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Symptomatic Leadership: The Impact of Changing Demographics on Global Business

LINDA L. RIDLEY
CUNY Hostos Community College

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This case was written by **Linda L. Ridley.** The events in this case are true; however, all names of individuals and companies have been changed. This case is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

Race is a social construct. Racism has its origins in symbol systems and mythology, resulting in a neurological misadventure. The only possible way to live healthily is a symptomatic existence, free of symbols.

Edgar J. Ridley
The Golden Apple: Changing the Structure of Civilization, Volume 1

SCENARIO

Lisa Stroud viewed the clear, night sky through the wall of windows surrounding her office on the top floor of a Manhattan office building. The tragic events of the morning washed over her – how was she to assist her company, Southern Fidelity Advisors, in navigating the aftermath of the terrorist attacks on the World Trade Center? The firm's management team primarily came from the Southeast United States, complete with that Southern mindset. They consistently exhibited a provincial focus, full of symbolism. This focus suggested that Southern Fidelity leadership was out of its depth in navigating the mean streets of Manhattan. Now, like every other firm in New York City, management had to go about the business of accounting for lost souls. As the New York City Manager, Lisa was stunned to find out that the firm's Human Resources department had no clear idea who their Manhattan employees were! HR was relying on Stroud, on the ground, to locate and identify the multiple business units and their staff, to establish a proper headcount. Although it had not even been considered by corporate leadership, Stroud knew a necessary next step would be to create a strategy for the business to develop and maintain resilience, also known as a Business Continuity effort, going forward.

HISTORY OF THE FIRM

In 1997, Landmark Capital Advisors signed a definitive agreement to acquire Jefferson Capital Management, a full service investment banking, brokerage and asset management company based in Charlottesville, VA. The acquisition accelerated Landmark's ability to provide equity underwriting to its growing corporate client base, while also expanding its services to individual investors. Founded in 1934, Jefferson was employee-owned, operating 126 offices in 19 states and the District of Columbia. The firm had nearly 3000 employees corporate-wide.

The new organization combined Landmark's powerful East Coast franchise, national corporate middle market client base and capital markets capabilities with Jefferson's well-established equity underwriting and distribution, merger and acquisition advisory and municipal finance capabilities. The new firm was known as Landmark Jefferson Capital Partners.

Subsequently, in 1998, Landmark Jefferson Capital Partners was acquired by Southern Fidelity Bank to develop a powerhouse that included retail brokerage, institutional capital markets, and investment banking. The combined firm, then known as Southern Fidelity Advisors, provided a broad range of retail banking and brokerage, asset and wealth management, and corporate and investment banking products and services to customers through 3,300 retail financial centers in 21 states, along with nationwide retail brokerage, mortgage lending, and auto finance businesses. Globally, Southern Fidelity served clients in corporate and institutional sectors through more than 40 international offices.

Throughout these corporate transitions, employees were jostled from one boss to another. Stroud's experience was no different. This was constant, unrelenting change for Stroud - each time she reported to a new manager, she found it necessary to reintroduce her skills and capabilities, rather than relying on her portfolio of accomplishments.

DESCRIPTION OF STROUD

Stroud was a striking woman of African-American descent. Tall, long-legged, she confidently strode the halls of the brokerage firm exhibiting a powerful internal locus of control. Her fashion choices were designer suits and shoes, accompanied by a French manicure. She had one feature which created a persona around her that everyone noticed – she wore her hair in its natural state. In such a parochial, conservative environment as was financial services, Stroud's decision to forego chemical hair straighteners, a typical symbolic expression of racial assimilation, was most unconventional. Indeed, it was common for female staffers of African-American background to approach Stroud timidly with a consistent utterance, "I wish I could wear my hair like that, but my boss wouldn't allow it." Stroud would consistently respond - "Do it, and tell your boss to call me". The staffers never took her up on it. That was a small indicator of the type of diversity paradigm present at Jefferson Capital Partners.

Stroud's immersion into the rarified air of financial services, where the majority of occupants were of privilege, could have been daunting for some. However, along with her consulting background, she was fortunate to have a husband who coached, educated, and supported her through her daily challenges. Stroud's husband was a businessman with global interests. Indeed, while traveling in London on business, Stroud's boss was amazed to view Stroud's husband being interviewed on an international business television program. What a small world it was.

STROUD'S EXPERIENCE

Stroud arrived at the financial services environment from an earlier stint with a boutique, global consulting firm. Her exposure to world cultures in her role as a project consultant and trainer prepared her well for the contradictions and challenges of corporate and investment banking.

Stroud joined Independence Capital's Equity Research Department, in Wilmington, Delaware, reporting directly to Pauline Eccles, a Managing Director of Equity Research. Eccles' ascension from senior equity analyst to head of equity research was impressive, given the parochial, old-boy environment present at Independence Capital. This was clearly due to her knowing her subject matter better than anyone analyzing equity stocks. A diminutive woman with poor communication skills, Eccles hired Stroud to provide a buffer between her and the administrative staff. Indeed, in this era prior to email, Eccles preferred to communicate by leaving yellow post-it notes on Stroud's chair to minimize verbal interaction. Stroud did not take Eccles' communications issues personally, and kept Eccles abreast of the challenges confronting the equity research department due to the rapid expansion.

