BEING UNAFRAID - COURAGE AND LEADERSHIP - PART THREE

While 2025 has been relatively good for banks, we know things change and there are a lot of changes going on in the banking industry and in our country. Those directors who have been part of the banking system for the last 20 plus years (your truly has been operating in this space for 50 years), know that the industry itself goes through significant changes, and most of those changes require boards and managements to face fears and have courage to lead their bank through difficult and sometimes very challenging times. For some directors, their inability to face these challenges often results in the sale of the banking franchise, but for many the desire is to continue to be a stand-alone bank, adding value to the community, shareholders and all of the partners that touch the bank. For many, due to where the banking industry is today, there is not a lot to be afraid of. However, as we know, things can change rapidly and it's important to have, both individually and within your bank, the courage to deal with the fears that come from an uncertain time. Right now, we wonder whether we are moving into a sea of change which will require courage, leadership and facing one's fears.

Courage and facing fears are central to the Findleys' stated core values of loyalty, courage and honor. We have tied the core value of courage to Human Capital Banking and the importance of boards and senior managements having the courage to deal with the human side of the banking franchise. While boards and managements have demonstrated various levels of courage over the last decade, sometimes we need to talk further about this topic, as banks continue to be challenged by the regulators and competitors. We have long stated that courage is not the lack of fear, but it is the ability to face one's fears with an open heart, an open mind and a dedication to the bank.

The last few months we have been writing about facing fears and having courage. We live in a world of fear. Some of it is real, but much of it is manufactured or unreal. We believe that our government, regulators, media and others have been selling fear during the last few decades as a means of controlling behavior, when there was no real reason to be afraid. Facing both real and unreal fears is critical to the success of your banking institutions in the next decade. There are many bankers we admire who have been able to face the fears and lead their banks effectively. But to face fears – you have to have a plan.

Recently, I reread a book by Adam Hamilton titled, *Unafraid: Living with Courage and Hope in Uncertain Times*. I have read several of Adam Hamilton's books over the past several years and find that even though they are spiritual-based, he provides good sound rationale that could be of benefit to boards and managements of banks facing uncertain times with the regulatory agencies, the economy and performance expectations. Several years back we also wrote about a book written by Gus Lee entitled, *Courage - The Backbone of Leadership*. We have referred to this book several times over the past decade, and it is a good read. In these difficult and challenging times, directors and executive officers of banks require courage to face both the real and unreal. We see many banks wanting to exit rather than deal with the challenges and press on. They have not been able to build the Human Capital within their bank to meet the next challenge. We are encouraging boards and managements to continue to build Human Capital within the bank and recommit. Recommit for the benefit of all the partners, whether the shareholders, directors, officers, regulators, staff, customers, community or vendors.

Over the past few months we have explored several questions about fear: Why Is Fear Growing? How Is Fear Working? How Do We Overcome Fear? One thing that we have to realize is that sometimes there is legitimate real fear, and other times there is not. Often, I wonder if regulators create work and job assurance for themselves by creating **FEAR**. In this case, it is the unreal fear, or as Hamilton puts it **F**alse **E**vents **A**ppearing **R**eal. Bankers often chase their tail when there is nothing to be concerned about that is posing a risk to their bank.

We also explored how we can face our fears. Hamilton uses the following approach to deal with **FEAR: F**ace your fears with faith; **E**xamine your assumptions in light of the facts; **A**ttack your anxieties with action; and **R**elease your cares to God.

In last month's *Newsletter*, in addition to exploring how we can face our fears, we focused on the importance of core values, and specifically high core values. Gus Lee emphasizes that great values suggest high core values. They have the highest principles and they are the platinum standard. But there are only three high core values as defined by Gus Lee, and they are integrity, courage and character. Last month we looked at these three words and their definition as core values. In reviewing one's own core values, it is important to recognize that some people are good people and some people are courageous people. The good people are honest, don't cheat or steal and seldom cause

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serious problems, but they don't solve the tough morale ones either. However, can good people effectively lead? On the other hand, courageous people stand for what is right. They boldly take risks for their own principles and the principles of others. Gus Lee writes, "Courage is addressing wrongs in the face of fear regardless of consequences of risk to self or of potential practical gains."

How do we move from a good person to a courageous person? That is a major challenge for all of us, since it normally means we must face our fears and move toward the unknown or uncomfortable. We have long stated that courage is not the lack of fear but the ability to face one's fears with an open heart and open mind. Gus Lee focuses on the need to cross the River of Fear which separates good executives from courageous ones. The River of Fear often deals with feelings and intangibles …what some of us would call "touchy-feely" concepts. The River of Fear can also have elements of what Adam Hamilton calls False Events Appearing Real. As we have been exploring, the fear of feelings is strong enough to act as a barrier that separates the good from the courageous and splits the hesitant from the bold and the quietly heroic. How do we move from one side of the River of Fear to the other side – toward courageous leadership, based upon high core values?

Gus Lee emphasizes that it is a difficult challenge to move from a good person to a courageous person, and he sets forth the Character Matrix, taking one person over the River of Fear toward being a courageous person. On one side of the bank stands the good person who stands near the bank, avoids personal wrongs, takes no stands for principles and will stand for favorites. While he is honest, tells the truth, avoids lies, has honor and does not cheat and does not steal, by following an ethical code, that individual doesn't do more than be ethical. Is this enough? How will people really follow this person?

