

Episode 130 Lessons in Leadership with Putnam Investment's Cathy Saunders

Patti Brennan: Hi everybody, welcome to "The Patti Brennan Show." Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow and use your assets to live your very best lives.

Guys, I am so excited about today's podcast. I have a special guest, her name is Cathy Saunders, she has worn every hat at Putnam Investments and it's a real honor to have her here. Her current role is Head of Corporate Sustainability and Public Policy.

I said to her before we started, "Cathy you sound so important, I'm so honored," and really, we are all so honored to have you on the show today. Welcome.

Cathy Saunders: Patti, thank you so much, and right back at you, I'm so honored to be here and as you went through that bio, one thing that occurred to me, I feel like I've been on a 30-year rotational program at Putnam but nonetheless, so looking forward to this discussion and once again, thanks so much for having me.

Patti: I can't think of a better person to talk about leadership because you have had leadership roles in so many areas at Putnam and you just master one role, then you go to the next. It's been amazing to follow your career and really to be associated with such a fantastic company like Putnam.

I need to tell you, what a partnership we have with that group up in Boston! I've learned so much from you, from John, from everybody there. Your money managers are amazing. Kudos to all of you.

Cathy: Patti, thank you so much. It's been a privilege working here for over 35 years. I've enjoyed every minute of it and had an opportunity to do a number of different things for the firm. One of my very first roles was interfacing with clients and that is what I've done throughout the 35 years that I've been here.

I've really enjoyed everything, every single step along the way, that's for sure.

Patti: That's the thing I have learned just working with you guys - everybody is your client. It's like this concierge service which, frankly, we've adopted here at Key Financial. You make everybody feel like we're the only advisor you guys work with. It's just amazing.

Every problem, everything that I've brought up to your team, they're like, "Oh, we have somebody for that. Oh, maybe you can talk to so-and-so." Whether it's within Putnam or outside, it's amazing how you guys continue to open doors for us, so thank you, thank you, thank you for all of that.

Cathy: Thank you, and I have the privilege of working alongside just an incredible team. You mentioned John, Lindsey Lucas, the entire team at Putnam. Many of them I have worked with, gosh, for over half my life now and we've learned a lot along the way, but certainly it's been a team and very much a collaborative approach every single step of the way.

Patti: Let's talk about what we're here to talk about today, which is leadership. I think it's an important topic. By the way, thank you so much to all of you who have been sharing these podcasts. It's pretty crazy.

I was at Lowe's this weekend and somebody came up to me and said, "Hey, I've watched your show Patti. You got a really good show there." I said, "Well, thanks a lot." "Is there any particular show that you've really enjoyed?" I really appreciate that because it makes it all worthwhile.

Back to the topic, we're talking about leadership. Whether you are a parent, whether you are a teacher, whether you're a nurse, whether you're in business, whatever your role is, we all wear so many hats, and with those hats comes leadership. We're guiding others, we're influencing others with integrity.

To me, that's what real leadership is all about. What I so appreciate about you, Cathy, is you guys have done the research. You're not winging this thing, so tell me what the latest research is showing.

Cathy: I certainly will. Patti, first of all, you wrote the book on this topic, let's just call it for what it is, you certainly have. Everything that I share here, you're walking the walk and talking the talk every single day and I think you bring up a phenomenal point, which is...

When I used to think about leadership, the very first thing that I thought of is, "How am I leading in the workplace?" But it transcends way beyond that. It transcends to places like, "How are we leading in our communities? How are we leading in our home life, etc."

I harken back to a course that I took at Northwestern University. This is several years back, Putnam supported me in taking this class, and it was the very first time that I had an opportunity to get a window in on some of the learning and work from a professor from Harvard University by the name of Howard Gardner.

Howard Gardner is from Cambridge, Massachusetts, one of the most accomplished guys you'd ever want to meet, has some 29 different honorary degrees, written about 20 different books. What was interesting about Gardner, is he grew up with a passion around two things, history, and politics.

I have to say, some of the most fascinating work that he did, is he went through both of those topics, is the work that he did specifically around leadership and to your question initially which is, what is the research showing?

