
O'LEARY'S ESSENTIALS: GOOD ADVICE, BAD ADVICE, AND MY ADVICE

Ask yourself why you do what you do for a living

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Yesterday I visited a local branch of one of the mega-banking companies to get my signature notarized. It was a pleasant experience in one way, but a surprise in another.

The pleasant part was in chatting with the branch manager. Although there were several people in the lobby, she treated me as though I was the only person in town. The surprise was when I asked her what the deposits were in her branch, she didn't know. Imagine that--a branch manager not knowing what her total deposits are!

I am an artifact in many ways. I know that. I came of age when bank margins were largely managed by the Federal Reserve; when not all states permitted intra-state branching; when interest rates on time deposits were dictated by the Federal Reserve (Regulation Q for those with short memories or no background on the subject); and a debt to worth ratio of more than one-to-one on a borrower's balance sheet was "outrageous."

Contemplating my "artifact" status, I began to think back, and thought about: Advice.

What did I learn from the advice and counsel of others that served me well and what did I absorb that was not helpful to me or to my industry?

Either list can be quite lengthy and maybe some readers can contribute to their thoughts and ideas to this as well. I'll keep my lists tight.

Bad ideas picked up in my youth

The bad ideas I absorbed may owe as much my own laziness or biases as to my being misled, so I'll be very brief.

Show me the money!: I think the worst idea that I can recall over the years is that one's salary was the only thing that mattered. Many employers (and probably not just banks) pay too much attention to the salaries and not enough to developing the entire package of skills that make a lender really valuable to his bank, to his customers, and, ultimately, to himself.

I've moved from one place to another, at times with a long-distance moving van, for what in hindsight were relatively small increases in pay. It was the culture of the workplaces that I recall years later for bankers to want and in fact demand more pay.

Of course my colleagues and I were discreet about the process but we were focusing on the wrong things. I sometimes put the paycheck, as important as that is, ahead of a personal growth environment. That's the message that I and many of my contemporaries were sharing and absorbing during our coffee breaks.

There was an article a few years ago in the Harvard Business Review suggesting that the pendulum has swung back and younger professionals today do in fact understand this better than a generation ago. Still, it probably cost me something in career progression and those kinds of missteps are expensive.

Good ideas that have stood me in good stead

This list deserves to be longer:

Where you should grow. An opposite perspective to this view I learned at a young age, but didn't understand the value of until years later. I had an office a couple of doors down from a relatively senior account officer at The Bank of New York. I got to know him reasonably well, considering that he was probably 25 years older than I.

One day he was shunted aside--not exactly fired, but perhaps to him it was a distinction without a difference. He ultimately found another job with a competitor, but it was a very painful experience. His last day on the job he took me to coffee next door and for 45 minutes or so gave me the benefits of his thinking and experience.

"Be strong where the bank is strong" was his bottom line advice.

That means that if you are a commercial lender, build a career where that's one of the bank's strongest suits. If you want to be a top-flight trust professional, work for a bank that has a big and important trust department. This is a blinding flash of the obvious to me today, but back then, just how profound it was eluded me.

In the last few years, I've come back to that advice many times and shared it liberally with people who have singled me out for my advice and counsel. The practical wisdom of it in this age of corporate downsizing is obvious. Successful revenue producers almost never get fired or laid off. A good salesman is always in demand as that's the activity that generates new loan outstandings and non-interest services revenue.

Don't just focus on the obvious and near-term. A primary corollary to this bit of wisdom is "We can't save our way to prosperity." Building a business ultimately means top line growth. Sure, cost containment is important but I think we all understand today that we as an industry are having revenue issues, rather than simply cost issues.

We have the ability to put a lot more business through our infrastructure so why are we so reflexively insistent on dismantling the infrastructure? OK, you say, we have to do both. True enough but we don't seem to behave consistently that way.

Rise above office politics. Probably the best personal advice I ever got, and I've mentioned it here a time or two in the past, is not to be seen as a "political" person.

There are probably people in your office who are obsessed with the latest news--both hard news and, frankly, office gossip. They spend time wondering, speculating, plotting, and scheming at the expense of productive work. Coworkers and bosses know who they are and are inherently distrustful of persons who behave in these obvious ways.

The good news is, you don't have to be that person.

My boss's secretary many years ago told me that anyone who is content not to hear the office news first will eventually hear it all. Hear a piece of it today or hear it all--all sides--next week.

Which is more valuable to an employee? Do you want the headline or the ability to ultimately do your own analysis? Which is of more personal value in building a career and cementing useful relationships with mentors and those on whom one relies for cooperation in getting the job done?

Meanwhile, back at the branch, being strong where the bank is strong

Thinking about that branch manager I spent a few moments with yesterday reminds me of the importance in finding that balance between our satisfying the customer and our satisfying the employer.

The lady did one well--as I said, I felt like I was the only customer in the world--but seemed to completely flunk the other.

It's hard to argue that the customer isn't important. But if deposit production at a branch in a residential area isn't top of mind, I can't imagine what else should be.

This illustrates how being strong where the bank is strong has implications at the branch level too. What is the job really all about? What else do you concentrate on at a branch in a residential neighborhood other than producing core deposits?

Figure that out early enough and apply some smarts and hustle and you're likely on your way to a desk on "mahogany row." I was told that early on but somehow missed the significance of the real message. Yes, I was young once.

There are certain things that we just have to get right as in this environment. Second chances are becoming rare.

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.

Today he works as a consultant and expert witness, and serves as instructor for ABA e-learning courses and has been a frequent speaker in ABA's Bank Director Telephone Briefing series. You can hear free audio interviews with Ed about workouts here. You can e-mail him at etoleary@att.net. O'Leary's website can be found at www.etoleary.com.

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