

Why NOW: CEO Mike Hankin Introduces the Podcast

Host: Katie Vanneck-Smith

Guest: Michael Hankin

00:00:02 **Katie Vanneck-Smith:** There's a story behind this series of podcasts that I want to introduce, and it's really about the importance of thinking big even when things are difficult. NOW 2020—NOW stands for Navigating Our World -- wasn't meant to be a podcast. It was planned as an event bringing together leaders from business, historians, thinkers and activists. Like a lot of events, the coronavirus made it impossible to put on. But Brown Advisory, [which organizes] the NOW conference every two years, remains committed to the idea of engaging with the most important issues that [it sees] around. Navigating Our World has never seemed more important. And so the NOW 2020 podcasts were born. I'm Katie Vanneck-Smith. I'm co-founder of a news publisher, a slow news publisher, called Tortoise. Like Brown Advisory, we're interested in what's driving news, not in the breaking news.

So when it came to raising the future, as Brown Advisory calls it, by finding a way to take the important ideas and the great speakers of the NOW 2020 conference and capturing their insights in podcasts, we felt like natural partners. I think it's going to be a really fascinating series—different from a conference, but just as thought provoking.

With me now is chief executive of Brown Advisory, Mike Hankin. Hi, Mike.

00:01:35 **Michael Hankin:** Hello. How are you? It's exciting to be here.

00:01:38 **Katie Vanneck-Smith:** It's great to have you. I think it feels somewhat appropriate that NOW 2020 finds us Navigating Our World in this your seventh U.S. conference in a new format as a podcast series. So as a starting point, Mike, perhaps you could talk to us a little about the theme of NOW 2020, what it was going to be and why the conversation from NOW will matter even more.

00:02:00 **Michael Hankin:** The purpose of NOW from the beginning was to tee up issues for discussion that are key to understanding how to navigate the times we are in. Well, as a leader, I try very hard to find out what is on people's minds. What are you worried about? What are you not saying? And, in a sense, NOW is all about that. What are the issues that are out there that maybe don't feel comfortable at a dinner table bringing them up, but you really do want to know the answer? You want to know why someone is doing what they're doing or why they're thinking the way they're thinking. And some of it's curiosity, for sure, but some of it is we each know that putting it all on the table will allow us to understand issues, understand things better, and that will lead to better decisions—better investment decisions, better business decisions, better decisions within our family, with our kids, better decisions as leaders of nonprofit organizations that we're all involved in. We've got to put it all on the table. And I think NOW, in a sense, is just about that.

00:03:09 **Katie Vanneck-Smith:** You talked about giving people the opportunity to speak up, right, and to speak out and talk on the issues. What do you think stops leaders from speaking out and speaking up, yeah, and saying really what they care about? What's stopping leaders from doing that?

00:03:27 **Michael Hankin:** So why does it seem like people, especially business leaders, don't speak up on the issues that we know they care about? And I think it's changing, and I have one idea about why it's changing. Up to fairly recently, for the most part, if you were a public company CEO, you heard from him or her four times a

year, three quarterly reports and one quarterly report combined with an annual meeting. And at that point, the audience was a group of investors representing their institutions, and they had very narrow, very specific questions. How did you do? Sales up or down? Profits up or down? Did you lay people off? Is the growth rate expanding, contracting, whatever?

I think the mistake that we all made as business leaders is we left it to that. What's changed? There are a lot of disadvantages of social media, but one advantage is I think it has given business leaders an opportunity to speak more often and to speak directly to their customers and not channel their communications through an investor/analyst. And if anybody had the chance to watch the CEO of Marriott on a video a couple of weeks ago at the beginning of this crisis where he spoke to all of his employees in a very serious, poignant, obviously painful way for him to share the news that a number—a large number—of people were going to be furloughed and some laid off, that's a communication that we didn't think of doing just two years ago.

00:05:25 **Arne Sorenson Clip:** As a leader, I've experienced so many wonderful highs and a good number of challenging lows. I can tell you that I have never had a more difficult moment than this one. There is simply nothing worse than telling highly valued associates, people who are the very heart of this company, that their roles are being impacted by events completely outside of their control.

00:05:52 **Katie Vanneck-Smith:** That's an amazing approach to take, Mike, and you've lined up in the NOW podcast series a group of exceptional leaders. Tell me a little bit more about some of the conversations that you hope to have and the issues you want them to bring to the table and the conversations that matter.

00:06:10 **Michael Hankin:** So take capitalism for a moment. At least during the primary, which just ended, there was a lot of discussion about whether capitalism, especially in the U.S., was as successful as it needs to be. Was it looking after all members of our society? And even at one end of the spectrum, you had some people arguing, "Should we throw it out, start all over?" And leaders have responsibility to look across a spectrum at all the different people that make up their employee base and all the different people who make up the members of their community, to look across their community and say, "Who is thriving and who isn't?" And if we can bring that to light, people will understand that without a healthy economy, without significant capital investment, without the form of government that we have, it doesn't all work, but it's up to us to make that happen.

And I'm sure that there will always be pressures on capitalism, but I think we would have found that it's working better than perhaps as described on the front page of the newspaper. And then we talked about climate change a little bit, but it's not a red-and-blue issue, in our opinion—that there are Republicans who care about climate change and there are Democrats who don't care about climate change. It's been politicized in a way that we think people are uncomfortable talking about the issue, especially at a dinner party. But if you break it down and you say to a CEO, "How does investing sustainably play a role in your business," and you'll see some of the most successful industrial companies in this country, in the U.S., being very focused on sustainable manufacturing operations, sustainable transportation systems—in fact, being very focused on attracting investment capital from the subset of investors in our investment world who are interested in making sustainable investing decisions.

00:08:49 **Katie Vanneck-Smith:** So tell me a little then about, you know, this idea that you have to trust, you know, those that are taking the decisions as leaders and also as humans, right? So if you're an employee, we're going to have to trust our business leaders to reopen at the right time, you know, and get us back to work at the right time. Do you think there's enough trust in the system? Do you think the system allows and affords that trust that we're going to need as we take those decisions?

00:09:18 **Michael Hankin:** So a lot has been written about the level of trust in society and that maybe the peak for trust of leaders was 50 years ago. Edelman has written on this. I think about that report as something that should challenge us all to be understood and to open ourselves up, because as you open yourself up, people understand who you are. To me, that's a path to trust. So I think the Edelman report is a very important challenge. I don't know whether it's a fair representation across the board, because if you look at an organization where there is good communication between the leadership, between the CEO and his or her employees, I think you'll find out that there's a fair amount of trust. People—they want honesty. They

want clarity. They want everything to go well, but I think people are realistic. And if a leader is honest with them and clear, and sincere, and open, and allows himself or herself to be vulnerable, then I think there will be plenty of trust. I've been lucky to have time over the years to read a lot about Churchill and that his wife, Clementine, played a role, a very important role. Every once in a while, she would write him a letter and say: "I think you need to listen more to those around you. They're working very hard." And in fact, I'm pretty sure I could find something where she wrote: "I know how much you care about them. You need to let them know how much you care." And she was right.

00:11:16 **Katie Vanneck-Smith:** Thank you so much, Mike. It's been great speaking to you.

00:09:18 **Michael Hankin:** Thank you.