

Lessons on Leadership

Third Annual Lerner MBA Student Association Conference
University of Delaware's Alfred Lerner College of Business and Economics
Newark, DE

February 14, 2019

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President and Chief Executive Officer
Federal Reserve Bank of Philadelphia



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Good morning and thank you. It's an absolute pleasure to be back on the UD campus and an honor to be asked to speak today.¹

I've been asked to talk about leadership, and in thinking about what I wanted to say, I realized that the best lessons I've learned, and any wisdom I have to impart, come from other people.

It's said that good artists borrow and great artists steal, and it seems I've applied that to career philosophies. So I'm very happy to share lessons on leadership today, with the strict proviso that pretty much everything worth sharing I've learned from someone else.

If it's helpful, you're welcome; if it's not, well, I'm telling you exactly whom to blame ...

Good Advice Can Come from Anyone

Number one — and I list this as number one because it's the one I always tell my kids, it's the one that's been the foundation of every good step I've taken in life, and because it's totally unoriginal but nonetheless true — is: Keep learning and be open to advice from a multitude of sources.

Your education doesn't end when you graduate, it's just starting. Always take a job that teaches you something, particularly early on in your career, and don't limit your pool of instruction. The most influential people in your lives, the ones who will teach you the most, aren't always going to be your bosses or formal mentors. They're colleagues, people junior to you, support staff, and

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people whose roles have nothing to do with your own. Be open to learning and be receptive to everyone.

If you had asked me even a few years ago, I would never have guessed I'd be here today — moving from a career in academia to making monetary policy for the world's most powerful economy? I probably would have laughed. But I didn't see myself in academia at first either. That was just as implausible to a kid from a family of pipefitters in a blue-collar New Jersey town. My sister and I were the first in our family to go to college, and even when I got there, as a football player on scholarship, it had never occurred to me that I could wind up in a professor's chair.

It was the secretary in the engineering department, Shelley Brown, who saw something in me that I couldn't see in myself. Well, she saw something in me, and she may have been mildly irritated with me as well ... I got injured my junior year, and I was haunting the halls of the department when she decided I needed something to do. She sent me to a professor who needed an assistant and that was it; I found something I loved and I had a new goal.

The track I was on was headed toward something perfectly good — I'd planned on getting an engineering job when I finished undergrad. But Shelley flipped a switch that diverted the route and sent me to a PhD and academic career. It never would have happened if she hadn't made that connection, and it never would've happened if I hadn't listened.

Be Scared

So that's number one of the Rules Pat Harker Stole from Smarter People. And it's important to continue learning throughout your career, which takes on increasing consequence as you move up the ladder. So my next bit of advice is: Be scared. In fact, let yourself be absolutely terrified.

I know that “feel the fear and do it anyway” isn't original advice. But I can offer a formula. Again, it's one I owe entirely to someone else, and it's advice that's been invaluable to me over the years.

It's actually from a UD donor who had a fascinating career — not just prestigious positions but incredibly diverse and interesting ones. Obviously, I wanted to know how someone makes such an unexpected journey, and she said she relied on two things: She always wanted to be

somewhere that taught her something new, and she knew a job was right if she was 70 percent sure she could absolutely excel in it and 30 percent scared to death that she'd have no idea what she was doing.

It remains some of the best advice I've ever heard.

That fear creates a challenge. It makes us work harder. It trains our focus. And it makes us comfortable with the discomfort of fear itself. This is not so much advice as a secret from the trenches: Imposter syndrome is real. At some point, you'll have the feeling that you don't belong where you are, and you'll be panicking that you'll be found out.

Don't worry, 99.9 percent of the population can relate. It's normal, it's healthy, and if you meet fear halfway, you'll not only start to get used to it, you'll get better at moving beyond it. Be 30 percent terrified; it's a good thing.

I should note that there are some limits to this advice: If you're headed into brain surgery or in charge of a large stockpile of nuclear weapons, then please, be very sure you know what you're doing.

Be Good

Number three in Other People's Wisdom is what I learned from some of the best mentors anyone could ask for. And that is: Be a good person.

By "good" I don't mean adhering to the tenets of some arbitrary cultural or social code; I mean: Be reliable, be honest, be helpful.

The organizational psychologist Adam Grant talks about "givers and takers": the people who either focus on what people can do for them or what they can do for people. When you operate in "give" mode at work, you're making things run more smoothly, but you're also doing yourself a favor.

Operating in "give" mode is how you become the go-to person. It's how you become the person everybody wants on their team. When you make the choice to be the person who will take five minutes, even if you're under deadline, to help out a colleague, you become invaluable.

Being “good” is about integrity. And yes, I’m making a relatively old-fashioned case. But it’s one that’s stood the test of time. It may not fit into the popular narrative of cutthroat maneuvering where nice guys finish last, but the most respected leaders I’ve ever known haven’t been amoral raiders; they’ve been honest, authentic, and trustworthy to their core.

There will, of course, always be examples of bravado outperforming hard work. And flashes in the pan sometimes last a little longer than they should. But eventually, those people get found out. And in the long run, the most important asset you have — and the one thing in life you can control — is your integrity. We rarely have a say in what life throws at us, but we do decide how we handle it. In the course of my life, I have seen over and over that solidity of character will always triumph, and honesty and integrity have been the marks of every great leader I’ve had the privilege to know.

