

Take on Board Podcast – Episode 251



Transcript – Cary Hatch details why boards need marketing execs and reputation experts

Helga Svendsen 0:00

Today on the Take on Board podcast, I'm speaking with Cary Hatch about why your board should feature a marketing executive. Before we start the podcast today I'd like to acknowledge the traditional custodians of the land on which we record today. For me, I am on the unseeded lands of the Wurundjeri people of the Kulin nation and I pay my respects to elder's past and present and any First Nations people who may be listening today, I acknowledge their continuing connection to land waters, skies, culture and country.

Now, let me tell you about Cary. Cary is on the boards of the Greater Washington Board of Trade, Washington housing conservancy board, Whitman Walker Foundation Board, American Association of Advertising Agencies, and is the chair of the Mid Atlantic Board of Governance. She was formerly on the boards of University System of Maryland Foundation, International Women's Forum DC, American Advertising Federation, DC, and leadership, Greater Washington. Quite a bit of board knowledge going on there. Cary, we'll dig through that soon. Cary is a branding and reputation management subject matter expert, advising multibillion dollar b2b and consumer facing businesses. Cary has led transformational initiatives and reputation advancement for public and privately held brands in domestic and global business environments. She also brings governance experience through her positions on all of those boards and associations that we read out previously, including advocacy and strategic leadership roles. Welcome to the Take on Board podcast Cary.

Cary Hatch 1:29

Delighted to join you.

Helga Svendsen 1:31

I love talking about why boardrooms need diverse experience and all sorts of Diversity and Equity and Inclusion. But before we dive into that, I always like to just dig a little bit deeper about the

guests that I have in front of me. So can you tell me a story about young Cary that tells us a bit about how you got to where you are today.

Cary Hatch 1:49

Gosh, I think my early childhood years really helped shape my path forward, I was fortunate enough to have a wonderful family, but a very, let's say successful father who was promoted every two to three years. And in the states that can very often mean that you're going from city to city. So reintroducing yourself as a young person through elementary school, middle school and high school helped me learn a little bit more about promoting yourself and each and every case. So that was a foundational thread that you'll hear often when we talk about the ability to promote quickly, oneself, one's brand, your mission, why you're unique and what you have to offer.

Helga Svendsen 2:38

If you and I were 12 years old, at a new school, how would you introduce yourself? What was the carry brand of 12? Or whatever age you want to do?

Cary Hatch 2:47

Very much centred around what can I do to help with the community? What can I do to advance at whatever school I was at early on, I was in the pep club and in high school, I was promoting all kinds of things. But very much a team player very keen on being part of an organisation and advancing the organisation. And when I'm dedicated and focused, I go full out there's no half measures. Really.

Helga Svendsen 3:17

That's partly why we're having this conversation today. So let's then turn to why boards need a mix of skills in the boardroom. And for yourself. I know that that marketing or reputation experience is one of the things that is particularly important to you that your highlight for boards. So let's dive straight into that. Why should boards have marketing or reputation people in the boardroom? And perhaps you can talk us through what that looks like. Or even give us an example of an organisation that either getting it right or maybe not getting it right and may have benefited from some of this wisdom in the boardroom.

Cary Hatch 3:55

Now I'd love to. One of the things we've seen recently globally, but certainly here in the States is that you have thorny social issues that many organisations choose to address or not. That is a decision made, obviously by staff and leadership. But also in the boardroom. There are

consequences to that. So when you think about some of the recent initiatives, what is happening globally, what is happening on college campuses, what different consumer advocacy organisations are advancing the decision in the boardroom to align one's brand with a particular strategy, a particular social issue a particular alignment with their corporate values is key. And when there's a misalignment or a misjudgement on that it could have severe consequences. You think about things in the boardroom like risk management stakeholder engagement, crisis preparedness and responses and then creating long term value. Those are the kinds of roles and responsibilities that go as part of the fiduciary responsibility of a board member. But you're probably familiar with some of the recent issues around major brands, including Disney and Target. And Anheuser Busch, some of those aligned with some ESG issues, and there's many others. But one of my favourite, I think, and more enlightened commentary on the Disney situation where they have advanced different causes, whether it has to do with children's content, you know, in their movies, etc. One of the more recent articles that came out through Jonathan Turley, who is a well-known commentator here in the States, he revealed that in the most recent annual SEC report, Disney acknowledged and said this, that we face risks relating to misalignment with publican consumer tastes and preferences for entertainment, travel and consumer products. He went on to say the company observes that the success of our business depends on our ability to consistently create compelling content, further consumer perceptions of our position on matters of public interest, including our efforts to achieve certain in our environmental and social goals often differ widely, and present risks to our reputation. And brands, you may have seen that they had a market cap dropped, that went down 40%, and that their overall stock valuation was recently quoted as \$100 billion. So when these kinds of decisions that are being made, in an organisation that do come to a board level discussion, and certainly the aftermath, I'm not here to say that if there had been a communications and reputation expert on the board these things maybe that wouldn't have happened. What I am going to say is, they certainly would have been handled differently.