Stroud's charge was to organize the staffing team for a growth spurt in the coverage of equity stocks. Equity research analysts provided in-depth analysis of chosen stocks on behalf of brokerage clients. Expanded coverage meant the hiring of additional analysts, the adoption of additional company names for the stock coverage list, and relentless publishing pressures on the staffing team. Once an equity analyst decided to "follow" a stock, the timeline to releasing the initial coverage report was immediately condensed, causing a potential bottleneck if the staffing team could not keep pace. Within a few months of Stroud's arrival, Eccles relinquished the leadership role, instead focusing only on stock coverage within her specialty area. The new

Director of Research role went to a senior equity analyst on the team, Jerry Randall, a Managing Director with an engineering background.

Although Stroud was accountable for shaping the staffing team for robust production, she hungered for increased corporate visibility. Stroud recalled a sage piece of advice given to her during a rare exchange with Eccles, which was *"Find a niche and fill it."* Eccles' words would resonate and prove invaluable for Stroud throughout her career.

The expansion of the equity research activity at Independence Capital, combined with increased brokerage strength, drew the attention of suitors. In 1989, Independence was purchased by Jefferson Capital Management, primarily for Independence's brokerage and equity research capability. The new combined firm became known as Jefferson Capital Partners.

As a result of the merger, Lisa Stroud's opportunities were only just beginning. True to the advice provided her by Eccles, Stroud continued her quest for a place of substance within the rapidly changing environment. Lacking a college degree, Stroud was originally hired as an Administrative Assistant, albeit in a supervisory role. Nevertheless, Stroud, within three months of her hiring, boldly renegotiated her role with Randall and obtained a promotion to Office Manager, to more accurately reflect her span of control and accountabilities.

STROUD'S ROLE EXPANSION

The merger of Independence and Jefferson naturally increased the spotlight on the equity research division. High visibility equity stock coverage was a significant driver for revenue production at all levels – retail brokerage, capital markets, and wealth management. Stroud welcomed any challenge to distinguish herself, and the gap in operations planning for future growth provided a plethora of opportunities. Jerry Randall relied on Stroud to display multidimensional operations expertise such that she was consistently requested to perform beyond her paygrade, often without formal portfolio. Stroud's accountability for triple-digit budget planning, resource allocation, hiring projections and facilities forecasting enabled Randall to concentrate on his own stock coverage portfolio while leading the department into a new era of growth. Her efforts led Randall to award Stroud the officer title of Assistant Vice President.

Following the merger of Independence and Jefferson, there was increased pressure on the legacy Independence teams to integrate into the Jefferson culture (or leave the firm). Randall chose to resign, which left Stroud reporting to a new Director of Research, Managing Director Christopher Lavery. Returning on a Monday morning from a well-deserved European vacation with her husband, Stroud was greeted by Lavery, who was unexpectedly visiting the Wilmington office. Lavery instructed Stroud to downsize the department, including staff layoffs, within the week. He then ordered her to immediately relocate to the Southeast to assume administrative management of the Equity Research department.

Lavery, educated at Wake Forest University, had a management style that was decidedly different from Randall's. His temperament allowed chaos to reign outside his closed door. For Stroud, this was a golden opportunity to exceed expectations. A much larger group of equity analysts and an expanded stock coverage list revealed multiple gaps to be addressed. Stroud's proactive personality combined with Lavery's laissez-faire leadership drew the attention of Derrace Kingsby, Jefferson's Head of Equity. Kingsby began to rely on Stroud to provide him with the relevant intelligence necessary to maintain order in the Equity Research department, as Lavery became increasingly withdrawn.

A vexing administrative issue for Lavery (and the ostensible reason for Stroud's rapid relocation) was the management of the only African-American employee within the department (prior to Stroud's arrival). Beverly Todd's computer skills were significant enough to enable her to oversee the department's technology issues. Notwithstanding Todd's obvious skillset, she was challenged to assimilate into the majority white environment, where considerable collegialism was essential in order to survive. It didn't help that Todd imitated Lavery's model, working with her door closed for a minimum of social interaction, only stepping out to resolve a user's computer issues. Todd exhibited classic signs of estrangement and marginalization due to a lack of recognition and regard for her skillset. She was experiencing what is known as "stereotype threat" experienced by African-Americans, and women in particular. Lavery saw Todd's challenges as requiring discipline, rather than an opportunity for coaching. As another woman of African-American descent, Stroud immediately recognized Todd's behavioral dynamic. Lavery needed Stroud to immediately step in to administer any potential discipline that might be required. These instructions were not articulated to Stroud; rather, it was an unstated inference that Stroud was all too familiar with.

