John Taft, author, former financial industry CEO, and great-grandson of US president William Howard Taft, explains the importance of stewardship and doing right by the client.

Transcript

Mike Kearney: Today, I am sitting down with John Taft. Yes, let's just pause for a second. Taft, in terms of the Taft political family. You know, the president of the United States, William Howard Taft. One thing you're going to find out today in our conversation is John is absolutely his own man.

He was the CEO of RBC Wealth Management and he's a prolific writer. He's written two books. He's unbelievably active on LinkedIn. The guy does a lot of videos. Go out on YouTube, you'll find a lot. He's also a champion of stewardship and doing right for a client, which, in today's environment—and the environment, quite frankly, we've been in for the last 10 or 15 years—is something that we need to hear more of.

And one of the things that you'll find is that he is a man of unbelievable character, values, beliefs, that really guide every action in his life. Today, we are going to cover a number of topics that I'm extremely interested to talk to John about.

Once again, I'm just blown away that I'm sitting down with a great-grandson of a president. I'm just curious, what is it to grow up a Taft? What is that like? How does that guide your life? Is it something you embrace or deflect? I'm going to talk to John about that.

I also want to talk to him about his really strong beliefs about stewardship in the financial services industry and also more broadly. He talks about it in financial services, but he's got some beliefs around things that we should be doing outside of financial services.

I also want to talk to him about kind of a technical topic, but very important, and that is the growth of managed accounts and the new risks that come with it. And then also balancing risk taking and managing risk. This is actually something that I'm really curious about.

As a risk management professional, we talk about how you manage risk. But you know what? Listen, in order to grow a business, you need to take risks. We're going to talk about how you balance these two things. Welcome to *Resilient*, where we feature stories from leaders on risk, crisis, and disruption.

And when I talk about leaders, I'm talking about CEOs, board members, other leaders, even folks outside of the business world. When I started this podcast, it was all about getting these individual's stories, because I actually believe, through these stories, we can all learn something about resilience.

My name's Mike Kearney, a partner at Deloitte Strategic Risk Practice, and I really have the coolest job going out and asking any question that I can think of of these incredible leaders. John, former CEO of RBC Wealth Management and a two-time author, welcome to *Resilient*.

John Taft: Thank you. It's good to be here.

Mike Kearney: So, John, one of the things that I love to do, I always start out the podcast with a fun fact—a question. And doing my research of you, it was, like, the easiest one to come across. And that is, you are the great-grandson of President William Howard Taft, who was also a Supreme Court justice. And, I think, was the only president and then a Supreme Court justice after he was president.

Is that true?

John Taft: That is correct. Also, governor of the Philippines and put the Philippines on their path to independence. And we're talking governor of the Philippines in the 1800s. And secretary of war. So, he had quite the resume of public service.

His father was attorney general of the United States. And ever generation since them, between him and me, has had somebody holding high elected or appointed office.

Mike Kearney: So, when you think back on him, what really stands out? Who was he as a man?

John Taft: Well, I would recommend—for anybody who wants to know—the book, Doris Kearns Goodwin's book, *Bully Pulpit*. Which was about Taft and Roosevelt and the Taft-Roosevelt relationship, which will answer your question. Taft was an extraordinarily human and sympathetic character. When it came to his best friend in the world, until they broke up, Teddy Roosevelt. His wife Nelly. The people of the Philippines.

He had a big heart. He wore his heart on his sleeve to his detriment, quite frankly, in public office.

Mike Kearney: Why do you say "to his detriment?"

John Taft: Well, because even in those days, politics was a rough and tumble sport, and a guy like Teddy Roosevelt did very well with that. A guy like Taft did not. Taft was contemplative, introverted, and thoughtful, considerate—qualities you don't equate with, necessarily—

Mike Kearney: Politicians?

John Taft: Politicians. And much more the jurist—which he ultimately became—than the politician.

Mike Kearney: For you, personally, what was it like having that as your great-grandfather? Was it something that you really enjoyed? Did you deflect it? What was it like for you?

John Taft: The Taft family legacy—and really when you put it out there, you think of the Bushes, the Roosevelts, the Kennedys, the Tafts.

Major multi-generational lineages. And I'm extraordinarily proud of that. My whole life, I've been proud of that. And my whole life, I knew it was special. But the key is to tip your hat, to acknowledge, have pride in the legacy without letting it change who you are and without letting it influence what you do to be authentic.

I was lucky in that my father was, more or less, a black sheep. He was a nuclear physicist and ended up going into academia in New Haven—became the dean of Yale College. So I grew up with sort of the best of both worlds.

The Taft legacy, but a very distant upbringing that was insulated, in many ways, from the kind of toxic stuff you see with people who fly too close to their family legacy flame.

Mike Kearney: Right. So, when you were young, what stands out when you were young? Beause I actually believe who people ultimately become—the values that they have, the beliefs that they stand for—are oftentimes shaped when they are young. What was your youth like? I wonder if you could just touch on that.

John Taft: Very ordinary. My dad was a physicist, my mother was an artist, we lived in a small house on the campus of Yale University, and I thought nothing of it.

Mike Kearney: Interesting.

John Taft: But once a summer, we would go up to a little town in French Canada—La Malbaie, Quebec. And La Malbaie was where William Howard Taft bought land and built a house. So, there is a Taft compound—similar to a Kennebunkport for the Bushes or Hyannis Port for the Kennedys—in La Malbaie, Quebec. And I would go up there and would swarm with cousins, aunts, uncles.

President Taft's daughter, Helen Manning, was still alive and well and holding court in a home that was built at the same time William Howard Taft built his home. So, I grew up around the Tafts. I knew we were special. There was something different. And I would just say this—

I would say this about any family: The most influential rules in any family are rules that aren't even talked about. They're just in the DNA, in the air you breathe, in the water you drink. And there were rules, which were really that my family expected members of the Taft family to excel in a way that left the world a better place.

Mike Kearney: So, nobody would tell you that? You just knew it.

John Taft: No, you just—you looked at the people who were admired in the family. They had done that. You looked at the people who weren't admired in the family. They hadn't done that.

Mike Kearney: *[Laughs]* Yeah.

John Taft: And my whole life, one of my motivating factors was I wanted to live a life that my family would have been proud of.

Mike Kearney: Proud of. Right.

John Taft: That motivates me to this very day. It motivates the choices I make about what I do professionally, and what I do personally, the people I hang out with, the things I care about.

Mike Kearney: Any early influencers that you reflect on?

John Taft: Well, I wrote about a LinkedIn influencer, and I wrote about my soccer coach growing up. And I had 500,000 hits. He was the first major teacher of soccer to Americans. His name was Hubert Vogelsinger, and he was a force of nature. And anybody who had anything to do with Hubert Vogelsinger, to this day, would tell you he changed their lives. He was an Austrian taskmaster, perfectionist, driven.

