

Ousted Execs Struggling to Get Back In

American Banker | Tuesday, July 7, 2009

By PAUL DAVIS

It took time, but G. Kennedy Thompson is back.

The former CEO of Wachovia Corp. is working again more than a year after he was ousted by the Charlotte company's board when the purchase of Golden West Financial Corp. blew up. He seemingly disappeared last year as the company hired a successor, more turmoil followed and Wachovia was sold to Wells Fargo & Co.

"I always knew I would go back to work," Thompson says from the New York office of Aquiline Capital Partners LLC, where he has been an executive adviser since the spring. "It was a very difficult year and a painful experience when a company I spent 32 years with is no longer around. I needed to go through a transition."

Thompson, vilified by some for buying a risky mortgage lender before the housing bubble burst, is not alone. Countless other executives at companies snuffed out during the financial crisis became as toxic as their employers' infamous assets, and most are still searching for employment. Thompson's resurrected career gives some hope to those who remain in purgatory, choosing to keep low profiles until the next lead surfaces.

"People are typically judged by where they worked," said Rod Taylor, the senior partner in the Atlanta executive search firm Taylor & Co. "There is no shame in being displaced, but those at a senior level who were responsible

for what might be seen as major strategic errors may not be in demand."

Tom Bryan, who was removed as the president and CEO of Silverton Bank's parent company a month before the Atlanta bank's May seizure by regulators, says he is convinced the taint of the failure will follow him as he seeks a job. After a brief transition, Bryan, 56, who is interested in joining another bank or creating a fund to invest in distressed assets, knows his previous employer will remain the elephant in the room.

"If a headhunter had a stack of CEO resumes and they knew that Silverton failed, I would probably go to the bottom of the list unless the hiring company knew the circumstances or knew me," he said. "I was the CEO. You can't get around that, and you certainly don't try to sidestep it."

Alan Kaplan, the president and CEO of the executive search firm Kaplan & Associates Inc., conceded that even the most open-minded employers will look at such CEOs with potential skepticism. "We're always willing to give someone the benefit of the doubt," he said, "but it would require a deep dive to make sure that such a candidate wasn't part of the problem."

Bryan's future has been in limbo only three months. By comparison, former executives of Wachovia, Washington Mutual Inc., and National City Corp. have been off the radar for a year or longer, quietly reaching out to headhunters and unsuccessfully interviewing for posts ranging from traditional banking to private equity.

"There aren't that many jobs to begin with, and given the level of regulation, the banking environment isn't the most fun place to work right now," says a former chief operating officer at a large financial services company.

The executive, who asked not to be named for fear of drawing negative attention, said many friends who became unemployed in the collapses of Bear Stearns Cos. or Lehman Brothers Inc. are hearing the same things as they support each other's searches.

Taylor offers simple advice for exiled executives looking in earnest for second acts. When asked about your previous job, he said, acknowledge what happened but get back to emphasizing a longer track record. "Executives want to reflect, rationalize and apologize in an interview, but the more you do that, the less attractive you are," he said.

"Develop a two- or three-sentence explanation," Taylor added. "Focus on your achievements and what was done right. Have references ready: a customer, a former colleague and at least one good member of the board. And do not sing a 'somebody done me wrong' song."

Kaplan said executives from big banks, particularly those who ran certain business lines, may be viewed as more employable after a collapse than those from smaller institutions. "In some cases, there were people running businesses that were doing really well," he said.

"There could be a little bit of taint tied to the company, but once you do the due diligence, you find their performance was not a factor."

Several former Wachovia executives have been able to rebound. Cece Sutton, who led retail and small-business banking at Wachovia, now oversees Morgan Stanley's bank. Ranjana Clark, Wachovia's former chief marketing officer, now handles global strategy at Western Union Corp.

Some signs indicate that banks are warming up to hiring the casualties of the financial crisis.

Robert Voth, a partner in the financial services practice at the executive search firm CTPartners,

said he got nearly 100 calls from last July through March from panicked senior-level executives seeking his assistance. "It was an easy seven-fold increase from anything I had experienced in my search career," he said.

In the last three months, however, Voth said the calls have dropped off "dramatically," replaced by companies willing to take another look at a particular executive regardless of where he or she had worked. "Banks seem to be realizing that now may be an ideal time to take advantage of a thawing market and available talent."

Landing the next big gig will take compromise, recruiters said. **Taylor pointed to compensation as something a displaced executive must get past psychologically. "A lot of people are hoping they find compensation comparable to where they [we]re before," he said. "That's just delusional."**

"Executives have to be open to relocation and creative compensation," Voth said.

Thompson, at 58, was flexible and now splits his office time, leaving his home in North Carolina to work three days a week in New York, where he evaluates potential financial services investments for his new employer.

"I am still a young person and have more to do," he said when asked why he chose to make a comeback. "I am trying to put some of the skills I developed back to use. I felt I could make a contribution."