing people talk about succession. It was a manufacturing company and they were talking about potential future plant managers. They put up a list of potential future plant managers, and I said, "Are there no women on this list? Because they were all men." They said,

"Yeah, there is one woman, but she has a family and she probably wouldn't want to work the hourly schedule." I said, "Wow, that's interesting. So, none of these men have families."

[00:13:11] **Patrick Pacheco:** [Laughter]

[00:13:13] **Anna Catalano:** And you could have heard a pin drop, Patrick, because that's one way to get into the conversation. It is to make people realize they are assuming on women that they don't make on men. By the way, I think it is equally unfair to assume all men are willing to do what the job entails because that's also an assumption, isn't it?

[00:13:34] **Patrick Pacheco VO:** But Anna also believes that solidarity against bias is more and more common in the world of corporate leadership.

[00:13:42] **Anna Catalano:** Growing up in the oil industry, it was not a women's world; it was a man's world. I would say that during my executive career, the majority of my mentors were men because they recognized that I had something to offer. They recognized I had a skill and were going to help open doors for me. I would say the same thing exists in the world of boardrooms today. There are as many men opening doors for women and people of color as there are women doing the same. And those of us who have gotten to board-level appointments recognize how much work it takes to get here. Women have unique challenges that exist. I mean, we're the only ones that have children. And during those childbearing years, sometimes we've got other things that we're focusing on. And those of us who've been through that understand that. The women that I know work tirelessly to help other women get on boards. They're turning around on the ladder to reach down and help others come up. But I know a lot of men who do the same thing. And so hats off to people who recognize the true value of diversity in a boardroom that helps open doors for women.

[00:14:51] **SFX:** Music Transition



[00:14:51] **Patrick Pacheco VO:** While the doors to boardrooms are beginning to open up, getting a seat at the table is still a game of patience.

[00:15:00] **Patrick Pacheco:** You have a blog called Shades of Leadership, and you talk about this a bit, and maybe give us your thoughts on board refreshment.

[00:15:06] **Anna Catalano:** Board refreshment is one of my favorite topics these days because everywhere I turn I see opportunities. I think there is a structural issue with many boards that need to be corrected, and that is that when people are assigned to boards or appointed to boards, oftentimes they feel as though it's like a Supreme Court appointment you're on forever.

[00:15:25] **Patrick Pacheco:** Mmhmm.

[00:15:26] **Anna Catalano:** And I think that's wrong because I think companies deserve to have a good group of people sitting around the table who are all contributing and all bring very different perspectives. So I recently, last year, stepped down from a board that I served on for 16 years, and it was a large cap board. And a lot of people say, why would you ever step down from a board like that size of company? And I said, "Because it was time. It was time for me to go. I had served on it for 16 years, I'd been through four CEOs. It had been through a huge merger that changed the makeup of the company and the strategy of the company, but it was time for me to move on and time for new people with new experiences to offer their expertise to that company." And when I left, there were people on the board who had been on longer than me, but that wasn't my decision. That was their decision. But I think it's important for boards to always look at their board makeup to say, do we have a good balance of historical knowledge of a company and fresh ideas? Because if a board gets stale, it's not good. I think it's important for boards to have evaluations of directors. I think it's important when people join a board that they are told and they understand that the reason they're on is because their skills are valuable to the chapter that the company is going through at that period. And at some point in time, we might move to another chapter, and we might need other skills. And I'm constantly looking at my boards and saying, am I offering? Am I the best person, one of the best people to be at this table? Because if not, I need to make room. And there are other things to do. So where



this conversation has to begin is what the company hopes to do and hoping to accomplish in the next five to 10 years. Therefore, what are the skills we need around this table to help us get there? I always tell CEOs that their board of directors is their cheapest group of advisors, and there should never be a challenge that a company comes across that someone around that boardroom hasn't experienced, done, seen, or lived through. Because if that's the case, then you have the wrong people sitting around the table.

[00:17:43] **Patrick Pacheco VO:** While more companies are realizing the value of diverse governance, getting onto a board as a woman still isn't easy.