And the first time I saw him demonstrate a soccer skill, I knew what it was like to be completely and utterly passionate, obsessed by, and focused on a goal. Which is that I wanted to be in the middle of the circle, demonstrating for Hubert how to do the things that mattered to Hubert.

And *[laughs]* that's exactly what happened. I ended up writing a blog about this and people just resonated. My nickname as a—I played professional soccer. I was the captain of my high school team, captain at Yale.

And my nickname was Little Hubert because, in fact, I so internalized his approach to soccer that I was a living, breathing example of what his method did. And he was, without any question, the most influential person of my youth.

Mike Kearney: Why do you think—so, it's interesting. The whole LinkedIn influencer thing fascinates me. And I think even in our pre-call, I talked about all of the different articles you've written. Why do you think that one resonated, with the people who read it, more than any other?

John Taft: Well, there had been a couple that just took off.

And I would say they're the ones in which I was most able to tap into something that mattered for me. I wrote another one—and they were well-written, as a result, and funny. And, you know, I liked them. *[Laughs]* The blogs.

Mike Kearney: That's important.

John Taft: It was important. And I can tell the one that are going to do okay and the ones that are going to do really well. I wrote one about Warren Buffett. And he has this construct called a punch card. And his construct is, well, think of yourself as holding a bus ticket in life with 20 punch holes on it.

You only get to make 20 trips. Which equates in his way: 20 big decisions. If you knew at the age of 18 that you had 20 big decisions to make, and only 20, you would evaluate those decision points in your life very differently—perhaps, than you have or did.

And that one just picked up and people felt, "Wow, that's powerful." Now, my stage of life, I realize I punched a lot of those.

Mike Kearney: I was going to say, how many have you punched so far, do you think?

John Taft: So, I said in my blog, I think I have three punches left. I just made a phone call where I punched another ticket—another hole in the ticket. And I know it is. I just used one of my three remaining punches. *[Laughs]*

Mike Kearney: So, maybe reflect on one of the previous 17 that was significant.

John Taft: Well, I made a decision early on. I wanted to be a newspaper reporter. I was a French and English literature major at Yale, my senior thesis was on French symbolist poetry, and I worked as a journalist—practicing, paid member of the Newspaper Guild—before, during, and after college.

And that's what I wanted to be. I wanted to be the Moscow correspondent in the *New York Times*. I worked for the *New York Times* as a copy boy, just a few blocks from here.

But I went to cover the rebuilding of the city of Lowell, Massachusetts.

Mike Kearney: When you say "the rebuild of Lowell," what was the backstory?

John Taft: Okay, so, Lowell is one of these northeastern Massachusetts city. Probably you could—Worcester, Lowell, Lawrence, Haverhill, Lynn, Brockton. Seats of manufacturing activity that then just went bust. And it left these burned-out mill buildings and empty canals, because a lot of this was powered by hydropower.

So, these were tough places. I mean, think Jack Kerouac, think the movie *The Fighter*, that type of thing. So, I went there and ended up—serendipitously, my wife was going to Harvard Law School, I hated my job at the *New York Times*—not the *New York Times*, my job at *The New York Times*. So, I moved to Boston, worked for this paper in Lowell, and ended up covering the revitalization of the city of Lowell.

And Paul Tsongas was the democratic congressman—then senator, eventually presidential candidate—with a vision that, to this day, is one of the most interesting and creative visions anyone has had as to how to turn a city around. And I got to cover it.

And I thought, "That's what I want to do. That's consistent with my legacy, the Taft legacy. I want to contribute to that." So, I left journalism, went to the Yale School of Organization and Management—a conference which they just sponsored yesterday here in New York—one of the reasons I'm here.

And I got trained to be effective in the public, private, not-for-profit sectors, which is exactly what I thought it would take to be effective helping turning communities around. And then I moved to the Midwest and worked for the public finance department for a regional investment banking firm, financing exactly the kinds of projects—public projects—that I had covered as a reporter and that I had aspired to be part of.

So, that was a major change for me. And, I will tell you, this was a hard thing to do for a kid whose father was a physics professor. My dad believed if you spent one minute of the day thinking about anything related to money, you had wasted your day. The only thing that mattered was the pursuit of the truth. And here I was basically—

Mike Kearney: Selling out. *[Laughs]*

John Taft: Selling out.

Mike Kearney: *[Laughs]* Yeah.

John Taft: Even though I argued with him that it was for the public good. He never truly believed that.

Mike Kearney: *[Laughs]* So, was it Yale?—I know you've gone to Yale twice now. So, was it—?

John Taft: I've been to Yale twice, but my high school year book says Harvard. I got into Harvard, Princeton, and Yale. And I went to Harvard—or I accepted Harvard—

because I wanted to show my dad I was independent. Took a year off, worked as a newspaper reporter in northern New Mexico—lived on my own, and about midway through the year said, "Okay, I showed everybody. I really do want to go to Yale." So, I called Yale up and I said, "Will you still have me?" And they said, "Yes." And I called Harvard up and told them I wasn't going to come there, and they reacted in a way that I would expect somebody from Harvard to react. No further comment. They weren't very nice about it.

Mike Kearney: *[Laughs]*

John Taft: I ended up going to Yale and it was a great experience.

Mike Kearney: Isn't it funny how that is? You choose something, but then they react maybe in a way that is—I don't want to say—

John Taft: Confirming.

Mike Kearney: Confirming. You're like—

John Taft: Exactly.

Mike Kearney: "Wow, I made the right decision."

John Taft: That's exactly the way I felt. Yes.

Mike Kearney: That's fantastic. So, John, you've written two books. Before we get into the questions—because I have some questions on stewardship—what compelled—I think of writing a book as one of those deeply personal—it takes a lot out of you. It takes a lot of time. You have to have something to say to the public that you believe is unique. What made you write a couple books in the first place?

John Taft: Right. Writing a book is an enormous undertaking, and it is not something anyone should enter into lightly.

A lot of people start writing books, many people don't finish writing books. And, of course, you have to finish it, which takes a lot of work. And, in my case, I wrote everything in all the books. I wrote them myself. My newspaper background, my literature background—I love to write, obviously.

But the way my first book, which is about the core principles of stewardship—which I equate a principle that my family has stood for throughout the generations—it grew out of speeches and articles I wrote during the financial crisis that I could tell were helping people navigate through that financial crisis.

Whether they were clients of our firm who had lost half their savings, or they were employees of our firm who were not sleeping at night, I was able to help them by what I was saying.

