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People First

Grace under fire: Merging Merrill Lynch, BofA is a challenge for the ages

Maybe John Thain should have taken lessons in transition from President Bush

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Merging **Bank of America**, one of the nation's top commercial banks, with **Merrill Lynch**, one of the largest U.S. investment banks, was never going to be easy. With two such different corporate cultures, it was bound to be a classic attempt to mix oil and water. It's a poorly kept secret that investment bankers consider themselves far more valuable to corporate clients than their commercial banking brethren and, therefore, worthy of being paid in the multiples of their commercial counterparts. In all likelihood, it's this generally held attitude of superiority in the investment banking industry at the heart of the reckless behavior of John Thain, former chairman and CEO at Merrill Lynch.

First, there was the extravagant bathroom retrofit. Then, there was his dictating to BofA Chairman and CEO Ken Lewis that he was giving out millions in bonuses. Not to mention a poorly timed vacation in the last month of a crucial fourth quarter. These, capped off by his proclaimed ignorance that Merrill Lynch was billions more in debt than he initially stated, speak loudly and clearly to the fact that Thain had no respect for Lewis' leadership. This sweeping lack of regard both for his new boss, specifically, and commercial banking, generally, promised only one thing: massive instability for all involved.

Transfer of power

As the old saying goes, you can take the man out of the jungle but you can't take the jungle out of the man. Technology may march on, but we remain social animals, living in communities with finely tuned, deeply ingrained rules — and survival depends upon our cooperation. For a group to succeed, it's critical that we all know our place and our role within the group. In every

organization, there's a leader. That leader makes the rules, and we follow out of respect — and, in doing so, we create stability and ensure our collective longevity.

Examining his actions, we can assume that Thain's attitudes and subsequent behavior were based on his intrinsic sense of superiority — and his inability to appreciate shift in the power structure around him. Thain's failure to cope with that change has now cost him his career and his reputation. Today, he's virtually unemployable. The stockholders at BofA have lost billions. The American public is outraged at both Thain and the Merrill Lynch brand. By forgetting the time-honored principle that the No. 1 responsibility of outgoing leadership is to deliver the group intact, Thain not only has managed to sink his heretofore considerable fortunes, but he could well end up destroying the Merrill Lynch community.

Grace in action

At the opposite end of the social spectrum, the inauguration of our 44th president gave us all the opportunity to witness the height of graciousness during the ultimate transfer of power. While Bush and Obama clearly come from two distinct cultures, both men elected to act with the utmost of civility during their transfer of power.

Among the many acts of kindness, the Bush twins, Jenna and Barbara, left Malia and Sasha Obama a letter containing heartfelt words of advice. Their moving note encouraged their younger counterparts to make the most of their time in the White House — and to never lose sight, even when times are tough, that our new president is their father.

Along the same lines, Michelle Obama gave Laura Bush a leather-bound journal intended to inspire the start of the exiting first lady's memoirs. Our new first lady anticipated a need, responded to that need, and selected the perfect gift: ethical, respectful, meaningful and personal.

By putting himself, his ego, his bathroom and a \$1,400 waste bin before the good of his employer, Thain angered the world and risked countless lives and livelihoods with his refusal to be humble. As the news of his \$1.2 million redecorating spree spread, Americans watched two of the most powerful men in the world exchange the White House in a courtly manner.

Mergers and acquisitions are about groups of people uniting to further a common goal. With the right spirit of cooperation and a sense of shared humility, Merrill Lynch and Bank of America could still join together

seamlessly to become the leading bank in the U.S. Singular egos and a sense of entitlement need not apply.

Quick tips if you find yourself in a shift of power:

- Acknowledge the new structure: You have a new plan, a new boss, or a new owner.
- Communicate, well and carefully, your position and its benefit to the company.
- Publicly demonstrate your respect for the new leadership and its vision.
- Share and discuss — don't "inform" — your new-look management team.
- Temper your ego. Focus, instead, on your legacy.

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