[00:17:51] **Anna Catalano:** There's a generational shift happening. And so I think there's a tremendous opportunity. I think that what women need to recognize is that the media hasn't done us any favors. There's a lot of talk about board diversity. We need to get different people on boards. And so there are very unrealistic expectations that some people have that they think that it's easy to get on a board because boards are looking for women. And so I think that's quite a challenge. What women can do is understand how it works, which I explained earlier in terms of who makes these decisions and become what I call top of mind when it comes to people who are in a position to recommend names and to put names forward. You need to make sure that you are one of the first three people they think of. Networking alone is not enough because when you network, you are going to an event, passing out your business card, getting to be known, and that's what you do. This goes far beyond networking, and that is investing in relationships with current board directors as well as recruiters, and making sure they think of you first. The second thing I think is very important is to make sure that you've got a narrative that truly is distinctive about what it is you do better than anyone else. So if you are a financial expert, that's not enough because there are thousands of you out there. Think about what it is in particular about your skill that makes you different. Are you a financial expert in global issues? Do you focus on one part of the world? Are you a financial expert in mergers and acquisitions? What are the things that make you truly special that your voice would be the best voice to have in the room? And make sure the people who put names forward know that about you. So it's like I say, it takes an investment in time. It's like any other relationship you have, just

because people know you, it's not good enough. I think that if you are a former CEO or CFO, you've got an easier role because a lot of boards look for those two specific titles. But if you're anything other than those, like people like me, you have to network and make sure people know who you are. Some recruiters out there or some of my closest professional friends, they know me and it's because I've invested time in getting to know them, and I keep in touch and I do things for them and help them find people. That's how business works. And I think you have to be willing to do that because there are way too many people who are sending their resumes to recruiters these days, and there's no way a recruiter can remember everybody.

[00:20:48] **SFX:** Music Transition

[00:20:49] **Patrick Pacheco VO:** Getting on a board is a career goal that you carve out through time and experience. So if you want to be a director, you've got to educate yourself. That's especially true for women.

[00:21:02] **Anna Catalano:** I think that there are still people who are concerned about the fact that a lot of women have gone up in the ranks through functional roles and not roles that have profit and loss responsibility. In many corporations, you'll find more women in human resources, financial marketing, communications, and PR, and you won't find enough women who've been on the sales plant management operations side of the business, the side of the business that generates the revenue. And so make sure you spend time out in the field, make sure you spend time with people who are in the operations, pulling in the revenues that you understand how the business works overall. It's not to say if you're deep in an area, you're not going to be of value. Many companies, look for depth in certain areas, but you still need to be able to read a P&L. You still need to be able to understand workforce legal issues about governance. You still need to be able to understand as many pieces of a company and an industry as you possibly can because when you're in the boardroom, you're not just there because of the role that you had before you're there because of your business knowledge and your business expertise.

[00:22:29] **Patrick Pacheco VO:** That might mean going out of your comfort zone.

[00:22:38] **Anna Catalano:** I'm a real believer in multiple chapters in a career, probably because I had to create mine. And there are a lot of opportunities where people can make sure they are board-ready. The National Association of Corporate Directors has a certification process that is second to none. People can learn about all of the different aspects of being a director and what people need to know to hit the ground running on day one, especially in this day and age where we've got a lot of functional experts that are joining boards these days, whether they are technology people or HR people or financial people, directors do a whole bunch of things that are outside of those purviews. When you become a director on day one, you are liable for all of the things that all directors are liable for. So if you don't know anything about what directors should be concerned about, you better before you're in that room. I started my career in oil and gas and I started with a company called Amoco based in Chicago, and my area of expertise was retail marketing. So I was on the very, very close to the customer side of the oil business, which is different than most oil people. So one thing that I did when I started my role as a board director is I asked my recruiter friends, to do me a favor and keep me out of oil and gas for a while. I am a marketing and salesperson. I spent my career in an industry that didn't know how to spell marketing. See if you can find a board for me that is in a different industry because I want to learn too, and I want to be around people who do different things. And so I got put on the board of a chemical company, a consumer products company, financial services, insurance, I was not afraid to step out of my industry comfort zone and say, I'm willing to learn about infant formula. And I would say that, and I've learned so much about business in general as a director, learning about other industries and other businesses that I couldn't possibly have learned if I'd stayed in one company my whole career.