Hushed rooms, could hear a pin drop, type of responses to what I was saying. So, I thought, "Why not expand that and give broader distribution to those ideas so more people could benefit from them?" And that's what led me, in the first case, to write the first book.

Mike Kearney: So, what is an example—If I'm an investor, I've lost a bunch of money, what would be one of those things that you would say that would make me feel better? Or maybe it's not even making me feel better, but more confident about the future.

John Taft: Well, there's a whole chapter on how to navigate your way through a crisis. And there are two contradictory principles: "Don't just stand there, do something," is one; and, "When in doubt, do nothing," is another. They're completely contradictory, but they both apply. So, the chapter in the book is about when to do something and when not to do something.

But what I would say is this—just trying to organize everything that's in the book down to one thing: Essentially, if you are able to perform the existential act of finding the solid ground that you as a person stand on—

If you can find out what truly matters to you—what do you care about, what your bottom line is, what your non-negotiables are—and stand on that, then, whether you're an investor, or a financial adviser, or a CEO of a company, you then have the ability to act effectively in a time of crisis. If you aren't grounded, if you don't have solid ground to stand on, there's no way you're going to make it through.

So, that's what has to happen. And for investors, it means, "What is your level of risk tolerance? What are your return expectations? What are the non-negotiables you need, as far as outcomes in your life?" And you have to understand that. You have to arrange your investing life around that.

And then, no matter what happens, you'll be okay. But if you don't understand that and you don't know it, then you're going to be lost, uncertain, you're going to act out of emotion, you're going to make very bad decisions at exactly the wrong time.

Mike Kearney: See, where I thought you were going—and maybe this is where you're going with that—is that if I've just suffered a significant loss, and I'm really reflecting on that, I may get all caught up in, maybe, the money that I lost. Is what you're saying that you almost need to connect to back to who you are as an individual? Almost kind of your core purpose?

Because that's going to override, to a certain degree, the monetary loss. And there's other things that matter more in your life, and you need to put it into context so that you can then grow out of that?

John Taft: Yes, you said it better than I did. There's a great book that I just wrote a blog about. It's written by a guy—and now we're getting a little off track –

Mike Kearney: That's why I love these podcasts. *[Laughs]*

John Taft: The largest Christian financial services firm in the country, it's called Thrivent Financial. They used to call it Lutheran Brotherhood. His name is Brad Hewitt, and he wrote a book called *New Money Mindset.* And, essentially, that's exactly what it is.

You have to get beyond the mindset where money matters because it's money, and you have to get to a mindset where money is a tool you use for achieving your life goals. And in his case, the book is about the fact that they've done these studies—where it doesn't matter whether you have $75,000 in your brokerage account or $75 million in your brokerage account. When they ask the question, "How much more would it take for you to be happy?" the answer is the same: 25 percent more than you have. Everybody—

Mike Kearney: Irrespective of how much you have.

John Taft: It doesn't matter how much people have. They want 25 percent more. Well, that means nobody's satisfied with what they have, which means that everybody should be satisfied with what they have.

Mike Kearney: Right. So one of the things that you said in one of your articles is that the financial crisis occurred because the industry lost its purpose and lost contact with stewardship. Why do you believe that? What's behind that?

John Taft: Okay. I believe that one of the contributors to the financial crisis of 2008 and 2009 was that participants in financial markets and in the financial sector forgot that finance is a means to greater ends.

Much smarter people have said that than me. Most recently, Robert Shiller, in a book called *Finance in the Good Society.* Finance, when it does what society expects it to do, is a mere facilitator. It facilitates economic growth.

Financial institutions, at their core, perform the following function: They connect people who have money—investors—with people who need money—corporations, governments, not-for-profit entities—and do so in a way where everybody wins.

That's the core function. And manage the risks of doing that. That's the core function of finance. And that's where finance, when true to its stewardship principles—which are effectively managing what other people have entrusted to their care—this intermediary role.

When we lose touch with that—and what happened going into the financial crisis, players in the financial markets started thinking of finance as an end unto itself. And inside of financial institutions, the professionals in the business lines that actually met client needs, were lost influence.

And business lines like trading, proprietary trading, desks, risk-taking functions became the heavy hitters in the organizations. Cultures changed. And people in finance—you can just look at it, the size of finance as a percentage of GDP doubled way beyond what a facilitation role ought to look like, and we became an end unto ourselves.

And any time you get away from core principles, and any time you get away from what your purpose in society should be, you get in trouble. That's a thing to look for. At any time in finance, are we doing what we should be doing?

Facilitating economic growth? Are we doing more and different from that? If more and different from that, then the risk meter goes up.

Mike Kearney: Did you feel that at the time? Meaning, obviously, you couldn't have forecasted the crisis, but—

John Taft: You can feel excesses in the making. I mean, a simple example today would be Bitcoin.

Mike Kearney: Right.

John Taft: You could say, "Now, is Bitcoin fulfilling a stewardship purpose in society?" It could. I mean, alternative currencies could. Is Bitcoin? At this point, it is becoming an end unto itself and is way beyond any redeeming social purpose, and people are going to get seriously hurt.

Mike Kearney: So, one of the things we talk a lot about—because, in many respects, it's similar in a consulting environment. Because we talk about this whole notion of a trusted advisory, which I think is an overused term.

John Taft: It's a good term though.

Mike Kearney: So, that's what I wanted to ask: What does that mean to you? And I think it does go beyond finance, but how do you—what does that look like, and what can somebody do to become a trusted adviser?

John Taft: When you say "trusted adviser" think about professional. So, think about lawyer, think about doctor, think about accountant, CPA.

Mike Kearney: I'm a CPA. My background. Yep.

John Taft: Okay, well, those are professions. You have professional standards.

Mike Kearney: Responsibilities. Yep.

John Taft: You have obligations to your clients, which is to put their interests first.

Mike Kearney: Right.

John Taft: And to help fulfill their interests without any conflicts that would color your professional advice. And that should be the construct that applies to financial advisers. But for regions of history, financial advice is in the process of evolving from what was essentially a sales and merchandising function.

In other words, you see it in *Wolf of Wall Street.* "What inventory—stocks, bonds, and mutual funds—do we have, and who can we find to sell that to?" From that kind of a model today, to more of a professional model where the financial adviser looks, smells, and feels like a doctor, lawyer, or CPA in their interactions with their clients.

Now, first thing that has to happen, is for you to serve your client's interests, you have to understand your client's interests. So, when you walk into a doctor's office and say, "I want some pain medication," they're not going to say, "Why?" "Because my leg hurts."

They're not going to write you a prescription for pain medication. They're going to take your history. "Are you allergic to any pain medication? Have you taken pain medications in the past? Do you have any other—?" They're going to do some discovery. Well, in finance, that's a revolutionary idea.