As it happened, the Southeast offices of the legacy Jefferson team needed considerable technology improvements, starting with personal computers for the equity analysts. Jefferson's Equity Research department existed in a totally Macintosh environment, which essentially isolated them technologically from the rest of the firm. Despite cajoling and even threats of non-support from Jefferson's technology support teams, the need to upgrade to IBM PC's for consistency had been a lingering capital project with no owner. Stroud swiftly formed a liaison with Jefferson's technology leadership to author a capital expenditure proposal for presentation to the Board of Directors. Stroud was careful to utilize Beverly Todd's skills in cataloging user activity and needs. The project was a perilous undertaking for a number of reasons: shifting high-powered equity analysts to an unfamiliar technology platform required significant internal marketing as well as considerable training. Equity analysts with stocks under coverage could not be held hostage to technology – the stock market drove publishing schedules. Down time was a non-negotiable variable that had to be mitigated. Typical of his feckless leadership, full of fear and rejection, Chris Lavery informed Stroud that her proposal for funding to the Board of Directors was hers alone – said Lavery, (right before she walked into the Boardroom) "If you fail, it's on you. I don't want anything to do with it." Notwithstanding Lavery's anxiety, Stroud's presentation to the Board was a rousing victory – she received an immediate six-figure approval for funding. Concurrent with the purchase of the new PCs, she implemented a robust training program that was individualized for the equity analysts to provide them the comfort they needed to be productive. Lavery's relief was palpable –Stroud's performance before the Board of Directors, along with the successful project implementation, gained her a promotion from Assistant Vice President to Vice President.

STROUD – THE SUPERWOMAN

Although Stroud made it look easy, her daily life required considerable energy investment to fend off the stereotype. The only African-American woman manager, she was dealing with white males who not only had non-working wives, but typically only dealt with African-American women as domestics in their household. With the relocation from the North to the South, Stroud conceded to adapt her accent to accommodate the regional hearing sensibilities. Stroud prided herself on her diction – indeed, Harvard-educated Derrace Kingsby was fond of telling her that "you speak the King's English better than I do!". Notwithstanding, her new colleagues fondly referred to 'those Northerners' as speaking so fast it was hard to understand them. Stroud adapted her speech pattern, incorporating a slight Southern twang along with a slower speaking pace to enhance her communications. She did find it challenging when she was repeatedly asked if she'd had a chance to visit the region's former slave plantations, a popular Southern tourist attraction. Or, she would grit her teeth when the head of Institutional Sales, David Lutz, expressed his frustration with fair hiring practices; he complained that he would find it easier to fill an empty Sales slot if only he had a "crippled, Black woman" so that he could check all of the diversity boxes. Although her visceral inclination was to lash out at Lutz, Stroud advised him that his remarks were inappropriate and ignorant.

Stroud's strategy was high-level performance, exhibiting as perfect a veneer as was possible. She was constantly overloaded; easily working 65-70 hours weekly. This behavior was consistent with what research describes as a "myth of unshakability".[1i] Stroud didn't want to complain for fear of being thought incompetent. After all, it was investment banking. The analysts and associates all worked long hours. Stroud did notice that senior leadership always went home for dinner, however. In fact, Lavery never seemed to be in the office when Stroud came in on Sundays.

As might have been predicted, just a few months after Stroud relocated to the Southeast, Chris Lavery was replaced by Alan Linell, a Managing Director hired back into the firm. Linell, a seasoned equity analyst educated at Princeton, had formerly been with Independence Capital, but left under Jerry Randall's leadership. Incongruously, Stroud and Linell had previously worked together. Linell told Stroud, "One of the reasons I accepted this position was because I knew you could help me run it." Those words turned out to be prescient.

Transitioning to her fourth reporting manager in less than two years was par for Stroud. First, she had to disabuse Linell of the notion that she would be his administrative assistant. Linell made the assumption that Stroud's skillset was clerical, with no strategic thinking attached. (Stroud resolved that dilemma immediately by quickly hiring a support person for Linell.) As it turned out, Lavery's leadership style was preferable to anything Linell presented. Linell was immediately consumed in his role as Director of Research. He knew the equity markets cold; but leadership and operations were foreign to him. His mandate was to expand the department's coverage, which included recruiting senior equity analysts in new coverage areas. The capital markets competition was heating up at a rapid pace in the mid-1990's, and Linell needed new blood to build and sustain a competitive advantage. Stroud was tasked to create a vision for operational expansion, since Linell *did not know where to start*. Stroud designed a multimillion dollar budget and strategic plan that provided Linell the latitude to recruit high-powered analysts proficient in the hot coverage areas who could collaborate with investment banking for potential deal making. It became quickly apparent that the preferred talent was primarily available in the Northeast, in particular, New York.

Linell was overly reliant on Stroud as he depended on her to conceal his lack of leadership skills from the rest of the department. Meanwhile, Stroud's increasing visibility contrasted by no undergraduate degree became a nagging challenge. Counseled by her ever-supportive husband, Stroud applied to graduate school, even though she had not completed all of her undergraduate credits. Not only was she accepted at the renowned University of Virginia to pursue an MBA, Linell agreed that the firm would underwrite her entire tuition as reciprocity for her stellar work performance. After all, as Linell happily informed Stroud, "You're so good, we don't even think of you as Black." Needless to say, Stroud seized the opportunity to educate Linell on the symbolism of his observation.

