



# Practical CEO

How to go about running a bank....

# Purpose of the class

---

- ▶ What is involved in being a CEO
- ▶ What constituents?
- ▶ What are the areas you need to focus on?
- ▶ Who wants what from whom?
- ▶ What skills
- ▶ A day in the life of a ceo
- ▶ What can go wrong
- ▶ Summary

---

# Role of the Ceo

---

- ▶ Leader not manager
- ▶ Provide strategic direction
- ▶ The primary, broadly defined risk manager
- ▶ Spokesperson for the company
- ▶ Arbiter of the senior management team
- ▶ Responsible for approving policies to create a controlled environment

# Who are the constituents?

---

- ▶ Shareholders through the supervisory board
- ▶ Executive directors
- ▶ Staff
- ▶ Clients
- ▶ Suppliers
- ▶ The 'public'
- ▶ Regulators
- ▶ Tax and other government
- ▶ Organisational departments, direct and matrix

---

# The first day's checklist

---

- ▶ Understand the criteria that drive the shareholders' definition of success
  - ▶ What return on capital
  - ▶ What market share and in what product
  - ▶ What public image, message
- ▶ Review the strategy in light of market
  - ▶ Tactics and timing, priorities
- ▶ Own the numbers, understand the dynamics of the business
- ▶ Build the right team
  - ▶ Analyse existing resources
  - ▶ Determine who to keep, replace, hire

---

# The first day's checklist continued

---

- ▶ Inventory full spectrum risks and determine hold, avoid, increase
  - ▶ Differentiate between idiosyncratic and systemic
  - ▶ Understand timing
- ▶ Review policies, practises, procedures
  - ▶ Are they robust, appropriate, scaleable?
  - ▶ Not just corporate but across the board, eg marketing, new product introduction
- ▶ Technology
- ▶ Create a 90 day plan
  - ▶ Find early successes
  - ▶ Don't let the urgent crowd the important

# First day checklist continued.....

---

- ▶ Conduct line reviews of core businesses
  - ▶ Portfolio review, what risks and opportunities, any close in dangers?
  - ▶ Recent trading performance, what might change?
  - ▶ Ensure mark to market in treasury and portfolio
  - ▶ How to position to maximise upside?
- ▶ Check in with key constituents
  - ▶ Regulators and administration
  - ▶ Customers
  - ▶ Line and matrix managers
  - ▶ Staff
  - ▶ Competitors
  - ▶ Suppliers

# What do they want from me....

---

- ▶ Understanding of the environment (now and in future)
  - ▶ Economics
  - ▶ Politics
  - ▶ Industry and key developments
  - ▶ Competition
  - ▶ Culture
- ▶ Deep knowledge of the dynamics of the business
  - ▶ By business line
  - ▶ Dynamics of the cost structure
  - ▶ Scenario analysis
- ▶ Ownership of broadly defined risk management
- ▶ Brand adherence
- ▶ Controlled environment



---

# What do I want from them....

---

- ▶ Clear key performance indicators, for me, the business
- ▶ Capital, funding, counterparty limits
- ▶ Clear and understandable policies and practises
- ▶ Effective reporting systems that minimise the pain
- ▶ Appropriate products and technology
- ▶ Brand and public relations support
- ▶ Pool of talented, motivated staff with specific expertise

---

# Some useful skills

---

- ▶ Communication external and internal, written and verbal
- ▶ Ability to judge existing and proposed management
- ▶ Coaching, interaction with staff
- ▶ How to run a meeting
- ▶ Time management
- ▶ Marketing capabilities
- ▶ Strong credit skills

# How to judge management

---

- ▶ Often what is unsaid as important as what is
- ▶ Triangulate questions, asking from different angles
- ▶ Understand the cv, what skills were required
- ▶ Personal references from known sources are the best
- ▶ Is there a back up in place
- ▶ What people skills, use 360 degree plus new manager assimilation

---

# Communication skills

---

- ▶ Start with the end in mind
- ▶ Structure the communication so that it is logical and simple to follow
- ▶ Say what you are going to say, say it and then summarise it
- ▶ Know your audience
- ▶ Time management

# Coaching, interaction with staff

---

- ▶ Leaders lead, managers manage, don't get confused!
- ▶ Core communication skills
  - ▶ In staff meetings
  - ▶ In written memos including internet
  - ▶ In one on one
  - ▶ In committees
- ▶ Clear KPI's reviewed regularly
- ▶ Transparent, fairly managed remuneration plans
- ▶ Coaching skills
- ▶ The elevator chat

# How to run a meeting

---

- ▶ Create a clear agenda outlining purpose and decisions to be made
- ▶ Circulate in sufficient detail with accompanying documents sufficiently ahead of time for participants to be able to absorb the material
- ▶ Create the 'bolshoi rule', everyone on time, no one gets in after the meeting starts
- ▶ Listen first and only comment after others
- ▶ Ensure time keeping, don't let the meeting overrun
- ▶ Rapidly produce and circulate an agreed list of action plans, due dates and responsible people
- ▶ Maintain momentum.....

---

# Time management

---

# Marketing

---

- ▶ Clear set of goals for brand, product sales
- ▶ Determine what channels to be used
- ▶ Determine what the target audience is
- ▶ Ensure that there is a clear agency brief
- ▶ Use appropriate focus groups and surveys where necessary
- ▶ Explore non standard channels
- ▶ Create a baseline to enable tracking impact of differing programs



# Credit skills

---

- ▶ No substitute for experience
- ▶ Conduct a portfolio review of 80/20 exposures
- ▶ Meet management and/or shareholders of all key credits
- ▶ Understand the purpose and structure of facilities
- ▶ Good credit initiation means getting behind the numbers, understanding strategy and competitive environment
- ▶ The second way out is only as good as the documentation
- ▶ Credit is not a one off event, it requires appropriate monitoring, and in person

# A day in the life of a CEO

---

- ▶ 0800 check news, market update
- ▶ 0830 run through schedule of day with assistant, reorder where necessary priorities
- ▶ 0900 weekly business review with executive management team (or individually with line managers)
- ▶ 1000 briefing client management team for key messages
- ▶ 1015 client meeting
- ▶ 1130 initiative review with project team
- ▶ 1230 lunch with competitor, key industry player, client
- ▶ 1430 attend bankers' association meeting, lobby

---

# A day in the life ...continued

---

- ▶ 1530 walk the corridors
- ▶ 1600 credit committee (or alco, audit etc)
- ▶ 1730 conference call with head office to report issues
- ▶ 1830 interview with mass media
- ▶ 1930 attend reception
- ▶ 2030 client dinner

# Things that can go wrong....

---

- ▶ People
- ▶ Initiatives from center
- ▶ IT problems, fires
- ▶ External, internal fraud
- ▶ PR disaster
- ▶ The outside world
  - Competitors can strengthen
  - Customers go bankrupt
  - Banks cancel lines
  - Laws change

---

# Summary

---

- ▶ Integrity
- ▶ Clear, thought through strategic direction
- ▶ Understanding of the marketplace
- ▶ Good interpersonal skills
- ▶ Ability to motivate
- ▶ Technical knowledge
- ▶ Tactical common sense