That some kind of discovery process or planning process ought to predate and inform the financial advice the financial advisers give to their clients. What a revolutionary idea.

That is an indication that finance is slowly evolving—but we're nowhere close to having fully evolved—towards being the kind of procession where investors can trust their adviser to give them conflict-free, professional advice. We're partway towards getting there, but we're not there yet. Who was the greatest referral guy in the world? Was Bernie Madoff, right?

Mike Kearney: *[Laughs]* Right.

John Taft: He built his business on referrals. Everybody trusted Bernie until—wow.

Mike Kearney: It's funny, because I just reflect on what I try to do with my clients. And the one rule that I've learned over the years—if I just do the one simple thing and put their interests almost before mine—which, obviously, in business, you're somewhat self-interested. But if you put their interests before you, good things will happen.

Maybe not now, maybe not today, tomorrow, but sometime in the future.

John Taft: Absolutely. It all comes down to that. And that's what stewardship is all about.

Mike Kearney: Absolutely.

John Taft: It's this underlying principle behind stewardship—is that, ultimately, you don't matter. It's the people around you that matter. You have to look beyond your own ego, your own wants, needs, and think about, "What can I do to help the people that I care about?"

And that's what stewardship comes down to. That's what was missing going into the financial crisis. And, quite frankly, if I may wax a little bit larger, it's what's going on in society today across any number of social issues. We have lost the stewardship connection, at a leadership level, across society.

Mike Kearney: Yeah, I think one of the questions I was going to say is I'm not even asking because I don't even know if it's answerable—but, is the why—

But what do you think individuals can do?

John Taft: Look for examples of people who behave like responsible stewards. And in my book, I talk about the qualities and characteristics of stewardship—humility, foresight are among them—and there are some basic things you can do. But it all comes down to the construct. There was a guy named Robert Greenleaf who came up with a construct of servant leadership.

And the idea was being that any time you're in a leadership position—so, you run a division at a company, you're the president of the United States, you're the head of the United Way—whatever the leadership position is, you, in essence, are serving your constituents. As a leader, it's not about you. As a leader, it's about people to whom you are in some way responsible.

So, effective leaders think of themselves as servants of their constituencies. Perform that thought exercise: Who is your constituency and how would you behave if you were serving them? You've already talked about your clients.

They're your constituents. How would you behave if you were an effective servant-leader for that constituency? And that thought exercise, I think, will help people navigate towards a place where they're behaving more responsibly than they might otherwise.

Mike Kearney: Let me try something out on you, because I'm going to raise a concept that may sound like it's at odds, but it's something I've learned. And I don't know if this is one of the things—maybe, even more so, in general, society. But I've got strong beliefs, strong convictions, but I also think back when I was, I don't know, younger, that my beliefs were probably 180 degrees different. Maybe 150 degrees different from what they are today.

So, one of the things I do—and this is what I try to do when I engage with people to be open to new ideas—is that if my beliefs should change –

John Taft: That's humility. That's humility in the form of intellectual curiosity.

Mike Kearney: It's that I can change.

John Taft: Yes.

Mike Kearney: My beliefs can change. So, if my beliefs can change, or if they have changed radically—that doesn't sound right. If they've changed significantly over the last 25 years, they still could potentially change over the next 25 years. So, I should be open to new ideas.

John Taft: Yeah. Absolutely. You can be open to new ideas and still be true to core principles.

Mike Kearney: Right.

John Taft: I think the core principles don't change. How you implement, effectuate, live out those core principles will evolve over time.

Mike Kearney: Absolutely.

John Taft: There's something that may be a construct that would be helpful, and that's this whole idea of ethical capacity or moral capacity. So, there's a lot been talked about and written about, is can you teach more capacity? Can you teach somebody to be a better person?

And the answer is, yes. You can. All the data says that you can. You can make people aware of how they're behaving, how they ought to behave better to behave better, and you can, if you will, shift their moral capacity up. But that upward shift pales in comparison to the slope of the line—the increase in moral capacity—that occurs simply by getting older.

The older you are, the greater your capacity for behaving ethically. Why? Because you learn how to suppress your own ego, move beyond your own interests, and focus on the needs of others, and focus outside yourself. So, my little hypothesis is, one of the reasons we got into so many problems—

in the financial crisis is—you think of the medical director at a hospital: gray-haired, 63 year-old heart surgeon runs the place. Managing partner in a law firm: gray hair, runs the place, in their 60s. Head of the arbitrage trading desk at a major Wall Street firm: 42, black hair. What's their capacity for behaving ethically? It's less.

It just is by function of their age. Now, you compound that by the fact that that individual probably went right from college on to a trading desk and sat inside a building just trading for trading's purposes and may never have even seen a client in that whole period of time. They're 42 years old and they're entrusted with $15 billion of firm capital. Uhhh?

Mike Kearney: Yeah, you wonder why. You know, it's funny, because I was going to go into this, and you've answered, now, the question.

Because I would have—the question I was going to ask, is it nature or nurture? And you're saying—I bet you you'd say a part of it is nature.

John Taft: Yes.

Mike Kearney: But you can learn it and it is a factor of aging, I guess—or experience, maybe, is a better way of saying it.

John Taft: I look at one of the many ways I'm different today than I was when I was in my 20s—to give your example. And I am not as full of myself as I was back then. *[Laughs]* My wife would say I am still plenty full of myself.

Mike Kearney: *[Laughs]*

John Taft: But it's better than it used to be. *[Laughs]*

Mike Kearney: Too bad she's not here. We could bring her in.

John Taft: No, I won't let her get near a microphone.

Mike Kearney: My wife would do the same thing. So, you talked about the fact that the Canadian banking system was much more—not even much more—was really the only resilient system. What do you think contributed to that?

John Taft: Well, there were technical and cultural reasons for it. Probably three reasons. One, Canadian regulation was better than US regulation.

There are only five major institutions in Canada—financial institutions. They're under one regulator. There isn't a balkanized, fragmented regulatory system. So, they kept their eye—one regulator kept their eye on five entities. They did a better job of that. Number two, mortgages.

In Canada—and it's still the case—there wasn't a system where mortgages were originated by financial institutions for sale to unrelated third parties. They originate the sale model—was the model in the United States. Think Countrywide.

And the reason that was attractive is that's the only way you can get 30-year fixed-rate mortgages. Banks can't hold 30-year paper. So, in Canada, though, there are no 30-year fixed-rate mortgages. They're all floating rate. Banks put them on their balance sheet. They hold them. So, it was an "originate to hold" model.

So, the banks paid a whole lot more attention to the underwriting. The underwriting was more conservative. And when the financial crisis hit, the banks went into the crisis with their mortgage portfolios as a source of earnings strength, instead of their portfolios as a source of toxic earnings weakness.