Build a Good Team and Know How to Run It

That grounding is especially important, because a lot of leadership is, frankly, drawing fire. And very little consists of basking in glory.

So my next bit of advice is to build a good team and know how to run it.

Perhaps the most essential trait of those who do this exceptionally well is knowing what they don’t know.

David Pottruck, the former CEO of Charles Schwab, used to talk about “leading from the middle.” What I take from that, in a nutshell, is that you’re not always going to be the smartest person in the room. If you’re lucky, you’ve assembled a good enough team that you’re *rarely* the smartest person in the room.

Good leaders are able to cede control to someone else. Yes, you’re the ultimate decision maker, but the best leaders know how to defer to the experts and follow their advice. Great leadership isn’t knowing everything; great leadership is knowing who your experts are and letting them guide you. There is no greater mark of intellectual insecurity than pretending you know something you don’t, and the most talented leaders invite input from all sides.

Another hallmark of a good leader is a team that fills in his or her weaknesses. As a CEO or a part of a team, I’d be wary of any manager who hires in their own image. To paraphrase

something an HR partner of ours says, “If I’ve got five people who think exactly the same, I don’t need four of them.”

Great leaders build great teams, but they also know how to manage them. And, as I said, a lot of that is thankless. The trick is to do it with grace and humility.

This time, I’m cribbing from the great Colin Powell, whom I first heard speak about leadership early on in my career, when I was part of the White House Fellows program. I’d highly recommend searching out his magnum opus of advice because it’s truly some of the best you’ll find. In this instance, I’m keeping it to the hard, but essential, lessons that accompany the role.

First, when you’re the leader of a team, you take responsibility for the group. That means you always give the credit, and you always take the blame.

Second, take the pain early. That means when an issue arises, deal with it — don’t kick the can down the road. The longer you let it sit, the more it will fester, the bigger it will grow, and the more severe the consequences will be in the end.

Be Adaptable and Let People Talk You into Things

One of the most important lessons I’ve learned, in particular from the people around me, is to be adaptable. As I said, we have very little control over what life sends our way; we can only control how we deal with it.

It surprises people to hear, but the truth is that being dean of Wharton wasn’t part of my plan. I had young kids and I knew what the job entailed. People thought I was too young, and I frankly was perfectly happy in an academic role. But the people who knew me — from a long-time mentor to an advisor who’s still telling me what to do — talked me into it.

It was absolutely the right thing to do, but it took convincing. The moral of the story is that the people around you, the ones who’ve seen you grow and develop in your career, often know you better than you know yourself. So listen to them.

And be prepared for what comes next. Being adaptable is a skill, but change doesn’t happen in a vacuum, and the old adage rings true: When you walk through one door, another closes. You’re going to make choices in your careers, big and small, that will have consequences — and as much as what you choose to do will impact your life, so will the things you choose not to do.

So my tremendously profound advice is: Don't overthink it.

The best any of us can do is pick a general direction and be open to changes along the way. I have a friend from my White House days who has had a detailed five-year plan since we met there in 1991. Every five years, he lays out a detailed schematic of where his life is headed. And for almost 30 years, it has not gone according to plan. Not once. Not a single year.

So be open to change, because, as the saying goes, life is what happens when you're busy making other plans. Especially if they're detailed, five-year ones ...

Jump

That flexibility will help you do the final thing that other people's wisdom has taught me, which is that sometimes you have to take a leap of faith. Sometimes you just have to jump.

When I first got to UD, I spent the first year working out our strategic plan with my team. It was beautiful; a really exceptional plan ... This is what we call foreshadowing, and I'm pretty sure you all know what happened next. Life happened, of course. Or, I should say, the Great Recession happened, and the world turned upside down.

In the middle of our derailed plans, I got a call from an old colleague of mine who was then at Chrysler, asking if we wanted to buy their plant. Which, to be honest, sounded a little ridiculous. Actually, it sounded a lot ridiculous. But we kept thinking about it — a little at first, and then almost obsessively. Because the more we looked at it, the more it seemed like the opportunity of a lifetime.

It wasn't easy. First we had to convince ourselves, and then we had to convince everyone else: trustees, faculty, elected officials, the community. It took a lot of collaboration and a lot of discussion and a lot of tenacity. But we did it.

I don't want to sound wildly self-congratulatory — and I technically can't because it was entirely a group effort — but I truly believe that buying that plant was the best investment the university has made in 100 years. The resources that investment brought us, and the development underway, are the future both of the university itself and of the economy of the state of Delaware. We're talking about a major hub of science and technology, a winner of major grants,

jobs for the community ... It truly is an encapsulation of our collective future, and it's one of the absolute highlights of my professional life to have been a part of it.

But it took a lot to get us there. It took being open to insight from unlikely sources. It took swallowing a healthy dose of fear. It took the faith and goodwill we built through honesty and integrity. It took assembling an expert team to tell us what we didn't know. It took adapting to a new set of circumstances. And it took a leap of faith.

Thank you.