Helga Svendsen 7:23

It's interesting, isn't it? I think often things will always go wrong in any organisation, whether it's reputation or something else. It's often how its managed, when it goes wrong, rather than stopping it go wrong. But can we just take a step back with this Disney one, refresh my memory and refresh the memory of those that are listening today? What happened? What's your perception of what the Board did or didn't do and what they could have done? So talk us through the circumstances of this Disney one.

Cary Hatch 7:51

So in the Disney case, it's a situation where the content that was being created certainly reflects different social initiatives in our country, whether that's advancing different lifestyle choices, different sexual press versus more of an initiative. And what was happening was, there was less of a take rate, decrease sales, people were tuning out and leaving their subscriptions for streaming, not attending movies and different releases, it wasn't embraced by their customer. This is a situation where it is important to align your corporate values with the voice of your customer. It's a decision,

it's a business decision. But in a corporate board level, one has to consider as a director, your primary responsibility is one of fiduciary role. And when it leads to a decrease in stock valuation, one would hesitate to say that you're fulfilling that.

Helga Svendsen 8:59

What's your perception? Again, sometimes this stuff is known, and sometimes it's not known. So we need to kind of join the dots and say, but what's your perception of how what the board could have done differently? Either before, during or after?

Cary Hatch 9:12

Well, I think fundamentally, there needs to be a realignment within the entire organisation, at understanding that there's a separation between board roles and responsibilities and the ongoing concern from staff and executive leadership. Again, it's the idea of ensuring that the content that they're promoting, embracing producing and distributing is truly something that should be tested against their customer base, before things are advanced. Now that is on the level of a company wide framework. From the board perspective, I think, and not knowing exactly who they had in the room, assuming perhaps there wasn't somebody that had the can Zoomer voice. One thing you could have done subsequent to that would be to embrace it and step forward earlier, sometimes in crisis communications, it's not just what you say it's when you say it and the authenticity behind that. And again, not being in that boardroom, specifically, you could say the same thing about certainly the bud light situation, that was an unforced error that extended for a longer period of time, year over year sales are still in a decline. This was the notion that they had worked with a social media influencer, that had understood a very strong following to a very specific segment of folks that are transitioning. And I can understand that initiative. But I'm not sure that there was a measured evaluation of the impact of that promotion. And what that would ultimately lead to in terms of a decrease in sales. And keep in mind, it doesn't just hurt the organisation itself. It's all the way down the food chain. It's the supplier network. It's the distributors. It's its jobs, and not to mention what it does to shareholders.

Helga Svendsen 11:20

So if there's that marketing expertise in the boardroom, then there's the hypothesis, I guess that you've got the marketing expertise in the boardroom, you got to understand some of these concepts and metrics much more deeply than if it's not there and asking some of the right questions about what's been tested, what hasn't been tested, what might be new markets that might be picked up. But the impact on current markets, those sorts of things, is that what we're thinking of, we've got some of that scale in the boardroom.

