



# LISTENING AND LEARNING WHILE LEADING

IN CONVERSATION WITH FRANCESCA MCDONAGH



**FRANCESCA MCDONAGH**  
CEO  
BANK OF IRELAND

In our new 'path to CEO' series, Bank of Ireland's Chief Executive Officer Francesca McDonagh reflects on her career path to date.

**CAN YOU SHARE YOUR PROFESSIONAL JOURNEY TO DATE? WHAT HAS ENABLED YOU TO ACHIEVE SUCH AN INCREDIBLE CAREER?**

I never thought I would have a career in banking. I knew I wanted to have an international life, or career; I knew I wanted to do something that was intellectually challenging and rewarding, but also something that made a difference, that was bigger than me.

I went to a local state school but managed to get into Oxford University through a lot of hard work and luck as opposed to being naturally gifted. I did a degree in politics, philosophy and economics, and that led me to travel as well. Every summer I found jobs working overseas.

After university, I worked for HSBC for 20 years in the investment bank, and the private bank, but I spent most of my career in the retail and wealth divisions. I worked in the UK for a period but mostly I was overseas in Asia, Latin America and also the Middle East region before going back to the UK.

Then the Bank of Ireland opportunity came up. I got a phone call about the CEO role, and I thought, what an amazing opportunity at this stage of my life, in my career, to be a CEO of such a special institution. It was a bigger role in a smaller organisation but you have the full, enterprise-wide perspective, and full accountability. I was also very aware of Bank of Ireland's special role in Ireland; the bank is unique in terms of the impact it has on the Irish economy, households and businesses. It is an opportunity that was too good to turn down, and this is now my fourth year in the role.

**WHAT ARE THE BIGGEST CHALLENGES YOU HAVE FACED ON YOUR PATH TO BECOMING A CEO? HOW DID YOU OVERCOME THEM?**

When you come from a relatively modest background and you start having to interact with dons at Oxford University or very senior investment bankers in the City of London, you can sometimes feel quite insecure and think 'is this the place I'm supposed to be?' People will talk about impostor complex; people often talk about

diversity in terms of gender or ethnicity, but actually class diversity was probably a bigger factor for me personally: overcoming being from a different class, educational background than a lot of colleagues in an earlier stage of my career. It required a lot of confidence, determination and self-belief.

Second, working internationally, you're a long way from home and dealing with very unfamiliar situations. It's exhilarating but also very personally challenging. For example, I was the head of personal banking in Indonesia when we had the worst floods in recent history and three separate terrorist incidents. Or in Latin America where physical attacks on branches were fairly common.

In environments like that, there is no rulebook, there's no training that you've gone through. You really have to trust your instincts, but also trust your colleagues and seek advice. Know when you're outside your comfort zone and when to ask for help. I think knowing the difference between: do I go with my gut or do I seek advice; those were really accelerated learning experiences for me.



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And I would say coming in to Bank of Ireland has also been one of my biggest professional challenges. I appreciate I'm in a position of real privilege but starting in this role as CEO for the first time has been a real learning curve. I was seen as an outsider from the bank when I arrived, despite living here and taking Irish citizenship. It's a fantastic organisation with amazing history and heritage, but it's in a sector that needs to change. Irish banking – and bankers – are untrusted by many stakeholders, particularly the man or the woman in the street, because of banks' role in the financial crisis over a decade ago – but also the more recent tracker mortgages issue which was one of the first issues I had to deal with, literally my first month in the role. Every challenge is also an opportunity, and for me that means transforming Bank of Ireland while restoring trust and pride in the organisation.

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### **WHAT CHARACTERISTICS DO YOU BELIEVE EVERY LEADER SHOULD HAVE?**

Your own personal values – your integrity – are absolutely non-negotiable. In a world where there is greater transparency and expectation, your personal conduct, as well as your professional behaviour, is really out there for anyone to comment and challenge. Leaders must live and breathe their personal values and integrity, whatever the circumstances, or temptations, or demands of the role.

Secondly, hard work. I've not seen anyone be successful in banking without it. The day to day is about preparation, reading, thinking, listening, taking on feedback. It isn't necessarily glamorous, but it's the reality of a regulated and quite technical sector.

Third is communication. That has become so important during COVID-19, because there's so much uncertainty, ambiguity, and fear amongst

colleagues and customers. Being a good communicator in terms of reading, writing, listening and speaking, is very important for leadership. If you look at some of the most inspirational leaders in the world, they're often brilliant communicators. It's something you can enhance and develop. You're not born with it; it is absolutely a learned skill.

The reality, as a CEO, is that the more senior you become, the more edited and refined the information you get is. You sometimes you don't get the nitty-gritty about what's really going on. So one of the things I've been doing, without fail, since arriving at the bank, is to have an 'open door' session once or twice a month. Any colleague can sign up to it, there's no pre-screening by your boss, you don't have to be a top performer: everyone is welcome. It's usually eight to ten colleagues, it's totally off the record. And we have an honest conversation. I answer questions but I ask them as well: what's on your mind? What are the issues your team is discussing? What do you really want me to know?

