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## **JACKSON BREAKS: DECISION MAKING AND LEADING ONESELF <sup>1</sup>**

*Should Jackson take the job offer and go to Wisconsin or not.?*

Jackson, known as Jack, ran out of his home office with a staggering leap. He was on his work-from-home day which is one out of five; a new approach on the Financial Sector to cut costs in the high-rising buildings of Manhattan, New York, USA. He does not have a nanny and his daughter was home from public school due to a Jewish holiday. He got a call from his commercial bank human resource manager Shelly Goldman. “Now that COVID-19 has subsided to a great extent, how do you feel about taking on a leadership role in Wisconsin?” she asked quite abruptly----almost expecting an answer on the spot. Jack felt a chill in the bottom of his stomach that ached. “Umm...” he said, “can I have twenty-four hours to think about it?” Shelly concluded “24 hours Jack, 24 hours, this is a great opportunity for you, Jack and, I need to fill this position quickly.” The phone went silent, and Jack was still in shock staring at his phone.

Jack called his wife in Seattle, who was away on business at an Academy of Management conference presenting a paper on Emotional Intelligence. Her response was not what he expected. “When do we make the plans for the move?” Jack did not know what to do at this point because he was very happy living in a high-rise in New York City overlooking Central Park. His daughter was in one of the best public schools in the city, mid-year of her eighth grade. Jack called his boss Maryann Victor, Senior Vice President of National Sales. “Maryann, I think HR wants to send me to Wisconsin.” Mary replied, “I need a solid emerging-markets sales person in Wisconsin. Jack, you will have thirty people reporting to you and your region will be in the Northeast. You are in the driver’s seat, it is your decision, your salary will go up by fifty percent and we will pay all relocation costs---including selling your apartment in Manhattan.”

Jack did not know if this was a good time for him to move but also realized that finding another job at this point in his career may be challenging. He is already fifty-three and chances of him finding a suitable job in the financial industry may take some time. His position as Customer Relationship Manager is thriving with twenty people under him now and his salary is working out well for him at \$180,000.

Despite his wife’s enthusiasm to find the road to riches and enjoy the extra income, he was wondering about his daughter’s school and his wife’s job-search to be a professor---which is her life goal and her Ph.D. was about to be approved at Yale University.

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## Coming up the Ranks

Jack's mother ran a German-American delicatessen on 57th street for twenty years and she had a reputation that was the best when it came to both baking and catering; his father was a Mortgage Bond trader who developed the products with Lou Raneri, a well-known Wall Street intrapreneur. Lou could take any mortgage and make it into a bond and trade it in open market. Success was imminent for Jack; from the time he was twelve, he sat on his father's lap while he traded bonds and spent the rest of the time at the deli making potato pancakes and bratwurst.

Jack's father was a great football player and had scholarships to Champlain University and Dartmouth but was called into World War II during the Army of Occupation. He saved four prisoners of war in a dungeon in Germany that he stumbled upon by accident. He was smoking a cigarette, the hot ash flew down the sewage grate, and he heard a loud scream from someone saying, "Ouch, help me!" He could not find his commander and all of his comrades were searching for German documents to collect war contraband and intelligence. He grabbed a crowbar and shimmered the grate open, threw a rope down and pulled each man up one at a time. They were frail, hungry, weak, and could hardly talk. He gave them water and whatever rations he had and waited for his commander to send help. Three helicopters came and took the soldiers to a German hospital. He received the Medal of Honor from President Truman. Jack's father always instilled in him a sense of leadership and helping people both above his level and above his followers to be the best they can be.

Jack was not as strong as his father in terms of football, but he was great at golf. He led teams of children from Bedford Stuyvesant in Brooklyn and created mentorships throughout the city of Manhattan and the surrounding suburbs.

Jack learned that he could develop leaders by using Situational Leadership created by Paul Hersey and Ken Blanchard. He knew when to push, when to pull back, and when to just let people strive on their own. He would use a telling style when people were new and needed a great deal of direction, pullback, and delegate when he knew the people had high skill levels. He also was aware of what he was good at and what he was not so great at and let others lead with their strengths.