Adding graduate studies to an already full plate stretched Stroud's abilities, but she persevered. Consistent with her quest to discover new areas of proficiency, Stroud began researching a new phenomenon – the World Wide Web. As she educated herself about its capabilities, she began boldly sending interoffice notes to no less than the CEO of Jefferson Capital Partners, Dan Briggs. She would clip an article from a computer magazine and attach a sticky note to it, for instance – "What do you think? Isn't this something we should consider?" Briggs was so intrigued that he asked Stroud to head a task force to explore the viability of the firm building an Internet presence. Stroud teamed with the Head of Marketing to do just that, allowing the firm to become an early adopter.

In the meantime, Stroud became a classic 'toxic handler' running full-time interference between Linell and the rest of the department. [ii] His intimidating, controlling style quickly instilled a culture of fear and reprisal within the department, possibly to obscure his shortcomings. Employees went out of their way to avoid his volatile, hair-trigger temper. He used information as a political tool. Stroud was continually beseeched by Linell's direct reports, senior analysts and staff alike, who would ask her to translate Linell's temperamental outbursts. It was common for Linell to actually throw furniture if a stock price dropped. The support staff existed in tears most days of the week, experiencing stress that actually required therapy. The senior research analysts simply avoided him as often as possible. Indeed, Stroud was the one individual whom Linell dealt with respectfully, no doubt because Stroud would not tolerate any other level of communication. Stroud did have concerns that the relationship between her and Linell bordered on what the literature refers to as a "mammy" syndrome – she seemed to continually be assuaging his ego, listening to his woes regarding his wife and family, and explaining him to others. [iii]

Meanwhile, financial equity analysts in the mid-1990's were in high demand – they could name their own price. Stroud audaciously suggested to Linell and equity management that the time was overdue for Jefferson Capital Partners to have a New York City footprint where the competitive talent resided. A conundrum ensued: This talent was consistently adamant in resisting a move from New York City to the Southeast. Every potential recruit requested, as part of their package, that they be allowed to remain domiciled in New York City. As a result, although Linell repeatedly insisted that "we will never be in New York", he relented slightly to Stroud's suggestions. Stroud partnered with Jefferson's Facilities team to lease office space in Manhattan to accommodate those new senior recruits who resisted relocating to the Southeast. Of course, every new senior analyst hire came with a support team of analyst assistants, administrative assistants, etc., the size of which then drove the leasing of several hundred square feet, one-off. This activity required Stroud to travel frequently to New York City to oversee operations of these mini-offices. Despite Linell's earlier insistence that the bank would "never be in New York", there were equity analysts in different offices, with duplicate and triplicate support and operations expenses. Finally, as Stroud predicted, the Facilities team ultimately leased several floors of a Manhattan high-rise and consolidated the teams, In the meantime, Linell's lack of leadership effectiveness meant that Equity Head Kingsby continued to depend on Stroud for department intelligence.

Needless to say, Linell's reign was short-lived. To accelerate the expansion in equity coverage, Jefferson's capital markets leadership made a lateral acquisition of a small equity capital group located in Chesapeake, Maryland, a team rich in institutional sales as well as trading depth. Linell celebrated the acquisition - not only had he formerly worked with this same group and knew all of the players, but he was consulted by Jefferson's equity leadership when the deal was first proposed. He was thrilled to be on the inside of such an exciting acquisition. Linell was obviously not privy to an important detail: the deal was structured to remove him as Director of Research. The new Head of Equity Capital Markets named in this acquisition was Joey "Chick" Peterkin, a former colleague of Linell's, and also a former U.S. Marine with a take-no-prisoners management style. Peterkin abruptly announced Linell's removal as Director of Research at a daily staff meeting broadcast on video to all the division's offices; rather than accept a demotion, Linell resigned on the spot.

Meanwhile, Stroud had adopted a schedule of weekly flights to manage the one-off sites in New York City. With the sudden resignation of Linell, Stroud's role became a question mark, given that she was considered Linell's right hand. However, Joey Peterkin needed time to establish a management team of his own. For an interim period, Stroud's reporting relationship was shifted to Tony Goldwyn, Managing Director, who replaced David Lutz as head of Institutional Sales. It was at this juncture that Stroud launched her strategy for a much bigger presence.

STROUD, THE VISIONARY

Simultaneous with the acquisition of the Maryland team and the departure of Linell, Jefferson's fragmented New York City presence was reaching a boiling point. Goldwyn, salesman that he was, had a short attention span for inside operations. He was very open to any ideas to make that part of his job simpler. Stroud boldly suggested that there needed to be an operations manager (preferably at the Managing Director level) responsible for *all* of New York City, and that she should be that person. She called this role a "City Manager". Stroud did significant due diligence, researching comparable worth in competitive firms. Goldwyn was amenable; but Joey Peterkin was unwilling to commit to Stroud's vision, notwithstanding her reputation and high visibility. As a result, Stroud continued her work without portfolio, as it were. Not only was she now commuting weekly to New York to implement operations, she was spending the entire week there, as opposed to a day or two, all while she continued her MBA studies in weekend classes.

