

Under the Spotlight

AN INTERVIEW WITH

DAVID ORNSTEIN

FORMER GLOBAL MARKETS COO
BARCLAYS

From outside the bubble

By Maurice Evlyn-Bufton (CEO, Armstrong Wolfe)



David is currently acting as consultant and advisor to growth companies in various markets. He was formerly at Barclays, where he held a number of roles in the Investment Bank, including as COO for Markets. During his time at Barclays David also had a number of other responsibilities including chairing the global regulatory change effort, leading cross-business functions (Strategic Investments, Market Structure, Front Office Risk and Controls, Trade Capture Utility), and several new business initiatives. He joined Barclays in London in 2004.

David began his career in the financial industry in 1994 at Bankers Trust in New York. He also holds a BS from the US Naval Academy at Annapolis, Maryland, and an MBA from the Wharton School at the University of Pennsylvania.

I first met David in 2006 when he was a director within Markets business management, working for Barclays in London. In the following 11 years I was privileged to see David's progression to be appointed Global Markets COO, which also saw David chairing the global regulatory change effort, leading cross-business functions (Strategic Investments, Market Structure, Front Office Risk and Controls, Trade Capture Utility), and managing several new business initiatives.

Throughout our relationship David proved to be a testing advocate of my work, offering insightful critiques and upon occasion praising my efforts to build a deep-rooted understanding of the role of the Chief Operating Officer.

Having also been in a key leadership position throughout the 2008 banking crisis, it was a natural to ask David to be under the spotlight for issue 1, The COO Magazine. More so, that David has been away from banking since his retirement from Barclays in 2017 offered an opportunity to secure his thoughts about the challenges facing his former peers and what should be their focus with some objectivity.

Setting the Agenda:

We have talked many times over the years and being fair to David, he has probably listened more than most to my meanderings. Perhaps with the passage of time and this understanding we were able to find common ground quickly on what was at the heart of this interview and to this end our discussion focused on two areas:

- What is the challenge for COOs as industry moves through this crisis?
- What will be required of COOs to meet the challenge?

The Challenge:

Firstly, we agreed that COOs will need to clearly grasp the compounded complexity of the landscape they will be working in as the industry finds its way to a new normal: In addition to an unprecedented operating challenge of managing a BCM situation outside of any previous BCM planning parameters and the gradual transition to a yet-to-be defined new operating model, they will at the same time be managing through stresses that will continue to ripple

through markets as the economic impact of the pandemic progresses, and they will be needing to implement changes in their own firms' business strategies that will arise from the crisis. These are the key challenges the crisis will present all banks at this stage

This complex multi-threaded problem will require more from firms' leadership cohorts. Whilst the rapid reaction and mostly successful deployment of staff to a work from home environment was largely executed successfully, the tempo and need for adaptation (for the COO) will now change and change to a higher and more complex tempo, argues David 'We have gone through the deployment phase and as we enter the recovery phase and look towards the working model of the future, the demands on the COO will multiply, as the COO must manage not only the operating platform's adaptation to the new world, but how these other factors, such as market stresses and changed corporate goals and circumstances, interplay with that new model'

When working to meet such demands whilst managing a reconfigured work force under what will inevitably be creeping

regulatory scrutiny, you can envisage the elasticity of any organisation's leadership being tested.

What will be required:

Given the management challenges described earlier, COOs will need to proactively adopt their styles to be consciously nimbler and more willing to act more quickly, as the risk of inaction will rise in this rapidly changing environment. Often COOs are the ones in an organization who need to emphasize due deliberation and syndication of issues, but as demands multiply they may conversely be the ones who need to call time on debate and demand a course of action to execute. The changing landscape will also require an overwhelming commitment to clarity and regularity of communication, particularly around strategic changes and impacts, and a conscious plan to increase management bandwidth to manage the interplay of operational, market, and corporate stresses.

One area of consideration for the increase of management bandwidth that we discussed was the idea of "battlefield promotions." While in this case we likely wouldn't be discussing actual changes of corporate title, COOs should consider how they can dynamically reconfigure their management teams to create the capacity to manage these simultaneous stresses successfully, for instance by deputizing capable leaders with cross-business responsibility for different aspects of the adaptation. In doing so, COOs should be mindful of what qualities will enable people to step up into these responsibilities despite the myriad new challenges and in so doing demonstrate effective leadership

We could leave it here, but this alone requires more investigation.