So, that was a big difference. But then there is a third reason. And this is critical.

It’s critical for organizations today. And that’s culture. Canadians are wired differently. I spent every summer of my life in Canada. I worked for a Canadian bank for 15 years.

I married a French Canadian. I know Canadians. They’re different in the way they view priorities and the way they view their place in the world. And it is a far more passive, other-centered, steward-like perspective on why you’re on a planet, than we have in the United States.

Now, you can say that’s good and bad. But the good part is, they are wired to be better stewards. There are 40 million people living in one of the largest land masses in the world. They’ve got natural resources, water, everything they need for the rest of time. They just can’t screw it up. So, the whole concept is “don’t screw it up.” When in doubt, do nothing. Whereas, in the US, it’s “Just do it.”

Mike Kearney: Just do it. *[Laughs]*

John Taft: You know? Our model of national dynamism is the bald eagle, theirs is the beaver. What does the beaver do? Builds little wooden bridges.

Mike Kearney: And then hides.

John Taft: And hides.

[Laughter]

Go into hibernation. So, there’s a completely different culture, and it does mean that they’re more conservative and they were better positioned going into the financial crisis than we were.

Mike Kearney: That’s fascinating. I don’t think—until I did some research on this—I knew what was really going on. Because I’ve always thought about it as kind of the traditional client-broker relationship. But there’s this move into, I guess what you’d call, managed or advisory accounts. For a lot of people who may not know what the heck that is, or what’s actually going on, can you share?

John Taft: Yeah. I can share. And what’s going on is that more and more advisers are moving from a business model where they buy and sell stocks, bonds, and mutual funds on a transactional basis and get paid a commission for doing that. And every time they do it, they call up their clients and say, “Hey, I think you should sell Philip Morris and I think you should by General Motors.”

“Do you agree?” “Yes.” Okay, then they buy, and they sell, and they get paid a commission. Okay, so they’re moving from that to a model—an advisory model—where they give their money to an adviser—the client does—signs an agreement that says, “You have discretion to manage my money.

“You don’t have to talk to me, provided you do it the way you say you’re going to do it in this agreement. Go ahead. And I'm going to pay you an annual fee, and you can make as many trades or as few trades as you want, but just tell me once a quarter, or once a year, how I'm doing—up, down, or sideways. What have you done and how are we doing?" So, that model is where people are going. That's what's going on in wealth management.

Mike Kearney: What's the upside—well, and I can probably conjecture, but I would like to hear from you. What's the upside for me as the investor, and then the wealth management company?

John Taft: Well, the reason that the advisory model is becoming more popular is that there is a more rigorous—I'll just put it that way—regulatory regime around the discretionary management of money for clients. As you can imagine. Give your money. "Manage it the way you think it should be managed." Well, we've got to put some rules around that, okay?

Mike Kearney: Absolutely. Yeah.

John Taft: So, there's a more rigorous set of rules around that. Then, if you're calling up clients, suggesting that they transact, getting their approval, and then transacting. There's still a regulatory regime, but it's not as rigorous. So, higher level investor protection.

And there's a perception that the adviser, who's paid a fee based on the value of the account that they're managing for the client, is on the same side of the table—more on the same side of the table—as the client. And, therefore, is better aligned with the client's interest than when they're just transacting.

Mike Kearney: My upside is predicated on how well you do.

John Taft: Exactly. Your upside—how much you get paid as an adviser is tied to how well the client does. So, that's why it's moving in that direction. Now, like everything in finance, you can take things to a point where it's not healthy. And, the truth is—I believe this to my very core—that anybody with even a modestly complicated financial situation, a one-size fits all model is not the best approach.

So that discretionary asset management for some parts of your portfolio, and for some purposes, is absolutely the best approach. But a transactional approach for other parts is a better approach. And when I say "better:" cheaper and more effective outcomes.

So, a combination of the two, executed by somebody who knows how to do both and knows when to do which so that it best serves your interest, that's the best wealth management model in the world.

Mike Kearney: Absolutely.

John Taft: I believe.

Mike Kearney: It's interesting, because in some respects—and maybe I'm drawing an analogy—I think this does work. It's almost what's going on in healthcare. Because healthcare used to be almost a fee for service. Like, I go in, you do something. It's more of a transactional. Where, now, doctors are going to be paid on, ultimately, results. It's an interesting parallel that is happening between the two.

John Taft: Yes. Professions are becoming more businesslike. Businesses are becoming more professional. They're converging in the middle. So, accounting, law, and healthcare on the one side, financial services on the other side. The models are starting to look the same.

Mike Kearney: Right.

I'm bringing mismanaged or advisory accounts up because I know that it's a hot topic and there's a lot of considerations for wealth management companies that they, obviously, strategically need to think about today.

I also understand—I'm probably getting out ahead of myself because this is not my area—but there's a Department of Labor rule that either was finalized or is being looked at. What implications does that have for wealth management?

John Taft: Right. So, this area is very complicated, and I'm sorry to tell you I'm one of the experts *[laughs]* on it.

Mike Kearney: So, here we go. *[Laughs]*

John Taft: We're going to be very simple about it. So, think about this: Think about the Holy Grail of wealth management regulation. The Holy Grail would be a single standard of investor protection that applied to any type of advice, any kind of adviser, working for any kind of firm—would be held to when they deal with individuals.

A single, uniform standard of care.

Mike Kearney: Is it more principles-based? How do you do that?

John Taft: Okay, so, how do you do that? We've been having a decades-long—probably multiple decades-long—debate about how to do that. If you ever had something where the devil was in the details, this is it.

Mike Kearney: This is it.

John Taft: But what we have today is something called a fiduciary standard that applies to certain types of activities and accounts. The Department of Labor just extended that fiduciary standard to more accounts, but that fiduciary standard doesn't apply to certain other types of accounts. And what happened is that when the Obama administration left and the Trump administration came in—

everybody said, "We now have three or four different standards that apply to wealth management advice." This is more confusing than it's ever been to investors. Nobody understands it.

And would it make sense to step back and ask the Department of Labor, which regulates certain types of accounts, and the SEC, which regulates others, to work together and see if they couldn't come up with something that's a little more consistent across all accounts? So, that's what's going on real time right now.

Mike Kearney: Do you think the rule will ultimately come out? You say they've been working on it for 10 years?

John Taft: There's 100 percent probability that there will be a more uniformly applied, best interest standards. Best interest standard, that's what's being used right now across all types of accounts in the wealth management industry. And that would be a very good outcome if we get there.

[0:46:00]

That would—everybody would stand up and salute that. But what we've had is dueling regulators stepping on each other's toes and butting in front of line, and people doing things that they really shouldn't be doing. And it hasn't been good. Even though consumer advocates say it has, it hasn't been good for investors.

