

As chief executive of Westpac from 1999 to 2008, David Morgan oversaw a rise in the bank's profits and share value and restored its reputation. Here he talks about the keys to good leadership and gives a frank assessment of what he learnt from his shortcomings.

### What has worked for you when it comes to leading a successful life?

Choosing the right life partner is a big deal. Another is adversity in early life. It is actually a gift. It mightn't feel like it at the time, but it drives resilience and determination. I ended up writing a letter to my mother posthumously, at the suggestion of my daughter, thanking her for that.

I had a fear of failure. With my father's business and emotional life falling apart at the same time, you certainly develop that. But you can use it positively, as well as negatively. You can use it to drive you to achieve, or you can use it to lock yourself in the bathroom and never attempt anything.

I've come to the conclusion that the only real failure in life is not to try. I think everybody's good at something, and if people really try, they'll almost certainly surprise themselves. I had a few career failures early.

The message is, do what you like and what you're good at, not what you love. I tried to be a film actor. I loved film acting. I then tried film directing, which I loved. And then I tried professional football. I loved all three of those. I just wasn't good enough at them.

So, doing what you love is actually bad advice. Doing what you like and you're good at, that's good advice.

### So what are you good at?

I thought I was a reasonable bureaucrat. I thought I did a reasonable job with the federal Treasury and at the International Monetary Fund. I think even my fiercest critic would say I worked extremely hard.

I had resilience and determination, thanks to my early adversity. There was an element of luck. Anyone who gets to the top of most things in life, if they don't admit they've had a certain amount of luck, they are either being dishonest or delusional.

The fourth thing, which is talked about less, is intellectual curiosity and a commitment to lifelong learning. Education never finishes. To this day, I am still learning.

### What have been your key lessons from corporate life?

Hubris is a cancer. I've seen it infect CEOs in

particular. You have a lot of people kissing your tail as CEO and you can start to believe in all that stuff. You need to keep some humility, which I'm not sure I did as well as I might have, frankly. But that's important.

And the last lesson is around luck. There's a random element to luck, but I also recall [Roman philosopher] Seneca's words: "When luck meets preparation, that turns into opportunity."

### What were some of the mistakes you made and what did you learn from them?

I had buckets of 360-degree assessments that I collected on myself. And I had two days of someone reading them verbatim to me. They were from the boards down. It was quite a searing experience. I realised how I'd really neglected the people side of things. I'd been brought up saying: "If you just bring enough hard work and intelligence to a task, it'll be fine. You come up with the right answer and people will just follow you up the mountain."

Well, no. You're born with IQ. You're not born with EQ [emotional intelligence]. And I had to

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change there. I learnt a lot from my wife, Ros Kelly, who has wonderful EQ skills.

I think you can't change yourself inside out, but you can be a better version of yourself. You can be yourself with more skill. I really needed to be. I was too full of myself, and too unaware of my own shortcomings in the way I dealt with people. People do things for their reasons, not my reasons.

When I was in Treasury, 80 per cent of the task was to work out the right solution to a problem and 20 per cent was convincing people. When I got to Westpac, about 20 per cent of the time I was working out the right thing to do and 80 per cent of the time I needed to be getting 37,000 people to follow me up the mountain.

I was a very slow learner on that. And it really took this searing, searing experience.

I also feel I've made mistakes as a father. For the first 14 months of my grandson's life, my son – who's smarter than me and a better leader than me – comes home at 6.15 and bathes his son every night. In 1985, my first full

## DAVID MORGAN

1976-1979: International Monetary Fund  
1983-1989: Federal Department of Treasury, including a year as senior deputy secretary  
1990-1999: Executive roles at Westpac  
1999-2008: CEO Westpac  
2008-2009: Chairman J.C. Flowers & Co  
2009: Made an Officer of the Order of Australia (AO)  
From 2009: Operating partner, J.C. Flowers & Co

### AFTER WORK

Sport: Tennis, horse riding  
Non-sports activities: Rare book collecting, charitable foundation, watching AFL  
Family activities: Tennis, time with grandchildren, farm in Bowral  
Favourite holiday destinations: Africa, Galapagos

year of my son's life, I took four Sundays off. And that's all. I was a pretty crappy father.

I think I was lucky to have a really good board and three really good chairmen at Westpac. But I probably underinvested in that relationship. When I was at Westpac, I was offered board roles and I thought: "No. I'm being paid this ridiculous amount of money to spend all my time [here]." I wish now I had, because I would have treated my board better and got more out of them.

### What advice do you have for other CEOs or those who aspire to be one?

The CEO role is unique. Before I was appointed CEO, I'd run the retail bank, I'd run the wealth management, I'd run the corporate bank. And now I was just running the whole company, right? Wrong. You have a whole lot of new constituents to manage that you don't at that operational level. You've got to step back from taking all the individual decisions that got you there.

Second, people and processes matter much more than the individual decisions. You can't make all the decisions, but you need to put the people and processes in place. Third, you've got to devote much more attention to culture.

### How do you create good culture? You can only touch so many people in the organisation.

When I talked about the leadership at Westpac, I really talked to about the top 2000 people who led the other 35,000. Most of those 35,000 would listen to their immediate leader much more than they would listen to David Morgan. So, one thing was ensuring we had leadership forums where my executive team and I would go out for at least two weeks a year with the top 2000 leaders in each of the capitals, and just spend a full day talking and getting feedback from them.

### How important are information flows?

Something I tell the CEOs I mentor is to stay close to the front line. You get bullshitted a lot. And use your investors wisely. There are some very smart investors out there, who invest for the long term. They really do their homework on a company and know about competitors as well.

Most weaknesses are overdone strengths. Hard work's great as long as it doesn't exhaust you or impair your health or relationships. Ambition is strength, unless it's too sharp-elbowed or too self-centred. Empathy really matters and is a strength, but you've still got to be able to walk in and fire somebody. Leadership is not one thing. It's a question of balance.