Cary Hatch 11:49

I think of it as an early warning system. And then I'll talk a little bit about the flip side of that, which is the economic driver of the investment and marketing. So it's both from a reputational damage standpoint, I think it's an early warning system, that you have that discussion in the boardroom. Because in today's world, as you know, Helga, I mean, it's social media, it just takes one tweet to pull down an entire segment of someone's business, an entire product line, the backlash can be rapid, it can be significant, and it can leave a lot of scar tissue. So having that discussion at a board level, I think, goes to the concept of risk mitigation. And again, rolling that up under our fiduciary responsibility as a board member, I think that that would be an important role. What I've seen, and I'm sure you've observed as well, is that there is often very whether consciously or not wrote fulfilment of board seats, it's generally in the area of audit or governance, it's usually someone with an accounting background or legal background, without thinking about today's eco system. This is not the boardroom environment of 20 years ago, it's just not. And my proposition is that the world has changed how we look at board composition. And I'm going to talk a little bit about diversity beyond expertise. But when we look at skill sets, that should open up that aperture for candidate consideration. Now, the other byproduct of having a reputation expert, with a seat on the board, is that many of those people with that skill set are diverse themselves. They're women, other minority representations that come to light. So it's really two for one, you can again, open up the thought leadership, open up the diversity of that organisation, to board seats with a more broad representation. So I'm very keen on this. Some people are doing it very few. There was a study I believe, that I saw not too long ago that came out from Spencer Stewart, but they surveyed they said over the course of looking at Fortune 1000 firms they found of all the board seats, there were 26 that had marketing, communications, reputation management, that have filled those slots. So I think it's overdue, and I would love to see more diversity.

Helga Svendsen 14:46

I'm really surprised and disappointed, as no doubt you are by that. I thought we'd made more progress around all sorts of diversity in the boardroom, but clearly that is slow. Just out of interest. I'm jumping back a little bit here, but just out of interest, what was your first board, and how your expertise in these matters kind of added to that board.

Cary Hatch 15:08

So I've been so fortunate to serve on many nonprofit boards. And then Industry Association boards, I would say the earliest and most significant one was probably my involvement with the forays, the American Association of advertising agencies. I'm now the chairman of the Mid Atlantic Council, the Board of Governors. But gosh, there's been so many, I'm also fortunate to have been part of the Board of Trade here in Washington, DC for many, many years, I've been on the executive committee, those were all hard fought, I would say, you put in your time you demonstrate the leadership, you volunteer, and you're willing to do the work. So those are all keen experiences for me.

Helga Svendsen 15:53

And I'm hoping the American Association of Advertising Agencies, please don't tell me you were the only marketing person with experience on that board, surely, oh, no,

Cary Hatch 16:02

No, no, those were with my peers and colleagues. But you know, what is interesting, I love fact, I was just talking to somebody about this yesterday, I've been fortunate to serve on the NLRB national advertising Review Board. And that is a mixture of two subject matter experts from the advertising and marketing, communications, industry, and academic and two folks from the client side of brand representation. These are generally fortune 100 companies that are represented. And I love the notion of having a voice for the consumer, at the appellate level of the US industry's self regulatory organisation. So we review different cases from all around the country. And these are global brands, and make sure that truth in advertising and representing the interests of the consumer is alive and well.

Helga Svendsen 17:00

Oh, my goodness, that's interesting, too. And I am, again, in terms of the boardroom, I imagine the more diversity that you've got in that boardroom, the less likely Hopefully, people will transgress in a way that is going to come before that board.

Cary Hatch 17:16

That's generally the case. I mean, and I'm sure you've seen the statistics about what it takes to kind of tip the balance of diversity of thought on a board one woman is great. Two is great. But three is apparently the magic number that that brings a different kind of reasoning, and honestly a different kind of results. There's statistics about increase in market share and profitability and all kinds of things stock value.

Helga Svendsen 17:41

Yeah, absolutely. And as you say, it's beyond inverted commas, just gender or just skills. There's all sorts of different diversity that can come. What should I have asked you about this that I haven't? What else do we need to delve into?

Cary Hatch 17:55

What we need to do, or at least the people that I'm dragging in as part of my tribe, is demonstrating, and shining the light on the missed opportunity of having corporate reputation expertise on the board. Again, this is an on natural, apparently unnatural behaviour for board selection, because they generally go with each one reach one people who are currently on the board. So like people they know, you probably read the op ed that I had published last fall, that focuses a light on this. So open the aperture of the consideration set, and admit to the reality of how things have changed how quickly they can change, and not having someone with the voice of the consumer. On a board. Actually, it's perilous, but doesn't come without consequence. And even when you think about, we're sure we can talk about fortune 1000 companies and what have you. There are many, many, many middle markets, small cap organisations, privately held large companies that could benefit from this kind of diversity of thought.

