
FIVE RULES FOR SUCCESS FOR CHIEF LENDERS

And there isn't a ratio, rating, or regulation in any of them!

A followup to the June 27th blog

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In the recent affair of General Stanley McChrystal, subject of my previous blog, we had a rare inside look at military culture. McChrystal's failure was rooted in culture, the behaviors and beliefs characteristic of a particular group or organization. There are powerful lessons on display here for everyone.

McChrystal and his staff violated the culture of the military by demeaning military and civilian leadership in the chain of command, and by speaking and acting in petty and derogatory ways. The President, in his public announcement of McChrystal's relief from command, referred to the violation of standards of conduct of a general officer. It was a variant of the scriptural theme, "To whom much is given, much is expected."

What does this have to do with chief lending officers at banks? If you buy the proposition that successful leadership is a great deal more than technical competence, then there's much we can learn, both directly and indirectly.

Judgment calls, or, calling on judgment when it's gone out

Last blog we talked about how my old boss used to say that a significant part of one's pay is earned for getting along with co-workers. An atmosphere of second guessing, back-biting, and overt disrespect indicates dysfunction in interpersonal relationships that is willful. There are old sayings and aphorisms suggesting how dysfunctional such behaviors are, such as "honey attracts more flies than vinegar."

Many have asked what a Rolling Stone reporter was doing with such unfettered access to the inner circle of a field command headquarters. That reflects on the judgment of the commander and the staff in both granting access and in speaking so openly and critically of colleagues and superiors.

Finally, I think the incident highlights how loyalty to one's bosses and subordinates is both modeled and nurtured in positive and destructive ways.

But these are generalities. Let's dig into particulars.

What the chief lender needs to succeed

Here are my Five Elements for Success for Chief Lending Officers, drawing from recent events:

• Fluency in a variety of what some call "soft skills" is hugely important.

Functional competence is not enough. A senior manager today must possess a variety of skills, some of which are not learned out of textbooks or trade journals.

Leadership is one such skill set that defies description in lesson plans or a series of bullet points. Leadership encompasses lots of things but at its core it is a deep commitment to one's colleagues and one's mission.

It is above all respectful of the human dignity and worth of seniors and subordinates alike.

• Judgment and discretion in assessing individual and corporate responses to challenges, threats, and opportunities are essentials for success.

Everyone is watching and the world, especially subordinates and competitors, are probing perhaps even unconsciously if not managed and controlled.

A bad temper, for example, is a danger sign of a manager with a personality flaw that can cause him or her great trouble if not managed and controlled.

• Probity in all personal behavior is a necessity.

Several presidential nominees for senior government positions in recent Administrations have been derailed by conflicts of interest or failures to act responsibly in the core duties of citizenship.

How can anyone claim the high ground in personal behavior without a serious effort to live and behave in an ethical fashion?

• Loyalty both up and down in the hierarchical structure is one of the most highly valued traits by all participants.

A person loyal to his boss or loyal to his subordinate does not talk out of turn or demean or willfully embarrass or harm those persons in any way. Period.

This is not a simple matter of respect, such as discussed above.

It's a willful, conscious obligation and consistent pattern of action to help that person accomplish his or her responsibilities. Personal loyalty is valued by subordinates in their bosses but is essential for seniors to see and expect in subordinates.

This is one of the foundations of trust. And without trust, no human interactions can be ultimately effective or genuine.

• A healthy sense of self worth is the glue that holds our behaviors and interactions together and informs our thought processes for constructive, productive ends.

"Healthy" means that one's ego needs to be properly shaped and sized, and not a distraction to one's behaviors or thinking.

Paradoxically, people perceived to have outsized egos are often insecure personalities who are compensating for their perceived inner inadequacies.

There is no substitute for candid self assessment in this area and it's one of the hardest areas for any of us to really objectively understand.

Ultimately, people skills come first

This is not necessarily an all-encompassing list of success factors, but it's what occurs to me in the wake of the disruptive events in our military command, and as I reflect back on a long and varied series of work experiences.

I was a commercial lender and an executive manager and didn't usually sweat the technical stuff. There are staffs, auditors, manuals, policies, and such to help with those kinds of issues.

It's in the realm of human interactions that we ultimately meet success or failure as bosses and where we are often working without a safety net. Not every assignment ends in success, nor does one bat a thousand with all interpersonal relationships.

But we honestly work at these things and with maturity and experience we get better at them.

Hopefully, we all understand that a significant part of our pay depends on it.

Did you miss Ed's first blog on the McChrystal affair, "McChrystal affair offers lessons for lenders"? Read it now.

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- About Ed O'Leary:

Veteran lender and workout expert O'Leary spent more than 40 years in bank commercial credit and related functions, working with both major banks as well as community banking institutions. He earned his workout spurs in the dark days of the 1980s and early 1990s in both oil patch and commercial real estate lending.

O'Leary began his banking career at The Bank of New York in 1964, and worked at banks in Florida, Texas, Oklahoma, and New Mexico. He served as a faculty member and thesis advisor at ABA's Stonier Graduate School of Banking for more than two decades, and served as long as a faculty member for ABA's undergraduate and graduate commercial lending schools.

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