

LEADERSHIP STARTS WITH YOU

by Ray Davis

The boom years are long gone, yet a few companies continue to thrive, gaining market share day after day, month after month, year after year. Some of these companies are in brand-new growth industries—eBay and Google, for example. But others are in industries that could hardly be classified as new or growing: retailing, manufacturing, and the like. Southwest Airlines is one such company. Another is the company I lead, which may be unknown to you if you don't live in the Pacific Northwest. It's called Umpqua Bank—and it has grown relentlessly over the past twelve years, going from \$140 million in assets in 1994 to more than \$7 billion today.

When I took the helm in 1994 as CEO of South Umpqua State Bank, as it was then known, it was a closely held company that employed sixty people in a rural, economically depressed region of Oregon. An hour-and-a-half plane ride down the coast was Silicon Valley, just beginning the tremendous boom that would create millionaires by the score before petering out in the first year of the new century. They had computer

chips and biotech and venture capitalists crawling all over the place. But we had none of that. We had the timber industry and the Spotted Owl. Talk about a lack of synergy! And yet we grew our company.

Today Umpqua Holdings is a publicly traded company that employs eighteen hundred people throughout Oregon, Washington, and northern California—and has been featured in numerous financial industry publications as well as in *Fast Company*, *BusinessWeek*, and on CNBC. The writers of these articles sometimes call us “quirky” or “cool”; almost all comment on our unique culture and how it has propelled our growth. They describe how one small company broke away from the pack of its traditional rivals to create growing value for shareholders, customers, and employees.

Commit to Relentless Progress

If you are leading a company large or small, or a profit center in a larger company, you need to realize that

building a culture that propels growth all starts with you. It doesn't all depend on you. (Only an egomaniac would think the company's success all depends on him or her.) But make no mistake, when you're a leader, it all starts with you. If you don't have what it takes, if you don't focus on the right things in the right way, then I don't care what great business plan you have or how big your line of credit is, you are probably going to stumble somewhere along the way.

Every organization has to be committed to the relentless pursuit of progress if it wants to stay vibrant and relevant. I tell my executive team that I expect them to make progress every single day. That doesn't mean that I want them to keep plodding ahead in a straight line toward a goal. Making progress is a never-ending journey and there is no finish line. As I see it, people are making progress when they are thinking strategically about the future in everything they do, asking what's around the next corner, what we are going to do next to continue to create value, how we are going to do it, and what impact it will have on our customers and associates.

Progress does not mean doggedly staying the course; sometimes it means changing direction. I have had executives come to me and tell me that they decided to delay a new initiative we had discussed because the timing wasn't right, and other initiatives were more important at the time. "That's outstanding," I told them. "You've dug into the details, questioned assumptions, and achieved a deeper understanding of our strategic needs." To me, that's progress.

My goal in leading Umpqua was never just to make it big. More than size, I have focused all along on significance. Umpqua is significant: it matters in the lives of the people who work here, in the lives of our customers, and in our communities. We are financially solid, a dependable and trustworthy enterprise that is positioned to continue to grow over the next decades as new leaders take the helm. That is what matters to me, not size.

Believe in Yourself

When you want to accomplish something that really matters—building your company, entering a new market, or fending off a fierce competitor, for example—

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face the fact that it is never going to be easy. You're going to bleed for it. When you want something really worthwhile, there is work to be done to get it. You've got to believe in your abilities and the power of your vision or it's not going to happen. You can get battered and bruised, but if you believe, you persevere.

You've got to have confidence in your abilities to face the challenges that your vision of the company and its future is going to bring to the table. We call ourselves "The World's Greatest Bank." It isn't a boast, it's an affirmation of our belief that we can become a great company. I really believe it! I'm passionate about it—and so are all Umpqua associates. Together, we can accomplish anything.

You can't fake your belief in yourself and your vision. Your people, your customers, and your competitors will test you and your commitment daily. When you are a leader of people, they watch every move you make, and they want to know if you really are committed. If they sense any hesitation in your words or actions, they will not follow you. You've got to believe with a positive passion.

If you can't be yourself, you can't lead. It's as simple as that.