He studied over time leaders from around the world, leaders of many disciplines, different ages, and different areas of expertise. All of them had one thing in common and that is, each and every one of them dominated their domain and changed and challenged the status quo. If you take a look at the list of names of the leaders who he'd studied, you would recognize every single one of them.

People like Eleanor Roosevelt, George Marshall, who was the chief of staff of the US Army in World War II, Albert Einstein, Martin Luther King, who arguably changed the world with a speech he made from the Capitol steps 11 minutes in length that has served the test of time and has been one of the most instrumental presentations and addresses of all time.

People like Margaret Thatcher, we all remember the Iron Lady. Martha Graham, the choreographer. Margaret Mead, the anthropologist. Gandhi, Steve Jobs, the list goes on and on and on.

He was fascinated by the stories of every single one of these leaders. When he initially started out studying them, his main purpose was to extract the learning that he could from each and every one of them. The further he got into this work, there was a question that kept on splashing back at him, over and over and over again.

The question was this, "Is it possible that these leaders have things that are in common? Common threads, no matter what age they were in, no matter what age they were in, no matter what discipline they were in, no matter what their area of expertise they were in?" "Is there anything that all of them had in common?"

The answer was, yes. There were five things that each one of these leaders had in common. Number one, every single leader took time to reflect every single day, not once in a while. It wasn't episodic. They took time every single day to turn off the volume, turn off the noise in any way that they could.

What was brilliant about what they did is, they picked a time that fit the normal rhythm of their life. For some, it was staying up extra couple of seconds in the shower. For some, it was meditation, prayer, going out on a long run. They took the time and had the discipline every single day to reflect on what worked and what didn't the day before.

The second thing that each one of these leaders had in common is, they leveraged their strengths. They had an acute awareness of what they were good at and what they weren't good at. In a way, each one of them went out and declared their own personal major, excuse the phrase, of leveraging and identifying what came naturally to them.

We always encourage our young associates here at Putnam that the biggest thing we can do for them is help them find their authentic alignment, what comes naturally to them. If we can find that place that they're authentically aligned, we all know it, that's where people make their biggest contribution.

Every single leader leveraged their strengths and took it one extra step by seeking out as many opportunities as they possibly could to leverage those things that they were naturally good at. Leveraging their strengths were number two.

Number three, they learned from experience. Every single one of these leaders remembered their first job, but most importantly, they remembered what they learned from that first job, no matter how big or how small it was. Over time, they built a portfolio of experiences and a portfolio of learning that they took to their next challenge, their next position, their next station in leadership.

The fourth thing, and this is a big one, especially for those of us in our industry, and that is, each one of these leaders were great storytellers. They knew the power of telling a story and knew how good and great it was at making the unfamiliar, familiar.

Most of them used the power of storytelling to build advocacy and express what they were more passionate about. Every single leader was a great storyteller. I tell you, the more volatile the markets get, the more important it is to put things in perspective.

Provide context and provide a story to make sure that we're not making what is recent and making it too relevant in a broader perspective of the roadmap of where we want to go over the long-term.

Finally, this is a big one and so important, I think, to all of us, no matter what community you're leading in. Whether it's a community at your workplace, whether it's a community of your home or your community that surrounds you, every single one of these leaders knew that they couldn't do it alone. That just speaks to the importance and the power of a great team.

Patti, every single conversation that we had, the first thing that you say is, "The power of my leadership is the power that I have with the leadership around me and the team that I have around me every single day."

Those are the five things that I learnt from the great Howard Gardner. They're things that I take to my practice. Whatever the role I'm in, over time, these are tenets and pillars of learning that I take to every single challenge that I've ever had.

Patti: Cathy, as you were talking, I was going through each one of those pillars. I need a sign in front of me to remind me of these five pillars. The first one, I think, would be the hardest for me, and that is taking time to reflect.

I used to do that all the time. Every single night, I would look at my list of things to do, what got done today? What needed to get done tomorrow? What didn't I get to, etc.? What I could have done better? That's one of those habits that is powerful over time. It's the old tenet, it's the old saying, "Small things done consistently over time, create major impact."

Patti: "Taking time to reflect," easy to say, maybe not easy to do in a disciplined manner, but it can be powerful over time.