## Flying High in April and Shot Down in May

Jack was working as a Bond Trader Assistant at Morgan Stanley right in the heart of the theater district when he got married. He interviewed with Merrill Lynch right before leaving on his honeymoon. While in Hawaii, he received a call from his recruiter. "Jack, they want you. Starting salary \$105,000 with a \$15,000 sign on bonus, want it?" "I'll take it!" Jack responded. Jack's wife was also excited since Jack was only making \$80,000 at that time. Jack was laid off three months later as Merrill began to feel the pangs of Wall Street Bond Trading coming to a screeching halt after Collateralized Mortgage Bonds dropped in rating and Lou Raneri's invention became unwound. The market flew to quality away from Mortgage Bonds and into the United States Government Bonds for safety. Jack remembers that time as daunting, being recently married, feeling a sense of success, and then turmoil. Luckily, for him, his boss Scott German gave him two months to search for a job. Jack hit the ground running with resumes all over the street. When he finally landed an interview, the recruiter said to him, "Jack, I am not sure if this is a good thing or not but I received four resumes from you for this position." Jack assured her that it was a good thing and pure enthusiasm but it was not. Jack sent resumes to everyone everywhere and sometimes could not keep track of how many were sent out in any given day. Although it was a challenging time for Jack and his wife, Jack felt that he had learned a great deal from the experience and perhaps would have

been better off staying put at one of the best investment banks on the street. It was a very valuable lesson for him.

Jack said to himself, “There is something to be said about taking on risk, knowing what your value is at all times, and continuously developing yourself.” At Morgan Stanley, Jack took sixty courses in one year, adding a ton of knowledge to his resume---upon joining his current firm.

“I remember my first day on the job at my firm. The human resource executive made his last presentation before retiring and it was so profound that I knew I was in the right place---I found a home.” Jack got into the Sales and Trading training, which is only for the pedigree intellectuals. He learned more in six months than he had learned in two years of his MBA at Yale, where he met his wife. After two years of rotation through equities and bonds, Jack knew his passion was in the Mortgage Bond area. He was the top trader and began running the trading desk. After two years as the leader of the Bond Trading desk, he was asked to run the customer relationship management team and work on client acquisitions and customer satisfaction. He interacted regularly with the top brass of the firm and became well known as not only a revenue generator but also a people person that could convince any client into placing their confidence and trust in the investment bank.

A year later, Jack was promoted to director of customer relationship management. He learned what leaders did well and what they lacked. He zigged when he had to and zagged when he needed to. He never lost an opportunity to learn to develop his leadership skills.

### **Becoming a Managing Director**

At age forty-seven, Jack was asked to lead his financial institution to a new level. He was in one of the worst performing units of the firm and he had to turn it around quickly. He used what he learned from two of his prior leaders Ellen Peterson and Kevin Roberts of Saatchi and Saatchi. Ellen was in the financial industry for years and made it to the top brass from hard work in the mortgage-trading desk as an intern during college. From there, she was asked to be an assistant mortgage bond trader and went to Harvard Business School. She used what is known in the academic and now corporate world as “Transformational Leadership.” She developed a sense of urgency in her people to improve the business unit. Kevin, at the time when Jack met him, was the CEO of Saatchi and Saatchi. Kevin made a presentation at the Academy of Management annual meeting that changed Jack’s perspective on leadership. Kevin taught Jack to be an inspirer---not just a leader. “It was happening so fast; there were so many great things said by Kevin. I took copious notes and I could remember it all---it was as if he was speaking directly to me,” Jack said to himself. One piece of Kevin’s presentation stuck with Jack throughout his career and still does today. The key point Kevin told the participants was that he swapped command and control for unleash and inspire. Jack put this on a plaque in his office:

**Inspiration unlocks human potential**

**Inspiration is non-coercive**

**Inspiration is non-hierarchical**

**Inspiration is viral and contagious**

**Inspiration builds to a tipping point**

## Beyond inspiration, there is magic

### Inspiration takes you from mediocre performance through High Performance to Peak Performance.

While Kevin felt that being a Manager or even a Leader is just another label but stepping up to being an inspirer of Emotional Intelligence is what it takes to lead, Ellen agreed with Kevin but added another component. Ellen felt that in some cases, transactional leadership was necessary to get the team or group started on the right track. Ellen used transactional leadership only when necessary because she felt that it is like placing a carrot-on-a-stick approach to leadership. Jack noticed that a renowned scholar trained Ellen by the name of Bruce Avolio. She used Bruce's four components of leadership:

**Idealized influence** when aiming to develop a shared vision and improve relationships with followers

**Individualized consideration** when they would like to concentrate on identifying employees' individual needs and empower followers in order to build a learning climate and mobilize follower support toward the goals and objectives at the senior organizational level

**Intellectual stimulation** to propel knowledge sharing in the company to generate more innovative ideas and solutions for new and demanding issues that come up constantly in our hypercompetitive economic environment, and;

**Inspirational motivation** to focus on inspiring people and not just treat them as human assets. This sets a higher level of desired expectations for them.