I get huge insight and understanding at these open door sessions. And sometimes it's really bad feedback. That's really inconvenient but it's honest and true and it tells me where we need to go to fix or address issues.

We do a lot of anonymous surveys for our colleagues where we look at cultural engagement across the organisation. That is, for me, a goldmine of insight and understanding; listening and hearing what people are telling us.

### **CAN YOU NAME A PERSON WHO HAS HAD A TREMENDOUS IMPACT ON YOU AS A LEADER?**

I don't have a role model. The people that have had the most impact on me are the people that I've worked for. This is such a lesson for leaders. Regardless of how senior they are, anyone who is a people manager, they are the most important person in their team members' lives at work.

I have learned so much, good and bad, from my previous managers. I had one leader who

was so good at walking the floor, he was able to engage in such an authentic way. I've had other leaders whose technical grasp, understanding and consideration were superb. I've had managers who've been faced with really big moral decisions and no easy answers and seen how they've navigated it.

On the reverse, I've also worked for some people who were pretty bad. And I've learned as much from the less effective leaders about how not to be, as I have from really good leaders about what great looks like.

### **IN YOUR OWN ROLE AS A LEADER, YOU'VE COMMITTED BANK OF IRELAND TO GENDER EQUALITY IN EXECUTIVE HIRES. HOW DO YOU SEE THE GENDER BALANCE IN THE FINANCIAL SERVICES INDUSTRY?**

Gender balance in banking, in Ireland, the UK, and Europe, is poor. Why is that? At the leadership level, you have far less female representation. At the entry points, and in the general population in

banking, it's 50/50. Something seems to happen at a certain middle management stage. We've done a lot of work around understanding that and making sure we remove the boundaries or the barriers that are there.

Often, because I'm a woman, people will always ask me about gender, but the broader issue is inclusion and diversity. First of all, the business case for why we want diverse and inclusive work environments is really compelling. If you exclude big chunks of the population from senior management inadvertently, if you exclude people who come from a more diverse background – whether it's ethnic minorities, LGBTQ+, physical ability or gender – you are cutting down your talent pools. So you are just making it more difficult to attract and retain talent.

Also, if you have the same people, from the same background, the same attitudes in a room, they will not make as good a set of decisions as the next room where you have more diversity – particularly diversity that reflects your customer base. So there's a really basic logic to why diversity and inclusion is good.

I think gender is just so visible; women are 50% of the population and 50% of our customer base, why don't we have 50% of our senior management reflecting that? That's obviously a commitment we've made, and we've made great progress and are hopefully on track to achieve that. We are also the only Irish bank to have published our gender pay gap in 2020 and we'll do that again in 2021. We weren't required to that. We wanted to lead the way in Ireland so we did it proactively. Even when our numbers aren't great – because we have more senior men – we wanted to be open, and track it and report against it.

There are other areas too: the LGBTQ+ diversity and inclusion work we've done is really important. Equally, we've just been able to achieve the prestigious disability standard, which is a workplace accreditation to recognise our commitment to disability inclusion.

We've also made the bank's culture less formal. I think COVID-19 has helped that. Everyone has seen the inside of each other's homes and bedrooms,

people are more casual. We've probably got a greater sense of each other by working remotely, bizarrely.

**MORE WOMEN NOW HOLD C-SUITE LEVEL ROLES IN FINANCIAL SERVICES FIRMS THAN EVER BEFORE, BUT RELATIVELY FEW HAVE BECOME CEO. WHAT ADVICE WOULD YOU GIVE TO WOMEN, OR PEOPLE WITH DIFFERENT BACKGROUNDS OR ABILITIES, ABOUT GOING INTO LEADERSHIP POSITIONS FOR THE FIRST TIME?**

I do feel, in my role, showing that a female can be CEO of a pillar bank like Bank of Ireland, comes with responsibility. My advice for anyone in financial services: there's a huge amount of change, so a leader or anyone with ambition to really progress in their career needs to be thinking ahead, about what's coming next, and to get prepared.

In a world of change, it's so important to broaden our knowledge base. I would encourage them to be curious about technology in particular. The whole

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digital agenda is already massive for everyone in financial services.

In financial services, the symbols of power have tended to be fairly patriarchal, male and institutionalised, and I'm not sure that has served the stakeholders of banks particularly well. The symbols of power sometimes need to be challenged. And we're seeing that from fintech disruptors, and other new entrants in financial services. I would encourage someone, whether they're working in a startup or working in an organisation like ours, which is 235-plus years old, to be challenging the status quo and looking at different ways of doing things.