Patti: I was thinking as you were talking about the second pillar, it reminds me of a story, something that happened to me very early in my career. By this time, we were down in the basement. I was working on some paperwork. I was filling in some forms.

Helen came into the office, and I basically said something to the effect of, "You know, I really stink at this. This is a real weakness of mine, this detail work." She stopped me. She said, "You know, Patti, I respectfully disagree." I'm like, "Really? This woman is working for me and she is disagreeing with me already." I said, "What do you mean?"

She said, "I don't think that you should be working on your weaknesses. You know what happens when you work on your weaknesses? You end up with a lot of strong weaknesses. Focus on your strengths. Give me that paperwork. That's my strength.

Delegate your weaknesses. You focus on the things that you're really good at. You're good at certain things that I could never begin to do. You do you, I'll do me. We're partnership."

It was just amazing. That was the beginning of this concept of Key Financial being a team of professionals working together, focusing on their strengths, what do they like to do, what feels natural to them, and let's go with it, let's figure it out.

Cathy: Patti, if I could add one thing that I've seen on your team, which in addition to what you just said, it's the complementary skill sets that knit together. This puzzle that knits

together with this complementary skill sets that build this complete portfolio that you are bringing to your clients.

Everybody having their own unique authentic alignment and that being a piece of a broader team and the impact that that has in a durable way.

Patti: Exactly. I think what you do in your roles and what I do in mine is we're constantly reminding our team what the picture on the top of the box actually looks like. That gives them their vision it shares and helps to keep us align. It's to remind them from time to time.

It's like the old vitamin C. Vitamin C does not remain in our bodies. We need to fill our bodies with vitamin C every single day. Same thing with our teams. We need to share the vision and our purpose in our client's lives.

Cathy: On that note, Patti, I can remember, what you just articulated, the exact moment that that happened for me. I can remember, I used to represent the firm out in San Francisco, when I covered Northern California, Oregon and Utah.

I was a young wholeseller in the business. I used to carrying around fact sheets and talking about alphas and betas, and how important they were, and showing these mountain charts, and so on and so forth.

Your point on purpose and mission, I can remember doing a seminar for a client of mine in Salt Lake City. It was a seminar that started around 5:30 and everybody was seated. There were probably 50 people in the room, something like that.

I can remember looking out of the corner of my left eye and seeing a woman struggling to get into the room at this hotel that we were at. The advisor ran over to greet her, helped her, grabbed her left arm, and started moving her into the room and to her seat, but he stopped right as he saw me.

He said, "Cathy, I want to introduce you to somebody." This is a client who is a special needs client for this advisor, and this woman had a portfolio of our funds for many, many years.

He said, "Cathy, I want you to know that as a result of the portfolio that we've put together for Irene, she's had an opportunity to have every single bill paid for the last 20 years. She has a new roof on her house, she had a fence that fell down and needed to be replaced. We replaced that for her."

As he was going through this story, it was the first time that I had stepped away from the alphas and the betas to the vision and purpose of what we really do. That is, we have an impact and an opportunity to change people's lives.

At that moment, I finally realized the business that I was in, and I'll tell you, that moment will be one that I never forget because no matter what the market does, no matter what is happening in the geopolitical landscape, especially when we see market volatility like we're seeing right now, I will never forget that moment and the importance of the work that we do.

A lot of it has to do with having a steady hand, being accessible, and having that steady hand in moments like we're seeing right now.

Patti: I couldn't agree more. It's so important that people understand that they are not their money, they're people. Their money is really a means to an end. What did Irene need? That advisor was brilliant.

That advisor focused on her life, her disability, what needed to get taken care of and, because he was by her side, literally walking with her, he showed her the way and gave her that financial confidence, that piece of mind, that a really good partnership can provide.

Sometimes we do get in the weeds too much. I think our business over-complicates this stuff. It's really, "What is so important to all of our clients?" It's going to be different in different seasons of life. What we get to bring to the table and what you brought up in one of the other pillars is that we learn from experience.

You and I have had experience of over 30 years. Our clients get to do this stuff one time, and there aren't any mulligans. A lot of times, if there's a major mistake, they're never going to recover. We get to be those people to look out for the best interest of our clients, and we get to learn from our own experience.

