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LORD DAVIES: HOW HE LEAPT OUTSIDE HIS COMFORT ZONE

Dina Medland October 17, 2013

Lord Davies offers an insight into his philosophy when he says: “If you treat the doorman the same as the chairman you will be a great leader.”

It is an approach that has stood the boy from Wales in good stead. His career in banking, government and beyond highlights the importance of being open to knowledge and experience while keeping both feet on the ground.

As a banker, Mervyn Davies, now Lord Davies of Abersoch, worked his way up to be Standard Chartered chairman, with a professional profile that prompted a call from the prime minister’s office. He became a UK government minister for trade, investment, small business and infrastructure in 2009.

“If anyone had said to me as a Welsh boy, ‘You’ll be in the House of Lords one day’ and do all the things I have done I would have said you’re wrong,” he says.

Lord Davies, who turned 60 last year, is now vice-chairman and head of the European business of Corsair Capital, a US private equity firm, alongside several non-executive roles.

Immensely proud of his heritage, he speaks of growing up in a “happy Welsh family” where he did not speak English until he was seven or eight years old. “The biggest shock to my family was when I married an English girl – and it was the only time they spoke English.”

Since then, the world has changed, he says. “We now have 7bn people but the world feels as if it is smaller. One of the most profound changes is a real appreciation of cultural observances, such as Diwali or Ramadan. Back in Wales at that time we wouldn’t have known they existed.”

He says these changes have wide repercussions: “If you’re going to be a great salesperson or a modern citizen not only do you have to be technologically savvy, but you have to have a great understanding of other cultures – and if you have both, the world is now your oyster.”

Describing himself as “very much a glass-half-full person”, Lord Davies entered banking

from school and worked for Midland Bank. Moving from Wales to Liverpool felt like entering a different world, he says, but he adapted and quickly progressed to running a branch. “I went into banking as a people business – the bank manager then was the cornerstone of society, a bit like a doctor in a village. It was a career that offered variety, but not a great deal of money,” he says

Having married in his early 20s – his wife worked as a fashion designer – his move to Midland’s head office in London to work in private equity was an even greater leap. But the couple settled in Blackheath, started a family and looked forward to a long career with the bank. “In those days you never imagined you would move companies – it was a job for life,” he says.

It was not to be, however. Citibank offered him a job and, thanks to crucial support and advice from his wife, he decided to jump ship.

Mentors became important at this turning point in his career. “Robert Wormsley at Citibank saw something in me I didn’t see in myself,” Lord Davies says. He stayed at Citibank for just over a decade as a managing director.

Then, in 1997, a telephone call and a meeting over a “cup of tea” with Sir Malcolm Williamson, then group chief executive of Standard Chartered, and its chairman Sir Patrick Gillam, led to a decisive move. “They convinced me I could be part of the transformation of the bank by coming on to the executive management team,” he says.

But a financial crisis was about to grip Asia. He spent a year in Singapore and then moved to Hong Kong to run the bank’s Asian business, spending much time in India and China. He admits to falling in love with that part of the world, but says: “I felt as if I was 20 again. I had a basic skill, but I didn’t realise managing in Asia was very different from managing in the UK.”

Having mentors helped him cope but he says the experience was invaluable: “You need to be out of your comfort zone to grow.”

A stock market that dived by 40 per cent in a few days and property prices that fell by 50 per cent provided plenty of such challenges – and insights. “The west was lecturing, saying don’t intervene. It was the first time I noticed how arrogant the west was towards Asia,” he says.

There were other epiphanies. “In many respects what I saw in the mid- 1990s was the greed beginning to pervade the industry, especially investment banking,” he says. He became chief executive of Standard Chartered in 2001 after a boardroom clash resulted in the exit of former boss, Rana Talwar. Lord Davies set out his stall: “I wanted to be known for ‘profit with principles’,” he says. He was chief executive for five years before becoming chairman in 2006.

Being in government was never part of his plan. “It was scary and another world, he says.

But when the call came from Gordon Brown, then prime minister, he accepted the challenge.

“In government I saw just how difficult it is to run a country – how transparent it is, and the lack of long-term views. The power of the media is extraordinary. I loved it but I saw a lack of business savviness across all MPs,” he says.

“People talk about pressure – I worked 24 hours a day. There is more pressure on leaders than I ever saw in the corporate world,” he adds.

His role in government ended when the Labour party lost the 2010 general election, but having been made a life peer on becoming a minister, he retains a seat in the House of Lords.

In the past three years he has become the figure most closely associated with the government’s drive to increase the number of women in the boardroom. His report, published in 2011, sets a target for 25 per cent of board members to be female by 2015. “I have put a lot of personal energy into it – now we need to keep up the momentum,” he says.

For his next venture, he is likely to switch his considerable energy back to business opportunities.

An art lover, he chairs the Royal Academy Trust and has been collecting art since he was 21. He also says he “did nothing but play football” until he was 13 or 14 – and his enthusiasm for that, too, remains undiminished.

Secret CV

Your first big break ?

Marrying my wife. We have been married for 34 years. She is my biggest critic but also my biggest supporter. If we were starting out now, she would be the more successful one.

What else might you have done?

I would have been an entrepreneur.

Best career advice to others?

Know yourself – your strengths and your weaknesses, so you can compensate in your teams for what you lack.