Stroud was not deterred by Peterkin's reluctance to accept her proposal. She simply kept emphasizing the gap at every opportunity. Once Peterkin aligned his team, he shifted Stroud's reporting from Goldwyn to his CFO, Rudy DiFrancesco. Rudy, a recent retiree from the U.S. Navy, zeroed in on the New York operation, given its rising visibility, and began to scrutinize Stroud's immediate environment. By now, the New York City equity team consisted of dozens of research and trading teams. All of the department heads (who were all Managing Directors) were very familiar with Stroud, and relied on her for operations synergy. She could turn in any direction and receive an endorsement. When DiFrancesco traveled from Maryland to visit the New York City offices, he received nothing but plaudits regarding Stroud. This didn't keep DiFrancesco from handcuffing Stroud, with the admonishment, *"Don't forget: you don't have Big Daddy here to watch over you. So you need to be careful."* Subsequently, DiFrancesco reviewed Stroud's ballooning travel expenditures and ordered Stroud to discontinue commuting immediately and move closer to the offices in New York. Stroud was savvy enough to swiftly negotiate a relocation package that would allow a smooth transition to New York City. As it happened, Stroud's husband had a virtual consultancy that took him in and through Manhattan for his business activities, so the relocation was a non-event for him. He only needed proximity to an international airport, of which there were plenty in the New York City area.

Stroud continued pursuing her proposal for a "City Manager" functional title to be assigned to her. Both Peterkin and DiFrancesco expressed bewilderment as to why Stroud thought she would even be considered for such a role. They peppered Stroud with clarifying questions repeatedly. With great patience, Stroud presented her proposal in several different ways, complete with quantitative justification from Human Resources, comparable worth data from Payroll, as well as testimonials and endorsements from New York City department managers. Stroud was not oblivious to their foot-dragging (whether the hesitancy was due to gender or racial bias, Stroud didn't waste time considering). Clearly lacking was a senior leader who would own Stroud's project and sponsor her.

STROUD FINDS A SPONSOR

By 1998, the firm consummated yet another merger: Jefferson Capital Partners merged with a Southeast bank, Southern Fidelity Bank. The combination became known as Southern Fidelity Advisors. This union catapulted the bank into the stratosphere to become the leading retail bank presence on the East Coast and the fifth-largest full-service retail broker-dealer in the United States, based in Atlanta, Georgia. Southern Fidelity already had offices on the New Jersey and New York coastlines which then needed to be integrated. With this latest alliance, Stroud was now not only interacting with leadership from the equity capital markets teams, but also the general bank, wealth management, and trust departments (Exhibit C). The CEO of Southern Fidelity Advisors, Robert Boyd, was an affable leader who was accessible to his employees. He was a humble man, always open to learning new things; he was not above asking a stock trader to "explain to me what you do." With the merger, Boyd began to visit the New York City offices frequently – he and his team easily relied on Stroud to navigate the city landscape for them, including introductions to Manhattan organizations, both non-profit and political. Stroud took advantage of one-on-one interaction with Boyd to pitch her proposal for officially recognizing the City Manager role, complete with the quantifying, supporting data from human resources and payroll. Boyd endorsed the idea verbally and encouraged Stroud to pursue it up the food chain. Someone or some department had to own the position. Stroud not only needed champions like Boyd, she needed sponsors as well. Notwithstanding the many department heads that relied on Stroud's skills, Stroud needed a senior leader to step forward and own the proposed role.

In the meantime, Southern Fidelity Advisor's Corporate and Investment Banking (CIB) division was led by Jack Traynor, a dashing Columbia University-educated banker with deep Mergers & Acquisition expertise. Traynor, among his many responsibilities, was very serious about employee service, such that he was the leader of the division's Diversity Council. He judiciously made room in his schedule for all Diversity Council meetings, setting a model of commitment to be admired. Stroud became exposed to Traynor when she was inadvertently tapped to join the Corporate and Investment Banking (CIB) Diversity Council by Rudy DiFrancesco. DiFrancesco told Stroud that his original selection was a female Managing Director on his team, but she had refused the assignment. (Although it went unsaid, this woman was a closeted lesbian. There was no question that the diversity paradigm within Southern Fidelity Advisors would in no way permit this employee to come out. She declined the invitation for fear of any disclosure). Stroud relished the opportunity for more visibility and began reversing her travel routes – Council membership meant frequent bi-weekly trips to Atlanta.

Stroud enjoyed her participation on the CIB Diversity Council – the meetings required identity-group representation at all times, which opened the door for more authentic conversations. Before speaking, all participants identified themselves, as in Stroud's case, "I am a heterosexual African-American woman". One of Stroud's Diversity Council colleagues confided to Stroud during a meeting that he felt tremendous conflict. As a "white, male, homosexual", he was married to a male. However, when servicing the bank's clients, he was absolutely required to represent his wedding ring otherwise. For instance, when clients commonly inquired about his wife (as in, 'what did you and your wife do this weekend?'), it was essential that this gay banker avoid correcting the client if he wanted to keep his job.

This is because, no matter how stimulating and revealing the dialogue among participants in the closed setting of the meetings, there was always an admonishment that the information was not to leave the room. Outside the Diversity Council, race and gender were not discussed openly in the full organization; severe penalties were incurred for attempts to address issues that were informed by race or gender. In the larger community of the organization, it was understood that there were no differences among employees, and, as such, there was no need to address management challenges caused by a lack of understanding of diversity. The contradictions could not be starker. There was no wonder that, after an employee survey was conducted, the responses were revealing and significant in their acknowledgement of marginalization by employees of difference.