Cathy, thanks to you guys and many other people, as an advisor, I get to learn from other people's experience, because sometimes maybe we haven't experienced everything. We uncover new situations all of the time.

Fortunately, I'm in a position where I can just pick up a phone and call Cathy Saunders and say, "Hey Cath, I've got this situation. It's unusual. I'm not sure how to handle it. Do you know how to handle it, or do you know of somebody that could help us through this? I don't want to get it wrong."

Then you guys put us in touch with the right people, and we come up with a viable solution. That's really what a plan is all about. It's a series of action steps. Then wealth management is simply the execution of those steps and the monitoring to make sure that what we're planning for is actually happening.

It's not about rate of return. Rate of return is something that none of us can control. What we can control is the impact of certain things that nobody can predict. What is going to be the impact on our clients' lives, and what can we do to mitigate the risk of something bad happening?

Cathy: It's so funny that you mentioned that, Patti. In one of our last conversations, one of the things that I wrote down that you said, and you were absolutely right, is planning is a verb. It's a fully active approach.

I was in a meeting recently with our lead financials analyst here at Putnam and also our director of equity research. Jackie Cavanaugh's one of our portfolio managers and our lead financial analyst.

It's funny. Our director of research said, "Jackie lives for these moments. It's almost as if when things are clicking and things are running on schedule and so forth, sometimes we get overly confident. The times that our clients need us the most are when things are bumpy.

It's almost like whenever you're going through turbulence on a flight. I have to head out to Washington, DC after we get off this call. Whenever I go through turbulence in the airplane,

the first thing that I do is I look at the flight attendants to see if they've got their steady hand.

It's so important. Living for these moments is what you do when you take planning as being a verb and when you take a fully active approach to what you're doing in your portfolios.

Patti: It is so true, Cathy. I was talking with someone last week, and they said to me, "I believe your non-traditional path through life, and the fact that you used to be a nurse, is actually one of your greatest strengths."

I've got to tell you, when I first started, the first 10 years, I didn't even admit that I used to be an ICU nurse. I thought that undermined my credibility. What in the world does a nurse know about managing money, saving taxes, helping people with their cash flow, or to buy a second home? What does a nurse know about that? I was really self-conscious about that.

What I've learned is that that non-traditional path, and to your point about the turbulence, things are going to happen. Clients are going to go through rough times. It could be market volatility. It could be a kid in jail. It could be a long-term care illness. It could be a loss of a job. Things are going to happen.

If you were my patient, Cathy, and you were crashing, empathy is great, but it just takes us so far. Holding your hand when you're crashing is not going to save your life.

At that point, I have to understand you. I have to understand what's normal for you, and I have to be ready to know exactly what to do if A, B, C, or D happens. I'm not going to have time to call a doctor. I've got to do it.

We're not just in a knowledge business. We're in a doing business. That's why that ongoing care is so important to monitor, to make sure that what we're planning on is occurring. To your fifth pillar, that's why it's so important for me to have a team. I'm just one person.

If there's one mistake I made early in my career, it was that I needed to be all things to all people, and boy, that's exhausting. It is really hard to try and be something that maybe didn't come naturally.

It was interesting. Again, I learned from other people as much as I learned from my own experiences, and I had a wonderful mentor in my life. His name was Roy. He sat down with me, and he asked me what my days were like and how I go through the day.

He said, "Patti, you need to hire somebody." I'm like, "Roy, I can't afford to hire anybody. I'm working out of my basement. We have nothing to fall back on. I'm living on a home equity line of credit,".

He said, "Patti, here's the thing. You've got to step back and figure out what exactly you are good at and then delegate the rest." It was another one of those focus on your strengths, delegate your weaknesses. You're trying to strengthen weaknesses, and you're going to end up with a lot of strong weaknesses.

He said, "I promise you that if you take that leap of faith..." and he was in the industry, by the way, and he had a lot of experience, "...you have something different. I know you, and I know where you're headed. You may not see it yet. Here's the thing. You're not going to be able to do it by yourself.

"Even though you may not be able to see what I think is possible in your life, if you take that leap of faith, get some help that would complement your own skills, that person will pay for themselves in the very first year."