Leading is hard work. It can be exhausting. And you can't do it well while you're pretending to be someone else. So if you're not comfortable in your own skin, you're going to have a hard time leading people. That isn't to say you might not do pretty well using carrots and sticks to get people to go along. But that's not *leading* in my book.

Bring Your Personality to Work

Every company assumes the personality of the leader. If you are a little bit nutty, the company is going to take on that nuttier approach. If you were to ask my execu-

tives about me, they'd say, "I think Ray is hard to predict." They've told me that many times. They don't know what I'm going to do next.

Being unpredictable goes against the conventional wisdom from Management 101 that says you should be level, be stable, so people know where they stand and can get on with their jobs. Well, I'm not so focused on that. I want to inspire people. I don't want people to keep their heads down, like they're producing widgets on an assembly line. I want them fired up! I want them to step out, take risks, and move this company forward. So I'm not going to be mild-mannered and predictable. Maybe I'm wrong, but that's the way I am and that's the way I do it.

My company runs fast. We make decisions and we move. I like it that way, that's my style. I think a sense of urgency is important.

If you have a sense of urgency, you can't manage by memos and e-mail. A sense of urgency gets bogged down by e-mail. If you want to slow things down, send e-mail. I've seen more hamster wheels spinning over e-mail than any other communications mode. If you want to get something done, pick up the phone and talk it through. Instead of picking up a phone for a two-minute phone call that gets something done, people will spend ten minutes typing up e-mail, which has to be responded to, which then has to be responded to, and so on and so on.

I like to get up close and personal. You can't lead by remote control. I make myself accessible. I suppose the other side of this is that I'm not a big believer in the concept of chain of command, which I am sure some management experts would also criticize me for. I don't intentionally bypass the chain of command, but people know the culture of this company comes from me. I'm the father of it. It's my responsibility. And people need to hear from me.

So I believe in dealing directly with people, whether it's a senior VP at headquarters, a store manager in California, or a frontline associate. Sure, you can go through the chain of command, talk to the senior VP, who talks to the VP, who talks to the assistant VP, who talks to the regional manager, and so on until someone finally gets the message to the person affected—and in three days if you're lucky, but more likely three weeks, you'll

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get some results. We live in a real-time world, though, and that just doesn't cut it. If something is bothering someone, if there is a problem or an opportunity, you need to deal with it now.

I have a sense of urgency and my staff know it! They joke that all my priorities are number 1. That's not really true, but I'm sure it seems that way sometimes. I expect our executives to have the same sense of urgency that I have, especially when it comes to supporting our frontline people. No question about it. If there's anything you're doing to help customers, or your employees and associates, or a project that will improve the company in some way—whether it will make a big difference or a little difference, then do it, just do it, right now! Just go ahead and do it right away!

Call any of the executives in this company and they'll have a story to tell you about how I came after them like a heat-seeking missile over some problem. Failure to act urgently on a customer's problem detracts from our culture and I'm not going to tolerate it. I mean business on this. I'm relentless, I won't let up.

If I get a letter or e-mail and a customer is having some sort of problem, I'll turn it over to the EVP of retail (if he's the appropriate guy) and ask him to take care of it right away. And I'll keep a copy of the original, so I can follow up. I tell him to let me know when he's taken care of it so I can take it off my to-do list. And if I see him later in the day, I'll ask if he's handled it. And if he

hasn't yet, I'll say, "I want it done before you leave today." These people are waiting for a response. To us it may seem like small potatoes and we'll get around to it next week. Bull! To the customer it's a big problem.

I have extremely high standards for our executive team. And sometimes I push too hard on people and they push right back. If you've got strong people working for you, you've got to expect some give-and-take. If you don't have people pushing back at you once in a while, you've really got to question yourself. Are you just hiring yes-men? Do you just want to hog the stage? Do you just want to be liked?

Although I can be hard on my team, I am also loyal to them. I will give them the benefit of the doubt every single time. A common problem with leaders is to hang on too long to people who aren't going to make it. I try not to do that, but I'm sure I have. When people are trying their best, I have an incredible amount of loyalty to them. I will give them the benefit of the doubt every single time. But if you are just skating along and wasting people's time, you have a problem. I'm not going to mess with you. I'm loyal to people who are singing our song.

