



Kathy Waller



The New Director's Chair

Conversations with business leaders about changing board dynamics in an age of disruption.

"The Richer Conversations Often Happen Outside Of The Board Meeting"

Published on March 30, 2021



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Kathy Waller, the former CFO of Coca-Cola and a director at companies that include Delta Air Lines, Beyond Meat, CGI, and Cadence Bancorporation, shared smart insights from her boardroom experience with with me and my colleague, **David Reimer**, CEO of **The ExCo Group**. We are also lucky to call Kathy a colleague, as she is now an ExCo mentor.

Reimer: What are your filters and frameworks for deciding whether to join a company's board?

Waller: If I'm leaning toward joining a board, I have a conversation with the CEO, with other board members, and sometimes with people like the CFO or the general counsel. It's about the culture of the company and whether it fits my personal values.

I also do research about the company to find out if there's anything that would give me pause, or whether there might be an activist who's going to come in the stock soon. If I were on the board already and it happened, that'd be fine. Having lived through that, I'm not looking to join a board that has enough problems to attract an activist.

Bryant: I'm sure you learned a tremendous amount from dealing with an activist when you were CFO of Coca-Cola (investor David Winters argued that the company's equity compensation plan for employees was excessive). Is there a playbook you can share on

how to engage constructively with an activist?

Waller: What I've found is that an activist has a perspective that they don't necessarily want to change. They've done a lot of work and research before they even contact you. As a result, they've dug into their position, and it will be difficult to change their mind about how they see your company.

All you can do is help them understand what you've done and help them understand that you've already thought about their concerns. And many times it's not evident what the real issue is. If it's about trying to unseat the CEO or something like that, they're not likely to come out and say that.

Most of the time there's a hidden agenda, and dealing with an activist is going to take a lot of time and energy, which comes at the expense of other important things. You'll never get that time back, regardless of how it turns out.

Reimer: Talk about your approach when you're starting to work with a new board.

Waller: I am a relatively quiet person. I learn a lot as I listen, but I do believe in interjecting if a point's been missed or if there's a nuance about an issue that I want to point out. I never liked prolonging meetings for the sake of prolonging meetings.

I also believe in creating relationships, and so I make sure that I am meeting other board members and learning from them. The richer conversations often happen outside of the board meeting. It's about making sure that people understand where you're coming from and that when you have something to say, you speak up.

Reimer: Many boards are having more conversations about diversity and race, particularly after the horrific events of last year, including the killing of George Floyd. What's your guidance on how to have those conversations?

Waller: It depends on how courageous the CEO is or is willing to be. My suggestion would be to start with helping people understand that we all know it's a difficult topic. And you put people on notice that you're not going to accept it being shut down. That means they're on guard to not be the one to do that.

Then make sure that people understand that if anybody says something that is upsetting to another person, they're going to forgive you. They might say to you, "I find that offensive for this reason," and then you've got to talk about it, but they're going to let it go. Set the stage so that people understand it's okay to say something, even if they're not sure how to say it, because it's better said than not said.

If you can get people to let their guard down and become a little bit more trusting, then you can ease into the conversation. And you have to ease into the conversation because you can't just introduce the big elephant in the room right away because then people will shut down.

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And you've got to give the conversation time. It's almost more appropriate to do it in a retreat-like setting. You need time to get people comfortable, and you need to get them talking. And if you've got to shut it down because you've got five other topics to address, it doesn't work.

People are so afraid of offending someone and saying the wrong thing. And that's not a bad thing. I'm glad you don't want to offend me by saying the wrong thing, but trust me, I'm just as worried about offending you. I'm also afraid of saying the wrong thing about Black people, because somebody might interpret something I said in ways that I didn't intend.

There are all kinds of fears in that room that are not easily understood and have to be put to rest before that conversation can really happen. It needs time. It's not an easy conversation at all. It's never going to be.

Bryant: I get the sense that you are not uncomfortable having difficult conversations. Have you always been that way — not just in the boardroom, but with your direct reports? Because a lot of managers shy away from difficult conversations around performance.

Waller: I believe people cannot change and help themselves if you don't tell them what they need to do. The need to tell people what they need to do and how they need to change overrides my fear of insulting them or that conversation leading to conflict.

I'd rather you be angry with me but have the information you need than like me and not understand that you've got a problem or that you need to know something that could help you in your career.

I am direct, and I've always been direct. I will say to people, "Do you really want to have this conversation? Because if you don't really want to know the answer, then we can end this conversation now and it's okay." And then most people say, "I really want to know. I want to have the conversation."

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And that often takes more than one conversation. You've got to have a lot of trust to have that conversation with people. And you've got to build the trust. Part of that is people believing that the conversation is not a "one and done."

Otherwise, if people don't understand that there's a subsequent conversation when they get to come back and talk about what they heard from you, they'll never let you get the words out. They stop listening and they start defending themselves from the very beginning and there's nothing you can do about that.

Every individual is worth those conversations — maybe they're in the wrong job or they don't have the information they need about their performance. It's remarkable how many people go around thinking that they're doing a good job but their boss doesn't think so.

If their boss never tells them and they end up getting fired, then they don't understand why and they take that experience to the next job, where the pattern repeats itself and they become more bitter over time. It's up to us to stop that. That's why we're managers. That's our job.

Reimer: What were important early influences for you?

Waller: I grew up in an environment where everybody around me was Black — elementary school, high school and my neighborhood. And then I went to the University of Rochester, where the Black student population was about 5 percent. It was a culture shock.

I learned a lot, and I spent time with people who were focused on helping that 5 percent of the population survive there. That's where I learned about what you can do and need to do to help people to develop in order to survive in situations where they are the minority. Because I spent time in that kind of environment, I knew what it feels like to not have that level of support.

That helped to create a sense in me that this needs to stop. And if it's up to me, the person's going to understand what they need to do in order to develop and be successful. It probably comes from a place of being misunderstood and not being supported after a lifetime of being totally supported. I said to myself, "This isn't right, and something has to change."