Jack found that these four dimensions of transformational leadership represents how an effective leader working in today's knowledge-based economy could develop and manage intellectual capital in large corporations.

Jack was looking at leadership from a new perspective now as his career began to move one level up. Jack remembers his days living in a suburb of Manhattan, a small island called Staten Island. His father was a great leader and supported his basketball league as coach, cub scouts as Cub Scout leader, and the baseball coordinator of a new league in which his father and his friends' fathers were all coaches. Jack remembers his father to be jovial and likable but even he knew his limitations. When Jack was sad from dating breakups, his father encouraged him to have a chip on his shoulder and realize his value of being a good kid with high integrity, handsomeness, and strength. Never doubting Jack's ability, his father would encourage only the best from him. In some ways now, Jack looks back at his father as a transformational leader.

## Reflecting on Jack's Motivation

"I am quick to make decisions and never look an opportunity with a shy eye," Jack always said about his motivations, and most of all, "I love to go beyond the status quo and do more and be more than my competitors." He learned this from a quote by Robert Iger, CEO of Walt Disney Corporation. Robert's quote was spot on.

*Optimism is a very very important part of leadership. People don't like to follow pessimists. -Robert Iger*

Jack had a plaque in his office by L. P. Jacks that said:

***A master in the art of living draws no sharp distinction between his work and his play; his labor and his leisure; his mind and his body; his education and his recreation. He hardly knows which is which. He simply pursues his vision of excellence through whatever he is doing, and leaves others to determine whether he is working or playing. To himself, he always appears to be doing both.***

Jack did not only learn from his father; his mother was a true leader also. She would organize and manage her delicatessen like a whirlwind. She always built Jack's self-esteem and was his biggest cheerleader. She had certain traits that Jack remembered: Integrity, Intelligence, Drive, Energy, and the Ability to lead and inspire people. Traits became a way of life for Jack. Jack analyzed his bosses, his professors, his uncle Joe the lawyer, and his aunt Mickey who ran a crew of women to help the United States win the War by working hard in the states to prepare the soldiers. He even learned from his Aunt Maria who, in Italy, was a victim of the German occupation. She taught him perseverance and determination to hold on to the last crumb to survive. When she experienced things that happened and told Jack, tears came down her eyes and Jack wept. His uncle Reid Diggs once told him about the slaves that he had in Virginia. Reid mentioned that they took his name and were like family---he was a proud slave owner. Jack disagreed with him and felt that all men and women should be free but Jack did remember the tear coming down from his uncle's eyes. Now, building his traits became an obsession for him. He accumulated as many as he could and he attempted to master each of them one at a time for perhaps a week and then move onto another.

Jack told his daughter of a leader that once said:

***“Be who...you were meant to be and you will set the world on fire.”***

Jack also told his daughter that there is nothing that she cannot be or do and that all she must do is go out and get it. He talked about entrepreneurship and what he experienced in his work, “Intrapreneurship.” Then he said there is a term he uses in the boardroom to motivate his followers. His daughter asked, “What term is that, dad?” Jack answered, “I would like to introduce a new term today called ‘Motrapreneur,’”:

***A Motrapreneur is someone who takes stock in themselves and sets up a personalized reward system for themselves, takes calculated risks, and is determined to stay on purpose by incremental improvement with the intention of creating a sense of intensity and direction coupled with a burning desire to live to their fullest potential.***

Jack's daughter Nicolette wanted to be an actuary from a very young age and planned to go to Penn State where her grandmother went and became a finance executive at Macy's department store worldwide. She wanted to help people save for retirement and manage insurance policies for people so that they can retire and enjoy life and travel the world. Jack encouraged her even though he wanted her to follow him in his own footsteps. He realized that she may change her mind and join him on the trading desk but he wanted her to have her own individuality and create her own destiny.

### **The Journey had Pitfalls**

While holding a prominent executive position as profit-and-loss analyst, a trader he supported held back the coupon on mortgage bonds but paid the finance charge. Coupons are income while finance charges are expenses. The trader was hiding the profit to offset losses that he incurred while trading the bonds. Jack was faced with a seventeen-million-dollar deficit. His boss called him into the office and told him, “I

am not going to be able to move you to the next level, Jack!” Jack failed early in his career but he learned from the failure and even though he thought all this documentation had a trail to some sought of success, somehow he did not see it.