It was during this period that Jack Traynor hired Francine Waring, a Managing Director, as leader of CIB Technology. Waring, an African-American woman with a 25-year pedigree from a global Manhattan bank, was responsible for assuring the sophisticated trading, derivatives and arbitrage systems were operating in full force. She would be the first African-American woman hired at the Managing Director level at the bank. For Stroud, this was a game changer. Waring's sphere of influence naturally included Stroud's footprint in New York City. When Waring became aware of Stroud's continuing quest to formally create the "City Manager" role, she immediately assumed accountability for sponsoring the proposal through the leadership ranks. Finally, following an email campaign initiated by Waring, accompanied by the thorough research and presentation authored by Stroud, the role of City Manager was authorized. Jack Traynor immediately signed on to have the role officially absorbed into CIB. Stroud's span of control expanded exponentially (Exhibit D). The speed at which the approval occurred was notable, considering how long Stroud had been arguing her case prior to Waring's arrival. As proof of its validity, the role was then replicated throughout the country in six states and Canada.

By now, Peterkin (who reported directly to Traynor) had built out the new organizational structure for his division, and Stroud's reporting relationship shifted from DiFrancesco to Anthony Hopkins, the Chief Administrative Officer for CIB. As noted above, Hopkins expanded Stroud's span of control, adding several direct reports as well as increased operational responsibilities. As an icebreaker with Hopkins, Stroud excitedly shared with him that she was seeking her MBA; Hopkins' response was only an inexplicable "I don't know why you would want to do that." Stroud was unclear whether he was dissuading her, diminishing the effort, or both, but she didn't inquire. She was unsure why he was inferring that an MBA degree would have no bearing on her future. Ironically, shortly after Stroud began reporting to Hopkins, he left the firm to relocate to California. Stroud was now reporting to Francis Reynolds, a young manager with little skills in Operations. Reynolds relied on Stroud to deliver high performance from the New York City offices. Stroud was accountable to all of the New York senior leaders, so she was essentially within a matrix organization, inasmuch as she needed to assure all the leaders' discrete needs were met. This included facilities planning, technology support, human resources projections and hiring, etc. Inasmuch as the New York senior leaders did not collaborate on their requirements (try getting the department heads of Trading and Investment Banking to agree on resource needs), Stroud used her considerable skills to negotiate win-wins for all players whenever there was a conflict. Additional challenges were immediate human capital needs that were poorly defined, misunderstood, or inadequately triaged by the Atlanta Human Resources department. For instance, a particularly gnarling dilemma was the desire of the Trading teams to bring in quantitative analysts with skills in complex derivatives. Talent such as this frequently hailed from outside the United States, commonly India. A major impediment was the need to obtain H1B visas for these new hires. However, as was not unusual, Human Resources had no experience with this layer of regulatory complexity, and they in no way were equipped to resolve the predicament in the speedy fashion required by a Manhattan trading floor. Stroud facilitated the relationships with the U.S. Immigration and Naturalization Service to expedite the documentation required. This was a typical Stroud marvel that allowed business to continue unabated. Leadership like this inspired Reynolds to promote Stroud from Vice President to Director.

Of course, after the arrival of the foreign-born employees, Stroud had to integrate the new hires and discourage the white male trading teams from attempting to change their names. The cries of "What shall we call you? Bob? Jim?" as replacements for foreign names with multiple syllables, was an accepted practice that Stroud emphasized should be discontinued. Symbolically changing someone's name is the first step in removing their identity, and Stroud educated the teams accordingly.[iv]

By mid-2001, consistent with Stroud's earlier prediction to Linell that the opportunities would always be in New York, Southern Fidelity Advisors had a passable presence in Manhattan. There was a robust trading, investment banking, and equity research team; as well as a wealth management, trust, and general bank presence. There were still challenges that were slowly being uncovered, not the least of which was that the footprint was still undefined. The presence of multiple, discrete offices only reinforced the confusion at the home offices of Southern Fidelity Advisors. However, no one could have predicted such an event as September 11, 2001. Having to manage the impact of the tragedy brought Stroud her biggest challenge yet.

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David Thomas and Robin Ely, *Making Differences Matter: A New Paradigm for Managing Diversity*, **Harvard Business Review**, September-October 1996.