On the other side of the River of Fear stands the courageous person who is far from the bank, boldly stands for principles, boldly stands for all others, supports values, does not play favorites, focuses on integrity, discerns right from wrong, acts for the right despite risks, teaches others from that act, moves courageously by stopping wrongs in oneself, challenges wrongs in others and follows through in his character with sustained integrity. The courageous leader has followers.

As bankers we are constantly faced with the River of Fear. How can we move from the good side to the courageous side? How can we effectively make courageous and bold decisions when the River of Fear in this environment is not a small creek but looks like the Mississippi River, over a mile wide? Courage starts with small steps and builds from there! But it also starts by recognizing the need to make a step forward! Both Gus Lee and Adam Hamilton emphasize that we can all learn to overcome our fears by practice.

A major step in crossing the River of Fear begins with the first of three base skills - courageous communication. Winston Churchill wrote, "Courage is what takes to stand up and speak. Courage is also what it takes to sit down and listen." Leaders care, listen, relate and then solve problems. The ability to effectively execute a plan that others will follow is so dependent upon communication. In courageous communication, principled behavior produces consistent dividends. But the communication must be sincere, consistent and also believable. Unfortunately, most of us think we communicate much better than we really do, since we often do not listen to our own words and think about what was really said. Also, communication is not only words but body language, eye contact and attentiveness. Fortunately, this is a learnable skill that as you practice you improve. Results improve until you become masterful in leadership and problem solving.

In the past, we have written about teamwork and avoiding dysfunction within a team. Patrick Lencioni's book, *"The Five Dysfunctions of a Team"* emphasizes that the first step to building an effective and functional team rests on the ability to connect and build trust with one another on a fundamental, emotional level, and the need for everybody within the team is vulnerable to each other about their weaknesses, mistakes, fears and behaviors. One of the aspects of a trusted team is that they make mistakes, ask for help and accept questions and inputs about their areas of responsibilities to one another before arriving at a negative conclusion, take risk, offer feedback and assistance and appreciate tapping into one another's skills and experience. Being able to build this trust is an essential element of courageous communication, because courage requires a form of trust in oneself and others.

The purpose of courageous communication is to produce principled, collegiate relationships, and its goal is to live rightfully. This goes beyond a few thoughtful communication techniques designed to advance an individual's right to speak up. Courageous communication produces key, intentional out-

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comes, ethical behavior, effective teamwork, unified operations, sustained productivity and the dignity of all persons.

Gus Lee emphasizes that courageous communication reflects high core values because it is based upon integrity. It creates value-centered results and value-centered corporate culture and directly challenges the low-values environment. He focuses on the model of CLEAR: **Communicate Collegiately, Listen Actively with Empathy, Ask Questions on Point and Relate Respectively.**

- **Communicate Collegiately**: Approach others with unconditional and positive respect. Be ethical, supportive and encouraging. How often is there avoidance of communication or lack of respect? Those who have trust and believe in themselves can build relationships which can lead to results. Those who possess dignity and respect for others can easily build relationships. Those who do not trust, or respect others will never be able to communicate in any way other than unilaterally. A one-way conversation is not communication at all! It is also imperative that we consider the words that are being used – are they positive or negative words? Too often communication is full of negative-feeling words rather than positive-feeling words.

- **Listen Actively with Empathy**: Capture what the other person is feeling in that person's context without being detached from or swamped by it. You must generally hear that other person reflect back what you hear. While most people believe they are good communicators, most often they are not. They may talk a lot but don't listen. They may say words with little, if any, message. They may not care about what the other person is hearing or saying. It is also important to not only listen with one's ears but also with one's eyes. Achieving the best level of communication requires direct contact. It is too easy to miss what another is saying when one does not use all of their senses. Unfortunately, it has become too easy to hide behind a phone, email or text. That does not permit someone to communicate effectively with empathy. Courageous communication requires personal interaction!

- **Ask Questions on Point**: Asking open-ended questions leads to discussion and better communication. How can one learn without asking question? Those who think they have all the answers most often have no real answers. Asking respectful and probing questions allows one to fully understand another's thoughts and is an effective way to show additional interest. It also shows that one has listened to what was said. Asking questions also allows for clarity. As things become clearer it is easier to move across the River of Fear.

- **Relate Respectively**: Focus on support, encouragement, moving forward, partnering and accountability. These are each parts of building trust with one another, the framework for teamwork. Also utilize positive-feeling words rather than negative-feelings words. It is easier to encourage behavior with sugar as compared to vinegar.

Courageous communication starts with the confidence to practice a skill until it becomes second nature. Gus Lee emphasizes that this is a learnable skill, and practice is powerful. Practice produces big dividends, and a fear is faced. Facing this fear improves important tasks like decision making, relationships and quality of life. Courageous communication replaces cowardly avoidance and apathetic relationships. It replaces convoluted arguments, painful paralysis, anxious hesitations and destructive intimidation. Courageous communication improves relationships as surely as cowardness degrades them. Courage is the lever of leadership while cowardness invites collapse.

As someone who has a tendency to talk a lot and is rented courage for many boards and managements, I realize that the CLEAR approach is so important in building relationships, identifying problems, seeking solutions and achieving results. Building relationships with courageous communication allows us to achieve the results that are sometimes missing. In the current banking environment, it is essential that boards and managements practice courageous communication among themselves, not only for clearer and effective decision making, but to provide the basis for mandatory leadership of the staff, customers and shareholders.

Next month, which will be our last *Director's Compass* (we will be writing a blog and not the *Newsletter*), we will focus on courageous feedback, courageous leadership and courageous problem solving. All are critical to the overall aspects of courageous leadership and being unafraid in an environment of challenge.

Gary Steven Findley, Editor