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## Leaders need to show power of reinvention

**GEOFF OFFICER**



**W**ITH the full impact of the credit crisis now taking hold in the Australian financial sector, CEOs and their executive teams face a career-defining moment as they lead their organisations through uncharted waters.

Recent data from our US affiliate, outplacement firm Challenger Gray & Christmas, indicates one in six job losses has come from the financial sector where employers have announced 111,201 job losses in the nine months to the end of September 2008. This compares to a total of 763,090 job cuts across the country.

The Australian finance sector takes its lead from the US, so we have every reason to believe that there will be significant job losses in the local market as well.

In fact, we are already seeing this among our own client base. The same data also points to significant movement at the top of organisations with CEO turnover having reached its highest nine-month record, totalling 1132 departures to date.

The fact is, this is not like the Keating recession we had to have in the early 1990s or the crash of 1987 or even the severe bear markets of 1973/74, so senior executives will need to create their own roadmap to deal with this crisis as it unfolds.

Re-inventing an industry that has been brought to its knees is what will define the leaders of the next generation in financial services. The defining challenge for the leaders of Australia's financial institutions over the next year is to lead their organisations through a global financial crisis that has no historical parallel in their working lives.

In terms of what financial executives can do during such a period, there are five basic principles of leadership that they should adhere to:

- Stay focused on the present.
- Keep your staff in the fold.
- Show humility.
- Don't criticise any solution.
- Inspire confidence.

Staying focused on the present means refraining from speculation about "what if I had done that instead of this", and about how the future might unfold. The fact is no one really knows right now what the future holds — so you need to communicate what you are doing about the situation right now.

Creating a dialogue with employees is also important in ensuring facts, not rumours, are driving the information flow. Make sure there's one source of

information that's accurate and trustworthy, so that people don't have to learn about what is going on through external sources such as the media.

All stakeholders in the financial sector including employees, customers, shareholders, government and the media will be expecting humility from industry leaders. Rightly or wrongly, the top end of the finance industry will have to shoulder some of the blame. And, having apologised, they will need to let people know what they are doing to rectify things.

Do not emulate the behaviour of Dick Fuld, former CEO of Lehman Brothers, who, when appearing before the US senate, had to be told "you're meant to be the villain here".

Being positive and inspiring confidence is essential in this panic-driven climate.



**Dick Fuld**

Consider any solution aimed at rectifying the current situation, because the fact is there is no silver bullet to end this crisis.

At the same time the people you are leading expect you to be

calm and resolute in the face of fear and uncertainty. Demonstrate that you are handling the situation and avoid any actions or words that could breed further uncertainty.

Finally, all senior executives in the financial sector should work during this time to restore confidence among the general public.

In Australia we have not had to experience the extreme excesses of the US and our financial institutions are in good shape, but "bank bashing" and investor anger towards fund managers will make leading through this time a different experience to anything experienced during the last three decades.

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