

LEADERSHIP FROM THE RUGBY PITCH - PART 3 - FINISH THE GAME

Two months ago, we began writing a series on a book written by James Kerr titled, *Legacy, What the All Blacks Can Teach Us About the Business of Life*. The All Blacks are the national rugby team from New Zealand and have been the proverbial powerhouse in the rugby world. In fact, the All Blacks are the most successful rugby team in history and have been called the most successful sports team ever. In the professional era, they have an extraordinary win rate of over 86%.

As banks face challenges with regard to the direction of the industry, even though things have been great for the last few years, we believe this is a good reminder of the importance of working together as a team and implementing the right leadership principles. We also recognize that if directors, management, employees, and stakeholders, who are so critical to the success of the banking enterprise, do not work together, then performance results will likely result in a failure instead of a win. This was obvious at the CCBN panels which I facilitated over the last ten plus years. CEOs who run exceptional banks get it and have the leadership to move their bank forward.

Having played rugby in college through my late-40s, this was an interesting read on the leadership principles the All Black utilize. But they can also be quickly adaptable to the banking space. A rugby team has 15 players who work together towards a common goal, to win. In *Legacy*, James Kerr focuses on 15 principles working in the same way: each has a role; each a responsibility; and each a position on the field. These 15 principles are as follows:

1. Sweep the Shed - Never too big to do the small things that

- need to be done.
2. Go for the Gap - When you're on top of your game, change your game.
3. Play with Purpose - Ask "Why?"
4. Pass the Ball - Leaders create leaders.
5. Create a Learning Environment - Leaders are teachers.
6. No Dickheads - Follow the spearhead.
7. Embrace Expectations - Aim for the highest cloud.
8. Train to Win - Practice under pressure.
9. Keep a Blue Head - Control your attention.
10. Know Thyself - Keep it real.
11. Sacrifice - Find something you would die for and give your life to it.
12. Invent a Language - Sing your world into existence.
13. Ritualize to Actualize - Create a culture.
14. Be a Good Ancestor - Plant trees you'll never see.
15. Write Your Legacy - This is your time!

Many banks want a legacy, and we believe that it starts with understanding these principles and having the discipline to implement them as they move forward.

The First Five

In October we began with the first five - what I refer to as the core scrum (a term that rugby players will know). Here is a quick refresher on the first five principles.

I. Sweep the Shed - Character

Leaders are never too big to do the small things that need to be done. No one looks after the All Blacks. The All Blacks look after themselves. It is all about character.

Character is critical in creating the legacy, what you want to leave behind. For boards and manage-

ments, it's also an essential strategic question. What do you want to leave behind from the standpoint of your banking enterprise?

Character means sweeping the sheds. No one is ever too big to do the small things that need to be done.

II. Go for the Gap - Adapt

"Go for the gap. When you're on top of your game, change your game." This also means Adapt! This makes sense today, because so many banks are at the top of their game, but what will that mean on a going-forward basis? This is the time to change the game. Change your bank when you are at the top. This is actually a good process in creating strategic plans.

You either adapt or you lose, and a sustainable competitive advantage is achieved by the development of a continuously self-adjusting culture. Adaptation is not a reaction, but a continual action, so plan to respond.

III. Play with Purpose - Ask "Why?"

Kerr states, "The person with a narrow vision sees a narrow horizon. The person with a wide vision sees a wide horizon." Leaders connect personal meaning to a higher purpose to create belief and a sense of direction. This focus is: What is the cause? What is the purpose for your bank? Why are you here?

IV. Pass the Ball - Leaders Create Leaders - Responsibility

Leaders create leaders by passing on responsibility and creating ownership, accountability, and trust. They arm their subordinates with intent and then step out of the way and let them do their job.

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V. Create the Leaning Environment - Leaders Are Teachers

Create a learning environment. Leaders are teachers. Looking at several of the greatest coaches ever, they were teachers first. But teaching also means having the discipline to learn oneself. We live in a world right now where the banking of ten or fifteen years ago is completely different from where it is today. It will also be different in the next five to ten years. We have to learn new ways in order to stay relevant and effectively lead.

It is important that boards and managements have the right influences and are always creating an environment where anybody who touches their institution is welcome to bring ideas, learn, and become masters. Consistent exceptional banks have a leaning environment, always!

The Second Five

In November we looked at the second five, the locks and scrum half who are critical in managing the game and getting the ball out to the backs. Here is a refresher of the second five principles.