Mike Kearney: You know, I actually skipped over that question that I was going to ask you. And it's this juxtaposition of the digitization of everything. And what I hear you saying is that model still is, maybe, as important as ever. Meaning client, to client, to client.

John Taft: Yeah, what's going on. So, you talked earlier about one way in which the wealth management business was changing, and that was towards more managed accounts because it puts the adviser more on the side of the client.

Mike Kearney: Right.

John Taft: We talked earlier about financial services becoming more professionalized. There's no question, the advisers today look, smell, and feel more professionals than they ever have.

The third way it's changing is the technology and the way clients can get advice. So, it's no longer sitting at the kitchen table talking to the adviser. They can go into a website. They can go on social media.

They can even transact, in some cases, themselves: move money between accounts; self-service on the firm's website; execute certain kinds of trades without ever talking to the financial adviser. Or, if they really want to, get what's called a robo-adviser—a digital investment advisory account set up for their child, so their child never has to talk to anybody and it's just on autopilot.

They can do that, too. So the digitization of financial advice is actually happening alongside—it's not supplanting, it's enhancing the individual adviser-client relationship. It's not replacing it, by any means. It's allowing the adviser to give their client a better experience.

Mike Kearney: Can you talk about—so, as a former CEO of one of the largest wealth management companies in the world, when you think about these managed accounts—and I'm more kind of trying to tap into the strategic mind-set. So, if you're kind of on that journey, how is it impacting your strategy as an organization? Or what should you be thinking about from a strategic perspective?

John Taft: So, this has been decades in the making. Most firms—large wealth management firms—derive half, 60, even 70 percent of their revenues from discretionary asset manager management. They're more investment advisers, they're more portfolio managers than they are the brokers of old. And that is a good thing.

And firms want to support that and want it, even, to continue—to do more. Why? Number one, when you're charging a fee on assets under management, your revenues are far more stable.

Mike Kearney: Absolutely.

John Taft: So, your ability to plan and predictability goes way up. Number two, it's also the case that firms are able to charge more—believe it or not—per dollar of asset in a discretionary environment than they are on a commission-based environment. So, every dollar that you move into a managed account is—

Mike Kearney: A good thing.

John Taft: More profitable. It's not less profitable for the firms, despite what everybody says. The third thing—and this is critical, and it's because of the rules that apply and the support that's been put underneath these managed account and investment advisory programs—it leads to better client outcomes. Clients do better in an investment-advisory relationship.

Not all the time, but on the whole, than they do in a transactional environment. And there are a bunch of reasons for that. And then, finally, less litigation. Less litigation, less regulatory risk. So, less risk for the firm.

Mike Kearney: More money. Yep.

John Taft: More stable revenues, higher profitability, better client outcomes. What's not to like? And the industry has evolved to that point. A public keeps thinking of brokers as unscrupulous merchandisers of unsuitable product. That's not true. That model's long gone. Not that there aren't firms out there—bad actors—but that's not—

Mike Kearney: So most of the firms have already migrated.

John Taft: Yes.

Mike Kearney: When you think about this model, what are the risks? Are there any significant risks associated with it?

John Taft: Well, there's something—

Mike Kearney: It makes it sound so great. I mean, yeah.

John Taft: Well, it is great, actually, on a whole. There's something called reverse churning, which the SEC is well aware of and firms are well aware of. So, let's say I—. Take this simple example: I buy a 30-year bond. And I pay a commission om day one and I leave it in the account.

And my plan is just to let it mature 30 years from now, and I'm going to wire the principal, when it matures, to my son for his wedding, or house, or whatever. Okay. Broker comes along and says, "Oh, really would like to have that in a managed account. Why don't you move it over here? And I'm going to charge you 1 percent a year. I'll watch out for the credit, I'll diversify it into other things."

And the SEC said, "Wait a minute, this was fine here. You pay a commission upfront, you're going to wait 30 years for it to mature, it's AAA-rated government bond. What is the client purpose to moving it to this account? And are you just doing it to earn more money on the assets?"

So, that's a risk. The other thing is—this is the great irony. I actually testified in front of fiduciary standard to Congress. The question I kept getting was—right in the wake of Madoff—is, "Will a fiduciary standard for investment advice—I mean, for wealth management—will it prevent future Madoffs?"

Folks, Madoff was a fiduciary. Madoff was operating on the 40-act fiduciary standard. So, no. That, by itself, won't prevent fraud. So, there's still risks that clients—because you're saying, "I'm a fiduciary," clients will forget that there's still risk in a fiduciary relationship.

Mike Kearney: Absolutely.

Mike Kearney: If the player's a bad actor. So, that's a risk, reverse churning's a risk, and then the only other thing I would say is that these programs are incredibly complicated. It costs a lot of money to build and to run right.

And you do see examples of managed account platforms having significant holes in them—operational and other—because they've grown so quickly. And, for the industry, a lot more investment. And, quite frankly, Deloitte has been talking about that, and is talking about it. A lot more investment is needed to shore up the foundation underneath these managed accounts.

Mike Kearney: So, let's just touch—and not a gratuitous call-out if Deloitte's been talking about it. But what are some of the things organizations should do to kind of shore that up?

John Taft: Well, what's happened is—so you understand this—as these programs have grown over time, one application or technology solutions has been overlaid on another, and they've kind of been stitched together with twine and wire.

So they're these clunky, Rube Goldberg machines that were built for $1 billion under management, and now they have $150 billion under management. And there are gaps of all kinds:

compliance gaps, operational gaps. They're clunky to use so there are execution problems with them. And you kind of need to go back to the beginning and say, "Okay, if we had the perfect platform, what would it look like? What's the difference between that and what we have?

And what parts of getting to perfect can we bite off over what period of time with which new applications today?" So, that's what needs to go on. And this is something Deloitte is calling managed account risk. What is that? It's just the risk that your platform is not performing optimally for the firm or for the clients.

Mike Kearney: My oversimplification is, almost, in some respects, the business model—to a certain degree—has changed and all of the backend technology and processes need to evolve with it. Especially because, I'm guessing, there's probably a lot of new regulatory compliance requirements and things of that nature.

John Taft: Yes.

Mike Kearney: So, one of the things that you talk about is your grandfather. We haven't talked about your grandfather very much, and the fact that he has stood up for his beliefs. He was unable to get the presidential nod twice, because of his beliefs and things that he stood up for.

John Taft: Yes.

Mike Kearney: Could you talk a bit about that? And then I want to ask a question about leadership today.