I'm not concerned about being liked. What's more important to me is that people like Umpqua, and like working here. That's what I worry about.

Let Your Hair Down

One other thing: you've got to let your hair down. Let your people see you not just in a business environment but also in a social environment, where you're not "Mr. CEO" or "Ms. CEO." We used to have company picnics when we were smaller. (Unfortunately, it's not practical now that we are so geographically dispersed.) I cooked the hamburgers. I'd be there in my Levi's, flipping burgers, burning some, dropping some, joking and laughing with people. It was fun.

So don't walk around with your CEO badge on all the time. People need to know you're human and that you don't mind flipping hamburgers, visiting with their kids, sitting down with their families, and making friends. They need to see you having fun. People have to know it's OK to have a good time.

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A new associate once came up to me and said, "You know, Ray, at my previous bank, we could never laugh. A supervisor would give us a look that said, 'Get back to work.' But here, we laugh our heads off at things, and our customers come in and want to know what we're laughing at. They want to be let in on the joke and they appreciate we're having so much fun at work. It's so positive."

I said, "Well, keep laughing. I want you to have fun." I like to laugh. Doesn't everyone? I believe work should be fun. Winning the race is fun. Beating the competition is fun. And people should be able to enjoy it.

Show Your Feelings

I admit, sometimes I get a little emotional. I'll never forget one experience when we were designing our next-generation store in Portland's Pearl District. I was walking by Ziba, the design firm we hired, and I decided to go in unannounced to see how they were progressing. I couldn't believe what I saw. The room looked like that scene in the movie *A Beautiful Mind*, where Nash has papers with formulas plastered over every square inch of space. Every square inch of wall was covered with something. Design ideas for our new store were everywhere. There were six young people huddled together, discussing something so intently they didn't notice me come in. I coughed a little, and one of them looked up. "Oh, Hi, Ray. Sit down and join us."

I looked around a moment, and said, "I'm sorry, I can't. I'll see you guys later, I just wanted to stop by and say hello." And as I walked out, I had the most wonderful,

warm feeling in my gut. Here were six young people working away trying to make our company better. The creative juices flowing in that room were palpable. I had to get out of there so I wouldn't break the spell. I never felt so good about the company.

Leaders who really care about what they are building are going to have strong feelings about it. When you see your people all pulling together for the good of the company, it should make you proud and give you that warm feeling in your gut. When people respond to your vision and work to take it to the next level, it should fill you with gratitude and appreciation. And on the other hand, when people get distracted from the vision or put their own concerns ahead of the company's, you'll naturally get a little riled up. I don't think you should hide those feelings from your people. It's good to show people your pride, gratitude, and appreciation—and when appropriate, your concern, displeasure, and impatience.

I think leaders who bottle up all their emotions are making a mistake. If you don't show your feelings, people will think you're aloof and detached. You don't want to be inscrutable. If people don't know what you are feeling, they'll tend to be more wary. In short, if you are not open with them, they won't be open with you. And one more thing: when you do try to show your enthusiasm at a company meeting or similar situation, they'll think it is all an act.

Believe me, my people know it when I'm jazzed and when I'm displeased. I don't keep things a secret. I don't try to be anything but who I am. I am not a complicated guy. I don't pretend to be sophisticated. I don't think leading a company is rocket science.

Let Others Be Real Too

What this all comes down to is that you've got to be able to express your personality at work. If you always have your guard up, you just won't be as effective as a leader. Some leaders keep people at a distance because they are unsure of themselves and don't want their weaknesses exposed.

Well, I've got news for you. Most of the people you work with closely already see your weaknesses—proba-



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bly more clearly than you do. And keeping people at a distance will only make you look weak and lacking in confidence. Sure, you take some risks exposing yourself, but there is really no alternative. Nobody is going to be led by a robot.

There is a flip side to this. You've got to let your people be real too. Let them be themselves. Let them bring their whole personalities to work. Then they can also bring all their enthusiasm, inspiration, and energy to work too. It's the only way to build a great company.