
THE JOB OFFER THAT LED TO A LESSON

Consider Ed's story before you turn down a job offer

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In my long banking career, I've done some not-so-smart career moves.

Early on, I grew impatient with my circumstances, and through a connection at another New York bank launched a job hunt that landed a job offer. After some careful reflection, I declined the offer, realizing that the fun of the chase overcame the logic of whether this was the right step for me or even if it was the right time to make a move. I concluded it was neither. So I stayed put and never regretted that decision.

But several years later I was working my way out of a problem asset management job at Liberty Bank in OKC, then the state's second-largest bank. The credits in my group's portfolio had been restructured, renegotiated, moved out or otherwise set on a long-term workout path and no longer constituted the same degree of threat to the bank's earnings and ultimate solvency.

Was it time to move on?

Heading back to the loan line--I thought

Three years before I had joined the staff to form the Special Assets Group, which was a collection of mostly energy-related credits that had been criticized in the wake of the collapse of oil and gas prices in the middle 1980s. The Comptroller's Office had insisted that the bank start such a function and I had been recruited into that job. But the collective success enjoyed by my colleagues and myself suggested that the time was coming in the career sense to move on to something else.

I had my mind set on a line lending position, except that part of the bank was not growing due to the local and regional economy. Nor were there any vacancies, never mind management vacancies. So I decided to bide my time, rather than mount an extensive job search. My job was still fun, though the day-to-day urgency that was so stimulating three years earlier was beginning to dissipate.

In June of that year I spent a week at the Stonier Graduate School of Banking, teaching a credit course to first-year students. My boss, the president of the bank, tracked me down by phone late one afternoon and asked me if I would accept the job as Liberty's credit administrator.

I was no stranger to staff jobs and liked line responsibilities better. There's usually more action on the line and I liked commercial lending as a long-term career niche.

So my initial reaction was negative. And, big mouth me, I told him as much. We talked for probably 45 minutes and by the time the call ended, I had delivered a pretty firm no.

Getting an independent viewpoint

That evening I had dinner with a friend, a banker from South Carolina and the talk turned to the job that I'd pretty definitively declined. My friend was very helpful in hearing me out. But well before our dinner was over, he had me rethinking my decision. Why didn't I want the credit administration job? he wondered.

It was a helpful exercise to go through my reasoning with an experienced lender, one who was my peer in every sense. He helped lead me through the positives of the situation and thanks to him, they came into focus and could be evaluated more objectively.

By mid-evening, I had affirmed some basic attitudes. First, I enjoyed the bank and its people. Second, I thought the world of my boss, who was as helpful to me both personally and professionally as any I'd ever had before (and in hindsight since, as well).

The bank was nearly \$2 billion in total assets so this was a real job with significant responsibilities. The Credit Administration Department consisted of about 40 people, including half a dozen officers and an experienced crew of credit analysts, documentation specialists, and internal control people. While I didn't know many of them very well, the department had a good reputation within the bank.

What my friend helped me see was the potential of the position. The bank was under a formal agreement and so was struggling with the burden of impaired earnings and criticized credit, which by this time included a growing total of soured commercial real estate credit.

The directors were chafing under the restrictions and burden of heightened scrutiny and needed both a strong and constantly reinforced sense that the bank was doing everything appropriate to comply with the agreement and working constructively and aggressively at restoring credit quality.

What I'd not really understood (and it took many months to really validate this in my own mind) was that the bank's management needed to reinforce its credibility with the board that the process was moving along as it should while at the same time providing a strong and focused communications link with the Comptroller.

By the time I turned in that evening, I'd resolved to call my boss back first thing in the morning and tell him that I'd be pleased as well as honored to accept the responsibilities of credit administrator. I knew his work habits and when he usually arrived at the office. Fortunately, I had no class responsibilities at Stonier that prohibited me from calling in at 7:45 AM and catching my boss at his desk and alone. Our conversation was cordial and he quickly reaffirmed the offer and as quickly I formally accepted.

The lesson I learned

It was one of the best career things I ever did. I could talk a lot about why I feel that way.

But the heart of the lesson that came out of the next three working years for me was the realization that executive-level responsibilities are less about functional knowledge than about getting people to work cooperatively together for a common purpose.

That may sound corny but it's the truth. I learned that in spades both in this situation and in the one that followed in the bank in Albuquerque.

The credit administrator's real job at that point in time was to establish strong and secure communications with the various constituencies that assure a credit culture is successful. The staff was professional and enjoyed cordial and respectful working relationships with the lending line.

But the directors were seeking a comfort level of a different kind, one that addressed the elephant in the room that was the Office of the Comptroller of the Currency. I could do that. As a lender by training and as the bank's successful Special Assets manager, I had the tools to do what was needed--and what they wanted. The specific on-the-job training needed for that job at that moment I'd already done.

For the next three years I chaired the bank's senior credit committee, authored the bank's commercial lending policy, assumed the management responsibilities for compliance with the formal agreement, and worked to develop the internal skills and confidence of the credit administration staff.

In retrospect, it was one of the best jobs I had in 40 years in the business and one of the most enjoyable.

And it had less to do with the formal skills of credit analysis or salesmanship or any of the skills associated with the functional aspects of making and administering a loan portfolio. Instead it was developing mutual confidence among essential constituencies.

That's not particularly hard but seeing it for what it really was turned out to be the key to success.

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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