John Taft: Well, my grandfather was known as Mr. Integrity. There's a chapter on him in John F. Kennedy's book, *Profiles in Courage*. And he is in there because he was willing—well, first of all, let's start with the fact that he was the son of a US President. He grew up in the White House. So, the presidency was his birthright, as far as he was concerned, and he wasn't—

Mike Kearney: Intimidated by it? Or do you think—?

John Taft: Well, intimidated and he wasn't willing to compromise anything for it. In other words, he was a person—

He is my example when I think of, "What does it look like to live your life true to core principles? Robert Alphonso Taft—Senate majority leader, Mr. Republican, Mr. Integrity—is my model. And he was lots of people's model.

There's only one congressman with a memorial on the grounds of the US Capitol, and that's my grandfather. It's a 10-story tall bell tower, reflecting pool, statue. And inscriptions from his career engraved in it was erected by Dwight Eisenhower.

And he is, for many, the greatest legislator in our country's history, and he certainly is for me, because of his principled life and the way he stuck to it. And it was remarkable. And he is a model for what is needed today, and he is a model for what is missing today.

Desperately missing today. He knew, with absolute conviction, his bottom-line principles. So, the one he is famous for is "equal justice under law." He believed that that is the cornerstone of a free society. Now, after WWII, he felt that principle was being violated by the Nuremberg War Trials.

He felt that the German generals were being prosecuted based on laws that didn't exist when they committed these horrific acts—ex post facto justice. And that was a slippery slope. And he opposed the Nuremberg War Crime Trials. Can you imagine how popular that was? *[Laughs]*

[Crosstalk]

John Taft: In 1950. Especially with Dwight Eisenhower running for the US presidency. He didn't stand a chance. So, it's that solid ground that I'm talking about. Understanding your non-negotiable, core principles. If you know what those are, anything is possible. If you don't know what those are, nothing else matters.

Mike Kearney: Have you ever seen somebody pivot? Like somebody that may have found that deeper level purpose throughout their career that are able to find it?

John Taft: Yeah. And people can absolutely have awakenings, or transcendent moments, or come into an enlightened state of leadership—absolutely—when something happens to them. Now, I don't know if this is going on, but look at John McCain post the brain surgery.

Mike Kearney: Brain surgery. Yep.

John Taft: All of a sudden, he was saying what he truly felt.

Mike Kearney: Right.

John Taft: Well, why? Because there was some kind of personal event that liberated him to do that. And I've never felt more proud of him than I did in those moments.

Mike Kearney: So, one of the things we've been talking a lot about at Deloitte, is this whole notion of strategic risk And I'm not going to get into all of the geeky elements of it. But what I'm curious of is, as a CEO—not necessarily regulatory or compliance risk, but, obviously, it was your job to grow shareholder value.

You have to take risks in order to grow the business. How did you balance this notion between managing the risk to the business, the reputation, but then also the whole notion that, "If I'm not doing things to really drive this company forward to grow shareholder value"—which requires risk taking in a capitalistic model.

How did you balance those? And what I'm trying to do is get in the mind of a CEO, as to the way they think about risk at the strategy level.

John Taft: And that varies between CEOs. I come from a long line of conservatives—not just politically, but personally conservative. I'm very conservative. So, when I think of risk, I bucket it almost like a risk budget. How much risk am I willing to take? Let's say on a scale of 1 to 100, where 100 is "blow the place up."

Mike Kearney: Blow something up. Yeah.

John Taft: Am I willing to take 25 risk points? Am I willing to take 5 risk points? Think about in your own portfolio, how much of your portfolio would you be willing to allocate to emerging markets? Or maybe 20 percent to emerging markets would be—

How much would you be willing to allocate to Bitcoin? Well, maybe 1 percent of your portfolio. So, depending on the nature of the risk, you assign points. Let's say 25 risk points. Why 25? Well, 25 risk points—

If that 25 risk points lost 100 percent of the value, I'd still have 75 percent of the firm. It's not fatal. So, don't take fatal risks. Think risk in terms of risk budget, but then invest 25 percent, don't invest 5 percent. Invest 25 percent in innovative, risky, future-oriented, "could blow up," "could succeed" stuff. And what's your risk tolerance?

Well, that depends on the maturity of the business you run, it depends on the shareholders that you're responsible for, it depends on your own personality. So, everybody is different. I would say 25 risk points, and then you don't allocate all of that to one thing. And the best type of things, I think, is moderate bets that have the potential for significant upside. Just make a bunch of bets.

Mike Kearney: Interesting. So, in risk management, we're oftentimes tutored to find the risks of making decisions, which ultimately may get to not making a decision. Would you ever think of the risks associated with not taking a risk or not—?

John Taft: Sure. I mean, that's the "let the world pass you by" risk.

Mike Kearney: Exactly. That's a great way of saying it.

John Taft: And that does happen all the time. In fact, that's probably an underappreciated risk. Although, right now, with all the technological disruption that seems to be forefront. But, yeah.

Not evolving and staying ahead of disruptive trends probably is a greater risk today than it's ever been in my career. It feels like more disruptors are doing more stuff to establish businesses today than ever before.

Mike Kearney: So, one other thing. I was going to say I've watched a bunch of videos, and I think one of your skills—maybe your superpowers—is the ability to make things—

John Taft: *[Laughs]*

Mike Kearney: I'm serious. This is a skill, I think. But you're able to make things simple. You're able to convey concepts—really detailed, maybe technical concepts—in a way that somebody like me can grasp. Do you agree with that? Is that something that you've worked on? Is that a skill that you've learned over time?

John Taft: Yes, yes, yes, and yes. And I think it's critical. First of all, I think it's—you have to think clearly in order to communicate clearly. So, if you don't know what you're trying to say, there's no way you can say it clearly. It's like that old Winston Churchill thing: "I'm sorry this letter is so long, but I don't have time to write a short one."

Mike Kearney: *[Laughs]* Right.

John Taft: If you can't deliver, make your point, in that classic five-floor elevator ride—if you don't have an elevator speech way of describing—to somebody what you're trying to communicate, then you probably aren't thinking clearly about it. When I was in the brokerage business—"If you grow hair on your face while you're explaining something—"

Mike Kearney: *[Laughs]* I've never heard that.

John Taft: You're—Probably not a good idea. *[Laughs]* So, I think thinking clearly is a critical piece of it. If you're a leader—think about this—your ability to get people to do things depends on your ability to communicate clearly and compellingly. So, if you can't do that, how can you be effective as a leader?

Mike Kearney: Right. Right. So, we built this podcast, *Resilient*, and it was my goal at the time to interview leaders, like yourself, on crisis, risk, and disruption. And I believe that when you think of those three areas, it's the resilient leaders are the ones that are— able to navigate through the financial crisis or able to move through really significant risk events. Or everything that's going on with all the technological disruption today. But when I talk about resilient, and a resilient leader, is there an attribute or two that jumps to the top of your mind? And is there somebody that embodies that?