Pioneering can be quite a lonely pursuit if you're the only one in the room, so you have to build allies and not give up. My progression in my career hasn't always been in a straight line; I've had ups and downs as well, but I think ultimately I had networks of support that helped me leverage my passions and beliefs.

### **WHAT ARE YOU DOING TO ENSURE YOU CONTINUE TO GROW AND DEVELOP AS A LEADER?**

I speak to my chairman about my own development plans and how I keep on learning as well. Sometimes [it's about] getting out of your own environment and learning. Before COVID-19, when we could travel, I attended an IBM event that was focused on future technology and quantum computing and it opened up my eyes to world of possibility in our industry beyond the here and now.

Sometimes, taking yourself to another sector, or thinking forward, talking to peers who don't necessarily work in your geography or your industry, is really stimulating. So I try and seek out those opportunities. Ironically, lockdown has given us opportunities to go to conferences we would never think of travelling to. I recently took part on a panel at the World Government Summit in the UAE by Zoom; virtually sitting next to Larry Fink as

the leader of BlackRock, and other investors, talking about the future.

Plus, I speak to my Irish peers and CEOs, and it's really interesting to understand the challenges they face. Many of them are customers, they give me feedback, and that's also a support network for me. Being a CEO can be quite isolating, and you want to make sure you have a network that supports you and complements your thinking also.

### **LEADERS ARE FACING HUGE CHALLENGES DURING THE COVID-19 CRISIS, SO HAS THERE BEEN ANY CHANGE IN YOUR OWN LEADERSHIP STYLE THAT YOU'VE MADE?**

I really want to make sure we keep some of the changes, that we don't go back: for example, much more flexibility in how we work. More than 70% of our colleagues are working from home all the time. We obviously have many colleagues on the front line, in branches every day as well. But there's a mindset shift, that you don't have to be in the office



to be working. I think we will go back to the office but it will be a hybrid approach.

Number two is the importance of communication. I've probably spoken to more colleagues from my home than I ever did when I was in the office, because you can do a Zoom and invite 10,000 people and have a conversation using technology. People have looked to leaders for empathy, for direction, for motivation, for reassurance; how I speak to colleagues has never been as important as it is now.

We have accelerated decision making, and we have sought to improve empowerment. Now, the challenge is making sure that it sticks: that the more agile, dynamic, delegated way of making decisions remains in place, that we maintain efficiency – in a risk-managed way – and we don't go back to the old way of doing things. During lockdown, we did a big review of our internal governance, to look at ways to have better governance but with fewer meetings or papers at times.

And awareness of our responsible and sustainable banking agenda has increased: our role in society and in community and how we treat our colleagues as well as our impact in the broader sustainability of the environment.

We've also had to make tough decisions. As any business CEO, if your revenue is being reduced – and some of it won't come back – we made some tough decisions in 2020 around costs.

We couldn't stand still. It's not just running crisis management, it's also delivering on the strategy; keeping the discipline between the "here and now" crisis, but also the longer-term strategic focus and deliverables.

*This interview took place on 11 February 2021.*



### **Inclusion in progress**

Bank of Ireland has four priorities as part of its wider inclusion and diversity [I+D] strategy. These are: increase workforce diversity; foster inclusivity; financial wellbeing, customer and community impact; and strengthen inclusion and diversity governance and accountability.

#### **Milestones to date:**

- First Irish bank to set a public target for all management and leadership appointments to represent a 50:50 gender ratio by the end of 2021
- It tracks progress against this target at all stages of the recruitment pipeline, so HR can intervene where there are low levels of female applications and support hiring managers
- Recruitment Charter codifies a commitment to hiring diverse talent
- Board adopted the Hampton Alexander and the Balance for Better Business targets of at least 33% female directors by 2020 and 2023. Medium-term aspiration to have broadly equal gender representation at Board level
- All job specs are checked for gender-neutral language and amended as appropriate
- Working groups in each division drive local, tailored initiatives to improve gender balance
- Gender Balance Network established in 2017, led by colleagues, for colleagues
- Family-friendly rooms across all office buildings as a safe space for colleagues who are breastfeeding or taking fertility injections. The bank also offers menopause consultations, webinars, and supports for colleagues
- Increased maternity pay to 26 weeks full pay, including for adoptive and surrogacy leave, and introduced paid fertility leave. Colleagues of all genders (including non-binary) can apply
- GEC Female Mentoring initiative improves visibility of female talent, supports development and encourages female colleagues to apply for roles
- Quarterly I+D Dashboard circulated to key stakeholders including the Executive Committee Culture Steering and onwards to Board
- Mandatory I+D goal introduced for all senior leaders in 2020 as part of their performance achievement to strengthen accountability
- Bank of Ireland's With Pride network recognised within the LGBTQ+ inclusion awards at the 2020 Diversity in Tech awards
- Bank of Ireland won the best LGBTQ+ employee resource group at the Gala Awards.