VI. Whanau - No Dickheads - Follow the Spearhead

Kerr emphasizes that the All Blacks focus on one purpose, one goal. In Maori mythology, Whanau is symbolized by a spearhead, an image derived in turn by the flight formation of the kawau. A spearhead has three tips, but to work properly, all the force must move in one direction. For the All Blacks, this is the being of the team and the essence of a successful organization.

We know of examples of bank management and boards where one

individual may have all of the qualities and leadership capacity but is not a team player. No matter how good that one individual is, if they are out of sync psychologically with everyone else, the team will never achieve the harmony needed to win and to achieve Premier Performance.

No one is bigger than the team, and individual brilliance does not automatically lead to outstanding results. One selfish mindset will infect a collective culture. The energy utilized to deal with the enemy within is so much greater than the enemy outside.

When we look at institutions that experience trouble on a consistent basis, we normally find that there is not consistency on the board of directors or the management team. Everybody is pulling in a different direction, and they all have different concepts of what success is and what the direction is. They are not a spearhead, and in All Black language, they have allowed "dickheads" to enter into the team.

Consistently successful banking institutions and great leaders on boards and managements understand the importance of being united, not pulling against one another. While it's okay to have differences of opinion, once a decision is made, the group must be united from the standpoint of direction.

VII. Expectations - Aim for the Highest Cloud

Kerr emphasizes that inspiring leaders use bold, even unrealistic, goals to lift their game and send their world into existence. If we aim for the highest cloud and miss, we will still hit a lofty mountain. In reviewing budgets and strategic plans for a number of banks, I have

seen quite low performance plans that do not aim for high performance. In fact, they are what I have referred to as sandbag budgets, where management under promises and over delivers, thinking that means something better for their bank. Why not strive always for the best you can be?

Successful leaders have high internal benchmarks. They set their expectations high and try to exceed them. We always want our banks to set high expectations, and the same applies to boards of directors as to what they can deliver. We have emphasized over the last several years that we live for the future. The type of bank we must be to is a consistent, Super Premiere Performing bank.

VIII. Preparation - Train to Win

In business, training is often seen as a soft option and limited to the occasional away day. However, effective training is intense, regular, and repetitive. For world class results, it should be essential for the culture.

In our banks, we see this in terms of the importance of management and directors preparing for board meetings, preparing for training sessions, and preparing for strategic planning meetings. Too often, they come unprepared, not wanting to embrace the changes that are necessary for the organization. A lack of preparation often shows a lack of caring. Board and strategic planning meetings, as well as other management-related meetings, should be an intense discussion with regard to the direction of the bank, and management should be prepared for that conversation. Too often they are not.

IX. Pressure - Keep a Blue Head - Control Your Attention

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In today's banking world there continues to be substantial pressure: pressure from the regulatory agencies, pressure from shareholders, pressure from customers, pressure from employees, and pressure from the board. Sometimes individuals under pressure have their attention diverted or stray off track. If you are diverted, you have a negative emotional response and unhelpful behavior; this means you're stuck and possibly overwhelmed. However, if you are able to keep your attention on track, you have a situational awareness and you execute accurately. You are clear headed, able to adapt, and not overwhelmed.

The important aspect of keeping a blue head is controlling your attention. One of the best mantras is, from listening comes knowledge, from knowledge comes understanding, from understanding comes wisdom, and from wisdom comes well-being. Not a bad mantra, and consistent with one of my favorite scriptures, "Quick to listen, slow to speak, slow to anger." That is a blue head. The most successful banking institutions have leaders that are consistently leading with a blue head. They see the issue, they control their emotions, and they make the appropriate decision.

X. Authenticity - Know Thyself, Keep It Real

Knowing thyself has been a consistent topic in the "Directors Compass" as well as the "Professional Corner" over the last several years. The best leaders remain true to their deepest values, they lead their own life, and others follow. They walk the talk! This also means integrity.

Integrity means that our thoughts and words and deeds are as one in

alignment with our core values of purpose, beliefs, and behaviors. They all flow in the same direction. Integrity is a model for honoring our word, and to the degree that integrity is diminished, the opportunity for performance is diminished. If integrity is a central leadership tool, then everyone on a team does exactly what they say they will do. Clarity, certainty, productivity, and momentum are the results. Integrity gets the job done. If our values, thoughts, words, and actions are aligned, then our word is our world. By being our word, we can make it happen.