You know what? There's one thing in my life, Cathy, that I've learned is I don't know everything, and that was another observation. He said, "You're very coachable. If you'll allow me to do this, give you this advice, if you take it, I believe that you will get on a path that you can't see quite yet," and so I did.

Cathy: Patti, you're hitting on a number of things. The first and foremost, like a lot of businesses but especially in our business, I'm sure you would agree, we're in an apprenticeship business.

The very first thing that you talked about on this podcast was the incredible team that surrounds me here at Putnam investments and, certainly, the incredible team that surrounds you every single day. I'm often asked, "How do you identify the right people to be part of that team?"

You hit on a few of these as you were speaking. At Putnam, there are five things that we really look for when we're in the interview process to make sure that they're the right people to provide that complementary skill set that we seek with every single associate who we bring into the proverbial building. The first thing that we look for is achievement.

Sometimes people say, "Well, gosh, does that mean you need to be a student-athlete or something like that to work at Putnam Investment?" We have some student-athletes, that's for sure, but beyond that, we look for people who have achieved. It could be achieved at anything. Could be achievement on the field, on the court, a concert pianist, somebody who's achieved in debate, you name it.

What we're looking for is somebody who has set their sights on something, put together a plan, and achieved it. It sounds so simple, but that's the first thing is achievement.

Second thing is somebody who likes to operate and work on a team. Somebody who understands that one plus one can equal five if you've got the right team in place.

The third thing is a high level of intellectual curiosity. We do not want groupthink in our building. We don't want like-minded. You talked about research, surveys, and stuff like that. This is a really important point to have a high level of intellectual curiosity because we believe and have seen the results.

The alpha generation, the performance that's generated when you have complementary skill sets, curiosity, and cognitive diversity at the table. We also want people who are coachable. If you're somebody who has all the answers to every single question on the test, this is probably not the place for you.

We want people who are always looking to improve and iterate. Again, the first point we talked about earlier on leadership, people who are willing to self-reflect, people who are willing to take feedback immediately, iterate, improve, and bring that to their team .

Finally, people who are willing to work hard. Whatever that means to you, this is probably one of the most important points.

It's not just working hard for the sake of working hard. It will always be, if you are constantly challenging yourself and putting yourself in that space of feeling uncomfortable. There are going to be times when you have to put in extra work in order to accomplish, in order to conquer that constant, that project, or whatever it is to be great.

Yes, we want people who are willing to work hard, especially during those times where that extra effort is going to make the difference between success and failure. Achievement, operating in a team environment, having a high level of intellectual curiosity, being fully coachable, and yes, working hard.

Patti: Wow, they are phenomenal. Phenomenal tips on hiring the right people. I loved it. By the way, Cathy, I love the summary because there were a couple points where I was hearing, you were coming in and out, so that was fabulous and a great summary of how to get like-minded people with cognitive diversity.

I love that phrase. It is so very important because I don't want a lot of people like me around. God, one is plenty, guys. Plenty.

Cathy: [laughs]

Patti: Here's the thing, we got 30 full-time professionals who really believe in what we do and know that we've got a standard here that is unlike any standard in the industry. It's so interesting because, initially, to be honest with you, we flew under the radar, Cathy. Nobody really knew Key Financial in the industry.

I guess the things that we were doing, changing, and upgrading, if you will, over time have compounded to the point where an entire industry is noticing.

That's pretty cool to have that impact, not only for our clients and on our client's lives, but maybe it's a domino effect where other advisors are beginning to see the impact of all of the things that you've talked about today, and what it could mean for their businesses, too.

Think about what you get to do in influencing an entire industry and the impact that it has on the American population. I don't know, maybe it's just me, but I think that's pretty cool.

Cathy: You're reminding me of a story of one of our young associates who we met when she was right on the verge of graduating from Dartmouth College up in Hanover, New Hampshire. We were lucky enough to grab her and start her in the early career program that we have here at the firm. She did a great job.

Over a two-and-a-half-year period, she came to me, she said, "You know what, Cathy, I don't think that this is the business for me. I think I want to go into social work, and I was wondering if you would be willing to write a recommendation letter for me." I said, "Absolutely."