John Taft: Well, there's a great book called *Full Catastrophe Living*. *Full Catastrophe Living* by

Jon Kabat-Zinn, who's a Zen guru. And the concept comes from Zorba the Greek, actually.

That all this stuff is going on around you, and things are bouncing and blowing up—sometimes more than others. So, you're living a full catastrophe. And the idea is to build a little roof and go into yourself, and go to that quiet, core spot, and touch base with that.

And everything that's going on around you will look very different, more manageable. You will be more resilient if you are able to do that. And that's Jon Kabat-Zinn's version of my solid ground, my core principles.

So, what resilience is about is being in the middle of all the noise, nonsense, emotion, crisis, confusion, chaos—to go to the place where you are standing on solid ground. And then, no matter what you're dealing with, you can deal with it. That's what resilience, for me, is all about.

Mike Kearney: That may be the best answer we've ever gotten. What I love about that—because what you're really getting into is that life is going to happen.

John Taft: Yes.

Mike Kearney: And it's a way to navigate through that life.

John Taft: Through life.

Mike Kearney: It's almost not even resilience, per se. It's about the way you live your life. So, resilience would be the thread through your entire life, versus an act—which I think, oftentimes, people think it's like something bad happens and you demonstrate resilience.

Yours is almost a way of being.

John Taft: Correct. Which, I would have to say, I aspire to and don't always demonstrate. *[Laughs]*

Mike Kearney: Absolutely. So, you left RBC in 2015, and one of the things that you've begun to appreciate are some, maybe, emerging topics that you've gotten a lot deeper in. I think you talked about AI and robotic process automation and things like that.

But I think you were almost reflecting like, "Wow, I wish I actually spent a little more time diving into this as a CEO." And I guess the question I would have for you is, as a former CEO, if you were to either go back or you were to have advice for other CEOs, what would be your guidance to them? In terms of learning about what's going on in the world while still, obviously, meeting the commitments that you've got.

John Taft: Right. And this is going to sound happy or self-serving, but, honestly, I would sign up for the kind of labs that Deloitte offers to executives and leaders.

In other words, what I'm realizing is—and you're running your business, you're consuming intellectual capital, you're not creating it, and you need to sort of force-feed yourself opportunities to take stuff in. But when you're running a business or you're in a leadership role corporately, it's hard to just set aside the time to read through stuff.

So, going into a one- or two-day lab where you have people who are expert in a range of topics. You pick them—what they are—beforehand, just like you said. Like artificial intelligence. "Feed me everything in the next hour and a half."

High-level, executive—"Just tell me what I need to be aware of and thinking of in artificial intelligence." Now, let's click over here. "Feed me on this topic. Stuff I wouldn't run into every day, but I need to be aware of to be more effective." I would do labs, and I would expose myself more intentionally—and more regularly, to things I don't know about or understand about. And I would use professional help to do that.

Mike Kearney: Yeah, and it's funny, because I think one of the things—we're running so hard to get a day, let alone an hour is so difficult. But to kind of make that commitment—I don't know, that five or ten percent commitment—is critical when it comes to planning your life, and making sure, and prioritizing it.

John Taft: I would do more of that.

Mike Kearney: That's interesting. So, a couple final questions. I always like to call this the dessert. I hate to ask: What is your favorite book? Because, obviously, you've rattled off a bunch. But is there one you would say, once again, is not necessarily a favorite, but one that has impacted you in a way that's nudged your personal improvement or done something that has made a meaningful impact in your life?

John Taft: Well, I knew you were going to ask me that question, because you tipped me on it.

Mike Kearney: *[Laughs]*

John Taft: There are hundreds of books that I thought were impactful. One comes to mind, and it's the biography of Warren Buffett.

It's called *The Snowball*. He is an absolutely extraordinary human being. A completely ordinary, extraordinary human being.

Mike Kearney: Can you pause that? Because you just said, "ordinary- extraordinary." So, what do—?

John Taft: Well, there's nothing—on the one hand, lives in Omaha, Nebraska. By the way, his grandfather was my grandfather's campaign manager.

Mike Kearney: Oh, that's fascinating.

John Taft: It was Robert Taft's campaign manager. And we've talked about that—he and I. So, there are many ways in which his life is completely ordinary: He eats McDonald's and drinks Diet Coke and goes to the office every day; has the same routine—so forth and so on. On the other hand, his personal life is way out there, in some ways. And he has this—you talk about superpowers—superhuman—I call it uber common sense.

That he's had a single concept, which he's executed over the course of decades. And I think he is a fascinating person. And, so, I could mention 100 books, but *The Snowball* is what it's called. The biography of Warren Buffett would be one I recommend to people.

Mike Kearney: So, maybe this isn't another curve ball: Any question that you've never been asked but you've always wanted to answer?

John Taft: Okay, no. But here's a question I would like to ask and have the answer to.

Mike Kearney: Okay.

John Taft: And it's a question my father, the nuclear physicist, asked me. And they're related. Actually, two questions. "The arrow of time is one of the only things in existence that points in one direction. Time only moves in one direction."

"Why?" And "do you think time has an end? And if not, why do you think time—?"

Mike Kearney: Had a beginning?

John Taft: Had a beginning. Those two questions are the kind of dinner conversations I had growing up. I don't know the answers, and I think they hold the meaning of life.

[Music playing]

Mike Kearney: Thank you for listening to *Resilient*, Deloitte's podcast produced by Rivet Radio. You can find us by going to www.deloitte.com or visiting iTunes, Stitcher, SoundCloud, Google, Spotify. Who knew that so many podcasts were on Spotify?

But, actually, we're getting a lot of uptick there. I'd also encourage you to check out our previous episodes. And the one that I've been getting a lot of feedback on—positive feedback—is my conversation with Jake Wood, the CEO of Team Rubicon.

Also check out an oldie but goodie, Bill Roper, CEO of Verisign. Bill is an incredible man, has an incredible story about the crisis he led Verisign through. And, if nothing else, he's got, like, the best radio voice I think I've ever heard. If you like these conversations, please do me a favor and just share them with your friends and colleagues at work.

You know, the way that we get noticed is through ratings. So if you have a moment, just go out to any one of your pod catchers and just give us a little rating. I would definitely appreciate that. Finally, my favorite ask is, hit me up on social media—LinkedIn especially. I've been getting so much engagement on LinkedIn.

If you have any recommendations for future guests, if you have any comments on what we've been doing, or if you just want to connect. I like connecting with people, and I promise you I will reply. So, if you want to connect with me, my profile on LinkedIn is under Michael Kearney—K-E-A-R-N-E-Y. Or on Twitter: @mkearney33.

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