Honesty, integrity, authenticity are core values that we see in a number of banks. However, we don't always see all banking institutions, as well as our leaders, walking the talk. Those banks who can stay true to their visions and are authentic are those who will have consistent performance.

The Final Five

This month we will look at the final five -- what I refer to as the backs who operate most often in the open field, and often the scorers on a rugby pitch.

XI. Sacrifice -Champions Do the Extra.

Champions find something they would die for and give their life to it. Kerr writes, "there are no crowds lining the extra mile. On the extra mile we are on our own: just us and the road; just us and the blank sheet of paper; just us and the challenge we have set ourselves. It's the work we do behind closed doors that makes the difference out on the field of play and whichever field we compete, whether we are in a team, leading a business or just leading our life." Powerful words, and we know that sacrifice pays off.

Part of sacrifice is also knowing what we want. What are we giving our lives for? Every day that we go to work, every meeting that we attend, everything we do just for money out of obligation, all the wasted time, we are giving our life for it, so it better be worthwhile. "If we are going to lead a life, if we are going to lead anything, we should surely know where we are going and why."

This is a critical question in strategic planning, and why we focus on the direction of the bank. Where do we want this bank to go? What are we sacrificing for, and is it worth it? We have been writing about the importance of living in the future and not in the past. We do the things that it takes to be exceptional five years from now, today!

The motto "champions do extra" refers to the extra, discretionary effort and sacrifice it takes to do something extraordinary. When we look at the exceptional banks, their leaders go the extra mile. They do what it takes to be exceptional and to make a difference.

A major question for boards and managements in strategic planning is "What is that extra that will make the bank extraordinary?" Too often we get caught up in the mundane and do not spend time really thinking about what we really want to be, what we really want to do. Doing the extra things is necessary to achieve greatness.

Champions do extra!

XII. Language - Let Your Ears Listen. Invent Your Own Language. Sing Your World Into Existence.

Kerr refers to the "black book" that sets the principles for the All Blacks that forms their culture. It includes:

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- No one is bigger than a team.
- Leave the jersey in a better place.
- Live for the jersey, die for the jersey.
- It's not enough to be good, it's about being great.
- Leave it all out on the field.
- It's not the jersey, it's the man in the jersey.
- Once an All Black, always an All Black.
- Work harder than an ex-All Black.
- In the belly not the back.
- It's an honor not a job.
- Bleed for the jersey.
- Front up or #\$\$%* off.

Kerr emphasizes that the best leaders are storytellers. Storytelling helps leaders connect their people's personal meaning to their vision of the future. All great organizations are born from a compelling story, the central organizing thought helps people understand what they stand for and why. This is the vision! This is the mission! How do you tell that story with regard to your bank? We continue to push the story of your bank when discussing shareholder navigation and building value. Investors want to be involved in a compelling and exciting story -- what is yours?

As leaders it's our job to set the story, whether it's to be the best team that has ever played or just an exceptional bank that makes a difference.

To further support this principle, Kerr focuses on the critical values that are successful for the All Blacks. But companies who also maintain their core values are those that stand alone, stand

apart, and stand for something. We all see evidence in many organizations. For the All Blacks the core values are three words: humility, acceptance, and respect. For the US Marine Corps, it is honor, courage and commitment. For Apple, it was empathy, focus, and im-

pute. What are your vision words? What is your story? What is your rallying point? As Kerr emphasizes, revolutions are started by words. For those entities that do not have a compelling story, the focus is on the need to change the story. The key criteria for creating a change story is fourfold:

- The story must be credible and relevant.
- It must be visual and visceral - compelling to the auditory, visual and kinesthetic receivers in our brain that must seize our hearts as well as impress our heads.
- It must be flexible and scalable easily as told around a campfire across the board room table. This implies the simple use of everyday language and ideas.
- It must be useful. Able to turn vision into action; purpose into practice; acting as a transfer of meaning between one domain and another; between your world and mine; between a leader and a lead.

For banks, strong cultures need a system of meaning that is understood by everyone, a language that binds the group together. This language must have as its foundation critical values so that the story stays credible and relevant.

What is the language within your banking institution? What is your mantra? How do you communicate it? Language is key.

XIII. Ritual -Ritualize to Actualize - Create a Culture.

For the All Blacks the ritual is the haka, the war dance that is done before every match. It is part of their culture. Culture is like an organism continually growing and changing in identity and purpose. It needs to be continually renewed and reinterpreted to give them new meaning. Inspiring leaders establish rituals to connect their teams to the core narrative, using the rituals to reflect, remind, reinforce, and reignite their collective identity and purposes.