I asked David, to which he immediately replied, "This is the opportunity for empathetic leadership. What we are describing here with the need for much more leadership in more challenging circumstances is a 'leadership moment' – one of those times when you may be

given an opportunity to define or redefine yourself as a leader." This moment, the uniqueness of the present situation, would appear to be that instant for many in the COO seat.

Too often forgotten in banking in favour of technical expertise, leadership is now at a premium and the COO, often mistakenly positioned as working for the leader as opposed to being a leadership position in its own right, is at the centre of the leadership spectrum.

"Part of the personal evolution and malleability of a successful COO in a lengthy crisis is having the confidence to separate the letter of process from the intent and to be able to improvise to meet the intent, including relevant control considerations, without compromising other objectives through slavish and mechanical attachment to the letter of that process."

The point here is about explicitly adopting a thesis of how the management model needs to swiftly adapt to the new environment and accelerating delegation to empower enough management bandwidth to successfully navigate the transition to 'new normal.'

This is not suggesting modifications to actual promotion processes but rather focusing on the practical adaptations such as empowering members of one's management team with lateral responsibility for certain aspects of the overall adaptation effort.

Indeed, it is already a concern that middle to senior management are working towards a fatigued scenario, which is compounded by accommodating vacation and MTN obligations. Promotion in responsibility and empowerment could help alleviate or mitigate this scenario in part.

A question of leadership:

"A leader is like a shepherd. He stays behind the flock, letting the most nimble go out ahead, whereupon the others follow, not realizing that all along they are being directed from behind."

This quote from Nelson Mandela, is one of my favourite leadership quotes. A good leader knows when to lead and when to step back. Letting your team explore and implement their ideas can build trust, skills, and confidence. With the demands on leadership throughout this crisis, adopting this approach may help strengthen purpose and share responsibility.

From my own experiences from military service to commerce and working with the leadership of Financial Services for over 20 years, including through the 2008 crisis, I have always thought that finding the leaders of the future is a question of recognizing those people who provide leadership in a crisis; perhaps therefore we can surmise that tomorrow's COOs may well be born and bloodied in today's crisis.

David was always recognised for being a manager that valued his people but valued them not as a commoditised resource or a statistic but valued every staff member individually and saw it as the responsibility of management to nurture, develop and lead.

It is not surprising therefore that whilst our conversation dipped into micro and macro-economics and the regulatory and technological impacts, it is people, their welfare, their need for effective, decisive and considerate leadership that is the single thread that wound its way through our conversation.

I myself know Barclays staff of Lehman Brothers heritage that still today note how Barclays and David specifically managed the takeover and consequent integration of the Lehman franchise into Barclays with sensitivity and care for its people. There was of course the necessity to do so as this would manifest itself in the acquisition being a success or a failure. It was not, however, a given at that time that staff would have had a fair trial and transfer and be treated with respect as the vanquished, but compassionate and empathetic management of this process left an indelible mark on many and created respect and loyalty.

Similarly speaking, amidst the early stages of the COVID-19 crisis in 2020,

it will be how people are led, how they are made to feel and how they are directed that will be important. More so with clearly defined targets, the COO leadership team must demonstrate compassion and an appreciation of the human story unfolding and if so, this will determine how successful a COO will be recalled in the years to come.

Ironically, allowing for the working from home directive being adopted by most countries with a sizeable financial centre, David believes the COO needs to be more visible, accountable and more approachable than ever [throughout the crisis]. The COO will need to build a platform of confidence and respect in the executive and its decision making to help mobilise and migrate staff back to the workplace and office location, where there will invariably be continued uncertainty as to individual safety of each staff member.

It is the human touch aspect and the time spent by a COO in connecting 121 with those working in isolation that will differentiate this COO from others. Everyone in management is busy but making time for this task will pay dividend and have you noted as a leader and not just a manager.

John F Kennedy wrote *"When written in Chinese [rather ironically], the word 'crisis' is composed of two characters. One represents danger and the other represents opportunity."* It is the opportunity for leadership to triumph that is the message David appears to be advocating, an attribute rarely, truly tested, even less frequently called upon and now arguably needed more than any other attribute to help the industry through its most testing period in a generation.