Another trader hid money in the pricing of the bonds and later was determined to overprice bonds that actually lost money. Seventeen million dollars had to be changed in the balance sheet after the annual report was printed. However, the audit trail was built on brick and mortar, and he was correct, realizing it was his account and that the trader hid the money under his watch. He made an accounting error, but he did not do anything illegal. The Security and Exchange Commission came down on him hard as his bosses attempted to place the blame on him. He was interviewed and told what to say by his firm appointed lawyer for him in a conference room. He had a Harvard lawyer back him up in the conversation and coach him. The trader just walked off the trading desk and left Jack holding the problem alone. His bosses, also in trouble, held Jack out to dry by placing blame on him instead of the trader. The Security and Exchange commissioner was angry and yelled at Jack in the conference room. Nevertheless, Jack stood his ground and told the SEC official that he followed the rules and that the trader hid the money in the value of the bonds in a way in which he could not account for them based on current market sales and liquidation. If nothing was sold in this bond market, the value is relative and could not be calculated precisely. Jack was so ashamed that he knew that his career at this investment bank may have come to a standstill. It did not, however, and he survived. What saved him was his positive nature and his frank appellation at what took place and not what he did wrong but what the trader was trying to hide to save his own career at Jack’s expense.

Earlier in his career, when he first started out in profit and loss analysis, the person training him changed the cost price on the bonds in front of him. Jack told the person training him that he could not change cost prices on any financial assets because bonds are priced on a mark-to-market basis, but the person manipulated Jack to believe him. He had a convincing, aggressive personality and Jack did not know how to be assertive enough at this point in his career. However, behind the person’s back, Jack wrote a letter to his immediate boss but his boss decided to deflect on the memo and not address the issue---he also questioned Jack’s integrity. Jack could not defend himself because he had a strong respect for authority figures since his childhood. Three weeks later, the senior boss along with a crew of people came to realize that bonds might not be priced correctly. They found twenty four million in losses in his account due to the paper trail of changing the cost of the bonds. When Jack’s senior boss found out about it, he challenged Jack and looked at his work but realized that Jack had high integrity---the letter sent to his senior boss saved his career. His immediate boss was driving on a highway several states away when he heard the news and almost drove off the road. Jack blew the whistle, and the person was fired but that also left him feeling that not everyone is honest and has personal integrity. However, Jack realized that this was his faith and righteousness was his rock and he would never let someone manipulate him again like that.

### **Jack’s Decision**

Was Jack prepared for this new career to move one level up in Wisconsin? It was a pivotal move. One that could make or break his career. His wife was on board. He remembered the Peter Principle by Laurence Peters that said that all leaders rise to an occasion in which they fail. He did not want to fail.

The Wisconsin job would put him in charge of a larger span of control, double his salary, and help him prepare his daughter for her college years at an Ivy League school of her choice.

Jack heard that the word on the street is that if he took it, he was a success, but if he did not, he might as well remain a vice president for the rest of his life.

Jack knew his wife can find work anywhere, but what if her Ph.D. lands her a job at Yale, her alma mater or Harvard. Then what?

On the other hand, the new opportunity was a milestone to reflect on his success thus far. He had both depth and breadth now of the mortgage-backed security market and his clients loved him. This job was tempting and turning it down may make him look in mobilized and land-locked to New York City. Jack's boss Maryann texted him, "Jack, I know 24 hours is a short period of time but I need your decision or I am going with Tameka Watson. I want you to know that we still need a strong VP here if you decide not to go---your choice!" Tameka worked right next to Jack in the equities department; she did not know very much about mortgage bonds but Maryann knew a good manager would pick up the skill-set quickly and hit the ground running. Jack had a tough choice to make. Tameka was very competitive; she graduated from Harvard Business School with an MBA in finance, she was single, mobile, and would take the opportunity in a flash. She graduated top in her class in the Sales and Training program at the Investment Bank. Her mother was Secretary of State in the United States capital and her father was in the Senator for the State of Illinois.

As Jack looked as his daughter studying in the dining room with her music on, his thoughts raced across his mind. He just wanted his wife to come back from Seattle and give him a big bear hug. "Perhaps I will hug all both of them together, and include my Maltese dog Buddy," Jack thought.

## Authors



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