EXHIBIT A - TIMELINE OF KEY EVENTS

1985	Stroud arrives at Independence Capital in Wilmington, Delaware, as an Administrative Assistant managing a team of ten staffers – reporting to Pauline Eccles, Managing Director and Director of Equity Research
1985	Three months after her arrival, Stroud's reporting is shifted to Jerry Randall, Managing Director, who takes over as Director of Equity Research from Eccles
1989	Independence Capital is purchased by Jefferson Capital Management – new name is Jefferson Capital Partners, headquartered in Charlottesville, VA
1989	Stroud promoted to Assistant Vice President by Randall
1990	Jerry Randall resigns; Stroud's new manager is Christopher Lavery, Managing Director and Director of Equity Research
1991	Lavery orders Stroud to downsize Wilmington and relocate immediately to Charlottesville, VA
	Stroud promoted to Vice President by Lavery
1993	Lavery replaced by Alan Linell, Managing Director and Director of Research
1997	Landmark Capital Advisors acquires Jefferson Capital Management – new name is Landmark Jefferson Capital Partners
1997	Landmark Jefferson Capital Partners acquires a small team of equity salesmen and traders – the deal is predicated on allowing the new team, headed by Joey Peterkin, to lead Capital Markets. Alan Linell is displaced; Stroud's new manager is Tony Goldwyn, Managing Director and Head of Institutional Equity Sales
1998	Southern Fidelity Bank acquires Landmark Jefferson Capital Partners – new name is Southern Fidelity Advisors.
2000	Stroud's reporting is shifted from Tony Goldwyn to Rudy DiFrancesco, Managing Director and Chief Financial Officer for Capital Markets
	Stroud's reporting is shifted from Rudy DiFrancesco to Anthony Hopkins, Managing Director and Head of Administration
2001	Anthony Hopkins resigns; Stroud's reporting is shifted to Francis Reynolds
	Stroud is promoted to Director by Reynolds
	Stroud obtains a sponsor in Francine Waring, new Managing Director and head of Technology. Stroud's organization expands to 100 employees.

EXHIBIT B – VITAE OF LISA STROUD

LISA STROUD

Multidisciplinary leader with experience leading internal client services in the financial services industry; proven results in positioning organizations for growth and expansion.

CHANGE MANAGEMENT ● DIVERSITY ● BUSINESS CONTINUITY

SUMMARY OF QUALIFICATIONS

- **MBA**
- Expertise in P&L accountability, strategic planning, crisis management, internal client services, cost containment, and process improvement.
- Strong skills in driving change and innovation, promoting strategic initiatives, and achieving results through cross functional teams; exceptional analytical, written, and verbal communication skills.
- Computer Proficiencies: Microsoft Word, Excel, Outlook, PowerPoint, Publisher, Project, and Visio; familiar with numerous financial applications, including Bloomberg, FactSet, ClientNet.

CAREER HIGHLIGHTS/ACCOMPLISHMENTS

- Conceptualized and presented to senior leadership a persuasive proposal to create new position that would serve to coordinate operations synergies across multiple lines-of-business (LOBs) – proposal was approved and the position replicated in five major metropolitan cities – implementation of this new role/position resulted in a **savings to the firm of $1.25 million.**
- Initiated successful technology conversion and upgrade that required $200,000 capital expenditure approval by the Board, psychological buy-in by employees (who were being asked to convert from Mac to PC), and comprehensive training for all users – conversion resulted in a **25% productivity increase among research analysts.**
- Instrumental in leading collaborative effort between Technology and Marketing to construct both Internet and intranet websites, enabling wider communication efforts and customer account access – **produced ROI of more than 500%.**

PROFESSIONAL EXPERIENCE

DIRECTOR, CORPORATE & INVESTMENT BANKING

- Responsible for administrative functions within the Corporate and Investment Banking (CIB) line-of-business (LOB) in New York, California, Massachusetts, Illinois, Missouri, and Toronto, Canada.
- Managed annual budget of $1.4 billion as well as development and administration of corporate and LOB policies and procedures.
- Collaborated with senior Manhattan leaders to create synergies and improve processes within several operational areas in discrete lines of business, encompassing:
    - *Human Capital* – Liaison between HR specialists and business units; assist multiple business units with ongoing staffing needs – conduct searches,

interviews, screenings, and coordinate interview schedules among business unit heads and their teams; direct supervision of support teams within designated business units, including performance assessment and discipline; advisor to senior leaders regarding personnel policies;

  - *Real Estate* – Assist Corporate and CIB (Corporate & Investment Banking) Real Estate with city-specific space planning – facilitating communications, maintaining open pipeline to Relationship Managers to assist them in navigating competing growth plans between business units. Typical example would be relocation of multiple business units and/or expansion of trading floor. Frequent liaison between property management consultants and occupied buildings.
  - *Technology* – Liaison between business units and technology support group to relieve bottlenecks and facilitate repairs and installations during ongoing building of branch infrastructure and interim space re-allocations.
  - *Business Continuity* – Point person for technology management and business units to ensure consistency of compliance with health and safety efforts, maintain dialogue with security services regarding most current initiatives and policies for crisis management; provide ongoing guidance to employees.

VICE PRESIDENT, EQUITY RESEARCH

Managed 135-employee department with $16 million annual expense budget; supervised 30 direct-reports, including performance management activities, salary planning, recruiting, and ongoing training/coaching. Drove departmental strategic planning that included hiring projections, training/development of new associate analysts, and technology upgrades.

PROJECT CONSULTANT
MILLENIUM GLOBAL CONSULTING
International management consulting firm focusing on change management and organizational behavior practices for global productivity; clients are global, throughout Asia and Africa.

- Conducted ongoing research to support development of unique consulting methodology that focuses on modifying the mindsets of management and workers regarding productivity.
- Facilitated training seminars to address the unique challenges encountered by women in business for audiences of women entrepreneurs from Malaysia, China, Fiji, Thailand, and Pakistan.
- Increased firm's revenues 100% through relationship building with international productivity organizations, such as the Asian Productivity Organization out of Tokyo, Japan.