[00:24:51] **Patrick Pacheco:** So I came into banking from law, and there were times we'd be in a meeting and everybody's talking about handling something a certain way. And sometimes you just ask that real practical question about, well, why don't we just do X? And everybody looks at you like, oh, sometimes people that are in the industry get tied into the way things are done, and somebody from

the outside can look at it and say, well, that doesn't make sense. What about this? And you have that aha moment that the new director could bring to the table.

[00:25:16] **Anna Catalano:** Well, and again, I think therein lies that advantage of diversity, isn't it? How much industry expertise do we need in the boardroom? Because if you're running a chemical company, you're surrounded by experts in your executive team that run a chemical company. And if you have a couple of CEOs that are in that industry, that's probably enough. And you probably want to think about some other perspectives, especially as complex as businesses getting these days. There are so many industries that need to look outside of their industry to learn about how things are going to get done. I love being that voice that says the one crazy question that causes people to say, oh, yeah, right, we never thought about that. I find that I play that role quite often.

[00:25:58] **Patrick Pacheco VO:** The more I listen to Anna, the more I get a sense of what good leadership means to her. It means collaboration, learning from each other, and maybe most importantly, getting your hands dirty.

[00:26:11] **Anna Catalano:** The most fun I've ever had on a board I will say, is when I get an opportunity to go with the board out into the company and meet people at the grassroots level of the company doing the work. I love having offsite meetings. I love plant tours. I love going to other countries and meeting people in R&D facilities in Asia. I love going out and feeling the pulse of what the company is doing. And so for me, those have always been the best times. When as a group of directors, you not only feel like you're adding value, but you're learning and you're getting context that will help you in future meetings. So when you sit in the future in the boardroom, you all had that experience of, ah, this is what it felt like when we were in that plant in Sweden and looking at how this was being done. So those are, to me, the best moments. The worst moments are always... It's like in any organization you work in when people are spending time dealing with politics and ego and boardrooms are not free from the politics and ego zone, which is why it's really important to choose a board based on whether or not you like the people. I have always made it a point if I'm coming into a new board that I want to meet everyone who's sitting around the table because I want to know that this is a group

of people I can trust, that it's a group of people I can respect, and a group of people when crisis happens, and it always does, this is the group that I want in my foxhole.

[00:27:57] **SFX:** Outro music in

[00:27:58] **Patrick Pacheco VO:** Ultimately, boards are about people. Directors have to understand a company's stakeholders, both inside and out, so they can represent their needs, their interests, and their efforts.

Directors are incredibly talented people, but people nonetheless. They may be limited by who they know, how things have always been done, or even unconscious bias. So if you are a leader looking to enter the boardroom someday, think long-term. Invest in relationships. Educate yourself, in governance and industry. And don't be afraid to dive right in.

If you are a director, open the door for others. A great board is a mosaic of personalities and skills. The more diversity you have in the room, the more fruitful the conversation. Bringing new faces to the table is a necessity. If you work to help others, your career won't just be successful, it will be meaningful.

[00:28:58] **Anna Catalano:** A career in board service is a real privilege. You get to work with some brilliant, brilliant people and you get to learn. So I would encourage people who are starting their career to just get as good as they possibly can and down the road when that opportunity comes, I hope it happens because it's been the most rewarding part of my professional career.

[00:29:22] **Patrick Pacheco VO:** I'd like to thank Anna Catalano for sharing her insights, and for opening the door for a new generation of experts and leaders. I know they will rise to the challenge.

[00:29:34] **SFX:** Outro music out

[00:29:35] **Patrick Pacheco:** Do you want to hear more In Good Companies? Of course, you do. rate and review the show so we can bring you more episodes and even bigger guests. It only takes a second. So pause the podcast and do it right now I'll wait. Still waiting. [Fade out] I haven't got all day here, guys. Let's go!

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