Kerr emphasizes this sport-like business and diplomacy is warfare by other means. So it is unsurprising that the All Blacks culture of ritualism, symbolism, and narration is both relevant to business and also reflected in elite combat groups like the US Marines Corps.

Rituals make beliefs real and tangible. They make them a thing. They actualize them. Rituals can be organizational, such as casual Fridays, company picnic, or the annual Christmas party. They can be societal, such as the giving of gifts or flowers, the greeting of others, or using the word "hello" to answer the phone. And they can be personal. Rituals tell your story, involve your people, and create a legacy. Rituals make the intangible real.

Leaders can use rituals as a challenge to their opposition and to themselves, to add to the legacy, to exceed expectations, to embody a belief system. Wise leaders look for ways to ritualize their enterprise, to find the vivid visceral processes that bring their ethos to life. Our top banks create a culture. They create a family.

Ritualize to actualize!

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XIV. Whakapapa -Be a Good Ancestor. Plant Trees That You Will Never See.

Kerr states, “we are but a speck in the moment of time situated between two eternities...the past and the future.” Many of our decisions that are made, we will never see the full outcome of those decisions. True leaders are stewards of the future. They take the responsibility for adding to the legacy. Whakapapa in the Maori genealogy is the place of ascending order of all living things. Literally, it means to pile rocks and layers one upon the other so that they reach from the earth to the heavens and applies an eternal layering of our ancestors, our lives, our stories, and myths rising up from the beginning of time to the present moment and into the future. What a wonderful picture of building a legacy.

This principle is the highest expression of a team mindset. An old Greek proverb tells us, “a society grows great when old men plant trees whose shade they will never see.” Better people make better CEOs, entrepreneurs, bankers, private equity investors, lawyers, and advertising executives. We must leave our banks like the All Blacks leave their jersey --in a better place. We find that extremely meaningful when we are talking about succession planning with managements and boards, especially for entities that want to be there for a long time.

This also means how we treat others. We have always emphasized treating all of our partners with respect, and while some are focusing only on financial performance numbers, their success is often short term. If we treat all of our partners, whether they are share-

holders, directors, employees, officers, customers, regulators, vendors, or community, we are providing a service to others. Mohammad Ali said “service to others is the rent you pay for your room here on earth. But it is about more than rent. It is about respect. Honoring that with which you are capable of becoming, being great rather than just good, playing a bigger game and more expansive game, a more ambitious game.”

Being a good ancestor recognizes that our time is limited. Being a good banker in a legacy bank realizes that we are just stewards. Our greatest responsibility is to honor those who came before us and those who will come after us. To leave the bank in a better place is to be the caretakers of our own lineage. Our actions today often echo much beyond our own time.

Plant trees you will never see. Be a good ancestor.

XV. Legacy. Write Your Legacy. This is Your Time.

Kerr emphasizes that when a player makes the All Blacks they are given a book. It's a small black book, bound in fine leather and beautiful to hold. The first page shows a jersey, the 1905 original jersey. The next page is another jersey, that of the 1924 Invincibles; and several other pages follow that with jerseys. The next few pages of this All Blacks handbook remind you of the principles, the heroes, the values, the standards, the code of honor, the ethos, and the character of the team. The rest of the pages are blank, waiting to be filled. Those pages are to be filled by the new legacy.

As we set the strategic plan for many banks, it's a blank canvas. While there is a rich history within

many of our banks, there is a blank sheet that needs to be written for the future. A major question for many banks, what is that legacy? Maybe it is time to think about that!

Our top banking leaders think long and hard about that legacy and what type of organization they want to have, not just today, but in five years, ten years, or fifteen years. What is your legacy? What will mean the difference?

Sometimes leadership principles are very simple and can be expressed in a few words. However, understanding what those principles are and implementing them into your bank is another matter. We have written about leaderships for over twenty years in the “Directors Compass” and the reason is -- the success of a bank often is built on the kind of leaders within the board and management. Effective leaders build successful banks. Dysfunctional leaders or dysfunctional individuals do not have long term success. We can all learn from these fifteen principles on how to be better leaders and make a difference. Let's learn and move forward and, with that, create a successful banking enterprise, much like the All Blacks.

Gary Steven Findley, Editor