EDUCATION

MASTER OF BUSINESS ADMINISTRATION
University of Virginia, Charlottesville, VA
Admitted to Executive MBA program based on portfolio of accomplishments and undergraduate credits completed

PROFESSIONAL/VOLUNTEER AFFILIATIONS

United Way - Member of Program Committee
Advisory Member-Women United in Philanthropy, chaired annual fundraiser
Successfully led multi-year corporate fundraising campaigns
YWCA – mentoring and employment coaching to Women's Empowerment Network
Co-head, **LOB Women's Initiative** and **African-American Networking**, CIB
National Political Congress of Black Women: Charter Board Member
Coalition of 100 Black Women, Founder and Co-Chair of World Affairs Committee

EXHIBIT C

SOUTHERN FIDELITY ADVISORS

MANHATTAN POPULATION GROUPS

Approximate Head Count – 3367

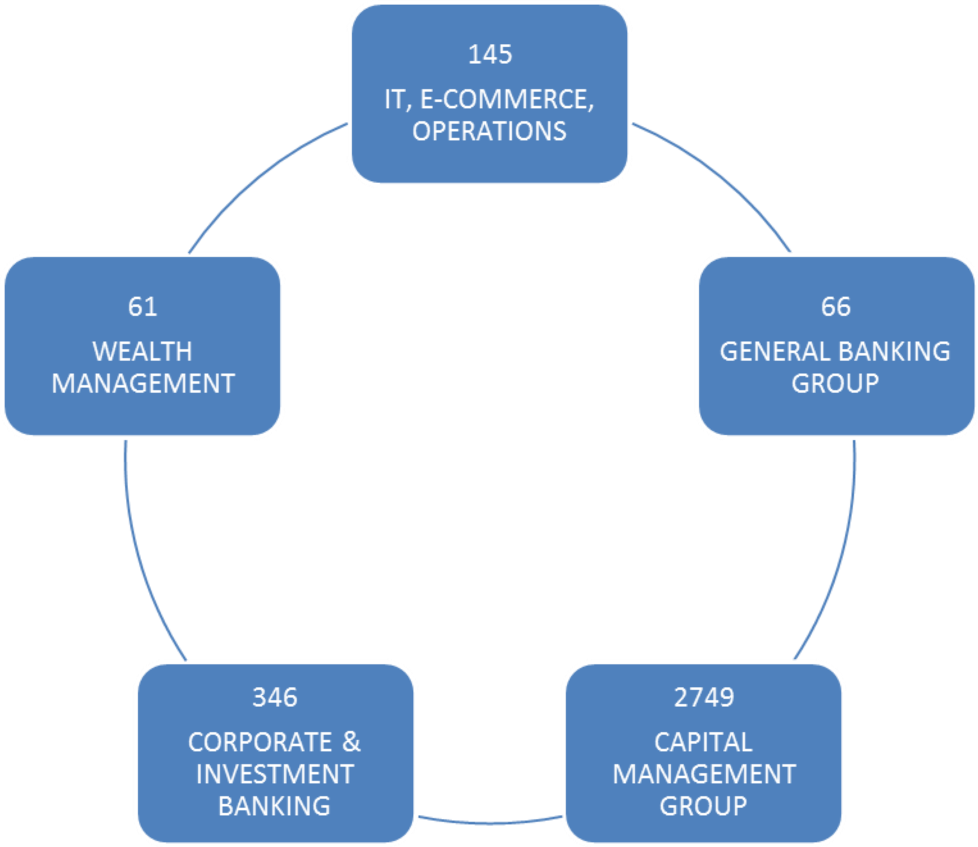

EXHIBIT D – SPAN OF CONTROL

LISA STROUD

CITY MANAGER

TOTAL = 100

CAPITAL FINANCE

4 CITIES

(Including Toronto)

GROUP MANAGER

HEADCOUNT = 20

TRADING/FIXED INCOME INVESTMENT BANKING /SYNDICATE

GROUP MANAGERS
(6 CITIES – NY/CALIF.)

HEADCOUNT = 45

EQUITY RESEARCH

GROUP MANAGER

HEAD COUNT = 18

TREASURY SERVICES

GROUP MANAGER

HEADCOUNT = 5

REAL ESTATE TRANSACTIONS

GROUP MANAGER

HEADCOUNT = 6

FACILITIES COORDINATION

HEADCOUNT = 4

ENDNOTES

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[i] Charisse Jones and Kumea Shorter-Gooden, Ph.D., ***Shifting: The Double Lives of Black Women in America***, HarperCollins, 2004, p. 2.

[ii] See Peter J. Frost and Sandra Robinson, *The Toxic Handler: Organizational Hero – and Casualty*, ***Harvard Business Review***, July-August 1989.

[iii] Ibid. Jones and Shorter-Gooden, ***Shifting: The Double Lives of Black Women in America***, HarperCollins, 2004***.***

[iv] See Michael Luo, *Whitening the Resume*, ***New York Times***, 12/5/09.