Helga Svendsen 19:11

When you've got people in the boardroom with this experience with experience with the voice of the consumer. What have you seen in terms of because that's great that that person does, but it's obviously great if the whole board as you reeled off before the lawyers and the auditors and the accountants and all of those people who are in the boardroom, also get a greater understanding of the consumer, and having somebody with that marketing experience would be part of that. What have you seen with boards in terms of their practice, that brings in the voice of the consumer a bit more as well? Have you seen things there that might be helpful to share?

Cary Hatch 19:47

You know, occasionally, you'll have I'll call it an enlightened CFO, who understands that the investment in marketing communications is truly a growth driver and in several cases, He says, I have seen that be a valuable conversation. And the relationship between marketing expertise and financial prowess is one of the strongest, I would say unions that can truly drive organisations forward. Again, we see a lot going on and technology, sometimes there's a strategic partnership or alignment around board representation between a chief technology officer and a CFO, I would contend that having that same kind of strategic partnership with previous CMOS, or corporate executives from the marketing communications industry, would help every board member understand that this expertise is a growth driver. It's an economic driver for the industry. It's a key lever in terms of analytics and performance. And understanding that it's not a cost centre, it's an investment and growth. So there's that and then the flip side is, you know, again, it's the reputational risk mitigation component. So here, two, four, I would say that representation could come from a CFO perspective, all I'm saying is, let's make it a real board seat.

Helga Svendsen 21:19

Yeah, that's interesting. I confess, I feel a little nervous. I'm not a marketing person, right. So but I'd feel a little nervous about the CFO being the person that's holding that kind of input in insights, I think you're right, there probably are some CFOs out there who are very closely aligned to consumer voice, there's probably some that are not either.

Cary Hatch 21:40

So those are the jewels when you find them. But again, I would also say that there are more calm people that need to speak the language of finance, this is where we tend to people in my industry tend to we speak to ourselves in the language that we know and love and are fluent in. We need to become more fluent in the balance sheet, we need to become more fluent and be more accountable in terms of financial prowess, that language that we can bring to the boardroom to be part of that conversation. So we have to earn it. And many people do I have a good friend, Mike Linton, who is a five times CMO. And he actually has a brilliant podcast that he does. But it is speaks specifically to partnership with other C suite positions and other board alignment. So yeah, it's important.

Helga Svendsen 22:38

Yeah, it is. It's such a good point, isn't it that when you're in the boardroom, you're wearing all of the hats, you can't just turn to the CFO and say, Well, you tell us about the finances. And I'll trust that and you have to understand it all. You can't just be the person with just the marketing hat or just the CFO hat or just the audit hat to Great point. Carrie, we have already covered off so much here. What are the key things you want people to take away from the conversation that we've had today?

Cary Hatch 23:04

I would just like people to consider the notion of four things in the boardroom, that a marketing communications and reputation expert could bring that would benefit the brand, any brand and advance their growth, protect their brand, and really propel the organisation forward. The notion of risk management or mitigation, the idea of stakeholder engagement. Think about your customers, your employees, investors and the general public in the media. And thirdly, the crisis preparedness and response, knowing in advance that we're living in perilous times in terms of brand reputation, which clearly has a correlation to stock valuation. And lastly, long term value creation. Organisations are all about growth and demonstrated analytical growth and marketing communications presence at a board level can bring continuity for all four.

Helga Svendsen 24:06

Oh my god, gold, that is gold right there. Thank you. And is there a resource you would like to share with the Take on Board

Cary Hatch 24:13

Community a couple of things, you can find out more information about me at [Carey hatch.com](http://Carey.hatch.com). I would also encourage you to listen to my good friend Mike Linton at CMO confidential. And you'll hear more about the strategic partnership between the industry organisation, board members and the marketing communications community in the value that we all bring.

Helga Svendsen 24:38

Fantastic. We will link to both of those things in the show notes. Ah, Carrie, thank you as people here at Take on Board know I'm always talking about diversity, equity and inclusion in the boardroom because of its connection to good governance and good performance of an organisation not just because it's a good idea although it is but because it is connected to performance and I think that's definitely what you've highlighted for people today. And with those four factors, you know, risk stakeholder engagement, crisis preparedness and long term value proposition. All key things boards need to do. So. Thank you so much for coming on to the Take on Board podcast today and for sharing your wisdom with the community. I really appreciate it.

Cary Hatch 25:21

It was my delight. Thanks so much.