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On Focus and In Depth

With An Eye Past the Crisis, Banks Put Executive Shuffle in High Gear

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By [Sara Lepro](#)

James Wells channeled the voice of a generation in setting the stage for his adieu.

When SunTrust Banks Inc.'s chief executive announced recently that Chief Operating Officer William Rogers Jr. would succeed him in June, Wells said he was handing off the baton not only because of his approaching 65th birthday, but also because the financial services industry is at "a meaningful inflection point."

It is a good time for an "invigorated leadership team ... to guide SunTrust through the difficult economic, regulatory and political environments," he said.

Wells' planned departure illustrates a transitional moment in the financial services industry, when chief executives who likely stayed on longer than expected — to steer their banks through the crisis — hand over the reins. Coinciding with that shift has been a shuffle among other ranking executives, especially chief financial officers.

With the crisis squarely in the rearview mirror, but near-term growth prospects dim, banks are looking for how best to position themselves for the future. Experts say the timing is right for new leadership.

"Some of those individuals who may have been critical in stabilizing companies are not necessarily the same ones with the skill set to move it into a new direction," said Mary Beth Sullivan, a partner at the financial services consulting firm Capital Performance Group. "Those people brought those companies through arguably the most difficult period in the industry. They're tired and they may in fact not be the right people to move it forward in the right direction."

According to a recent report from the Chicago executive outplacement firm Challenger, Gray & Christmas Inc., 34 financial services industry CEOs had announced their departures through March, the third most of any industry this year after health care and government/nonprofit. That compares with 29 announced departures among CEOs at banks, credit unions and investment firms during the same period last year and in 2009.

Experts say the recent management changes differ from the turbulent, often urgent executive exits at several companies during the height of the financial crisis (see Kerry Killinger of Washington Mutual Inc. and Bank of America Corp.'s Ken Lewis).

In total, there were 169 CEO departures among financial services firms in 2008, according to the Challenger, Gray data, compared with 123 in 2009 and 124 in 2010.

Rather, the recent shuffles relate to banks' preparations for the so-called new normal. Sullivan contended that the departures are "unique to each bank in some respects." But at the same time, "we're in a different operating environment so you need different skill sets and you've got people who are understandably ready to move on."

Nowhere is this more evident than at SunTrust, where analysts say Wells, who has been at the company for more than 43 years, stayed on as long as he did to see the bank through its repayment of Troubled Asset Relief Program funds, which it returned to the government at the end of March.

"I figured this was a likely scenario," said Christopher Marinac, an analyst at FIG Partners LLC, "that Jim Wells would fight the fight on Tarp, and if successful — which he has been — he would transfer to Bill Rogers."

Marty Mosby, managing director at Guggenheim Securities LLC in Memphis, Tenn., said CEOs that may have been thinking about retiring before the crisis had to put plans on hold "because of the obligation to their companies. ... Now things are getting better so it's a natural time to make shifts."

Generally speaking, the changes have been a long time coming. KeyCorp's board, for instance, asked its CEO, Henry Meyer 3rd, 61, to start thinking about a successor almost two years ago. KeyCorp named Beth Mooney, 56, its head of community banking, as chief in November. She officially took over May 1, just a month after the bank repaid Tarp.

Changes at the very top have also trickled down to other posts, typically that of CFO.

Shortly after naming Rogers, 53, as CEO, for example, SunTrust said its corporate treasurer, Aleem Gillani, would become CFO. The former CFO Mark Chancy was placed in the newly created position of wholesale banking executive to oversee corporate and investment banking, commercial banking, treasury and payments services and other operations.

"CFO is a different animal," Mosby said. "As you get changes in your CEO positions, naturally those CEOs are going to want ... the CFO that is with them, working with them, who they have confidence in. Those two positions have to be really working together in order to be as productive as they can be. As you have CEO changes, that will also change CFO positions."

Naturally, there are cases where a CFO change occurs without a change at the very top. CFOs have been under an extraordinary amount of stress, having taken "the brunt of the financial crisis," Mosby said.

Howard Atkins, 59, abruptly resigned as the CFO of Wells Fargo & Co. in February. Wells said he was leaving for "personal" reasons, offering little explanation beyond that, but leaving plenty of room for speculation that there may have been a rift between him and the CEO John Stumpf, who has been at the helm of the San Francisco bank since June 2007. There were several aspects of the departure that were uncharacteristic of a planned, or at the very least, amicable transition.

According to Wells, Atkins was to go on an unpaid leave of absence immediately, but not officially retire until Aug. 6. His successor, Wells' chief administrative officer, Timothy Sloan, was named simultaneously.

Bank of America also announced a new CFO this year — its fourth in five years — appointing its chief risk officer, Bruce Thompson, to fill the space being left vacant by Charles Noski, who will step down in June after a year on the job because of the illness of a close family member. Noski was to move to B of A's headquarters in Charlotte, N.C., from his home in Los Angeles this summer, but the family matter would prevent him from doing so, B of A said. Noski will remain at the bank as vice chairman.

The revolving door at B of A has been particularly disconcerting to some analysts.

The changes underscore "the breadth and depth of the financial crisis and the fact that they were heavily involved in a lot of things that went awry," said Andrew Marquardt, an analyst at Evercore Partners. Though it seems circumstances beyond its control are the reason for the most recent CFO change at B of A, the bank's "turnover has been outsized," Marquardt said. "It doesn't lend itself to building confidence and credibility among investors and analysts."

Mosby sees it as B of A "still trying to evolve into the management team and the company that they want to become."

Bank spokesman Scott Silvestri said that Thompson has 15 years of senior leadership experience at B of A. "The management team is seasoned, experienced, diverse, stable and connected," Silvestri said in an email.

Other companies, like First Horizon National Corp., have announced executive management changes as they look for ways to streamline operations to better handle the slow economy.

Late last month, First Tennessee Bank, the main banking subsidiary of First Horizon, announced the retirement of three executives: Charles Burkett, 60, the president of banking; Frank Schriener Jr., president of the Southeast market; and Newt Raff, president of the northeast market, both 63.

Additionally, another executive, Mike Edwards, who led the Memphis/Mid-South region, recently left to pursue other opportunities, First Tennessee said.

Though the bank stressed that the retirements were part of a normal course of business, First Tennessee simultaneously announced certain operational changes "as part of an ongoing effort to improve productivity and efficiency."

Going forward, Burkett's responsibilities will be divided among three executives and the bank will be divided into three main regions instead of five.

"People's retirements are not only about when people want to retire," said Rod Taylor, the president of the executive recruitment firm Taylor & Co., which specializes in commercial banking. "It has a lot to do with the condition of the institution and the future plans of the institution."

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