Keep in mind, we live by what we preach. Authentic alignment. Here's an associate who came to the firm and thought that she was going to be better aligned in a different profession. I wrote a recommendation and, as you might imagine, with great grades coming out of Dartmouth College, a great experience here at the firm, she was accepted to a number of different programs.

One of them was at Columbia. She said, "You know what, I'm going to go to Columbia in the fall, but would you mind if I stuck around for a while and worked on some projects? I'm going to be paying my own way and my own loans and so forth. Would you mind if I kept working until I have to head off to school?"

Of course, we said, absolutely. While she was here, we assigned her some work in the area of financial literacy. We wanted to revamp our content to help advisors and also help clients across the country as we nurture and grow the next generation and make sure that we're doing everything possible in our communities to make sure that people are financially literate.

She worked on these materials and the fall was getting closer and closer. Finally, she got so much joy out of working on this project centered around purpose and mission, that she said, "I don't want to go. I want to stay right here."

Patti: Wow.

Cathy: She finally realized the difference and the impact she could have on people's lives by doing exactly what she's doing today.

She went through the whole process, but she stayed right here at the firm and is doing great work that brings her so much joy and gratification in terms of the difference it's making in people's lives.

Patti: Isn't that a great story? Wow, what an amazing impact you've had not on her life but on the lives of advisors and the work that she is doing, and how she's contributing. Talk about a win-win situation. That's amazing, Cathy.

Let's do this, how about we just tie this up into a nice, neat little red bow? If we were to do that, we're talking about leadership. We're talking about influencing others with integrity, making a difference in the lives of the people that we serve, whether it be within our community, our businesses, our country. What would you say to tie this all together?

Cathy: You're hitting on so many things, and of course, it's always difficult to pick one thing. If I could just summarize by talking about the power of listening, but also having the confidence and conviction to be comfortable being uncomfortable. If you go back, and Patti, you could write a book on this, just with the lessons that you've learned.

The times that we achieve the most growth, the times that we have the biggest impact on people, on others, and as leaders, it's in those times where we feel the most uncomfortable. The tools that we take during those very times set us up for the next project the next challenge.

Yes, the time that we have to operate and we have to lead. Right now, you take a look at the geopolitical landscape, you take a look at what's happening here in our own country, what's happening abroad. We are in a bull market in the business of leadership. Leadership couldn't be more important than it is today.

The best leaders are those who provide a steady hand and over time have been comfortable in those uncomfortable times that have made them great leaders along the way.

Patti: It's so true. It's accepting the fact that we are uncomfortable. It's OK. We all feel that way. How often have I had that imposter syndrome. I can tell you, going all the way back to our early podcasts, I was terrible. These podcasts were cringeworthy.

Yet I listened and I learned and I thought, "These are messages, and these are things that people want to hear. They want to learn about it, so I'm just going to keep going until we get it right." I'm not saying that we have it right yet. It's a process, not an event. That's what life is, and it's OK.

You be you, keep moving forward, don't give up, and understand and be kind to yourself. Accept the fact that it's not going to be perfect, and not perfect is OK. Nobody is.

I think that that authenticity that you talked about earlier, it's really powerful. Nobody wants to be around other people that are perfect because nobody really has a perfect life. Let's be real, let's give it to people real, and help each other along the way.

With that, let me thank you, Cathy Saunders, for being here and for sharing your insights and your wisdom. My goodness. It's just incredible all the things that I've learned from you, so thank you for that. Thank you to Putnam for lending you to us today. I hope you have a safe trip to Washington, DC.

Cathy: Thank you so much, Patti. It's been a privilege to be here.

Patti: OK, everybody, thank you so much for tuning in. It's been a wonderful podcast.

If you have any questions on leadership or Putnam or how to create a portfolio similar to what Cathy was talking about, give us a call, go to our website at keyfinancialinc.com, put your questions in, give us topics that you like to hear about.

We do this for you. We're so grateful that you have shared it with as many people as you have. I'm over the moon happy that people are getting something out of these podcasts. We get a lot out of doing them for you as well.

I hope you all have a fantastic day. Go on and lead in your life. Take care.