

## Financials Post Sign of Times: CEO Wanted

By **SUSANNE CRAIG** and **JOANN S. LUBLIN**

The revolving door for financial-company chief executives is broken. Plenty have left or could be on the way out. Some who want in aren't experienced enough. And some of the most qualified potential CEOs are leery about entering.

The strain of the credit crisis, curbs on executive compensation and the specter of government scrutiny are making it harder for financial firms to lure chief executives, according to directors, executives and search firms.

"There aren't any highly attractive CEO prospects in the financial-services industry," said Peter D. Crist, head of Crist|Kolder Associates, an executive-search firm in Hinsdale, Ill. "The best players won't risk their careers going to a troubled enterprise."

One person familiar with the internal deliberations about CEO succession at Bank of America Corp. and Citigroup Inc. is even more pessimistic. "Let's face it: There is no one," this person said. Spokesmen at both banks declined to comment.

At Citigroup, Jerry Grundhofer, the former chief executive of regional bank U.S. Bancorp who recently joined the New York company's board as part of a government-driven shake-up, is viewed as a strong potential successor to Vikram Pandit.



*Bloomberg News*

Jerry Grundhofer arrives for Citi meeting in April

But Mr. Grundhofer, 64 years old, has expressed concern about the relatively low pay that likely would come with the job, along with the difficulty of leading a company that is so entangled with the U.S. government, according to people familiar with his thinking. The government soon will own as much as 34% of Citigroup.

Mr. Grundhofer declined to comment.

Among financial-services firms ranked in the world's 2,500 biggest public companies by stock-market value, 18% lost their CEO in 2008, according to a study by management consulting firm Booz & Co. More than half of those CEOs were pushed out, the highest rate of "forced succession" in any industry.

Financial firms looking for fresh leadership include American International Group Inc., Hartford Financial Services Group Inc. and mortgage company Freddie Mac. BofA and Citi directors, while publicly backing their CEOs, have been slowed in their succession planning by what they see as a shortage of able contenders, said people familiar with the situation.

One problem is that the financial industry's crisis has shown that some firms simply might be too much for anyone to conquer. Eventually, boards will find new CEOs who are confident enough to give it a try no matter how big the risks. For now, the pickings are slim, said recruiters involved in continuing searches.

Some names on the short list of would-be CEOs just one or two years ago have been tarnished by the credit crisis.



*Associated Press*

Robert Steel

Robert Steel has the sort of résumé that usually is in hot demand: a longtime executive at Goldman Sachs Group Inc., former Treasury Department undersecretary for domestic finance, even an Eagle Scout.

The problem: Mr. Steel was CEO of Wachovia Corp., a regional bank in Charlotte, N.C., when it nearly collapsed last year and was sold to Wells Fargo & Co. And while he was trying to clean up the mortgage mess created long before his hiring, Mr. Steel came under investigation by the Securities and Exchange Commission for making bullish comments about Wachovia shortly before the sale pact.

Mr. Steel is keen to lead another large company, according to people familiar with his thinking, and some Bank of America directors discussed him earlier this year as a potential successor to CEO Kenneth Lewis. But the talks haven't progressed, partly because of concerns about Mr. Steel's tenure at Wachovia, said people with knowledge of the boardroom discussions.

People close to Mr. Steel said his comments were made during an extraordinarily volatile period for U.S. banks and stocks, adding he believed at the time the statements were accurate.

Former Merrill Lynch CEO John Thain also would like to run another major company. Before being hired to rescue Merrill, he dragged the New York Stock Exchange into the electronic era and was Goldman's president.

But Mr. Thain's future is complicated by his unsuccessful lobbying for a bonus and office-furniture spending while at Merrill. He was pushed out by Mr. Lewis shortly after Merrill was acquired by Bank of America in January.



Getty Images

### David Moffett

David Moffett, who left Freddie Mac in March after six months as CEO as part of the government's rescue, is interested in the top jobs at BofA and Citi, according to a person familiar with his thinking. He is former finance chief at U.S. Bancorp.

One drawback is his limited experience in running vast businesses, said someone who has considered recruiting him.

Mr. Crist said he is struggling to find a CEO for an ailing midcap U.S. bank that has received government aid. About 20 prospects already have turned him down, mostly because they now work for a larger institution at a level below those affected by federal pay caps. The prospects also fear the bank might fail.

At Hartford, a scarcity of viable external successors for CEO Ramani Ayer, who has announced plans to step down by year end, is complicating the search, said a person familiar with the situation. Hartford also won't consider any executive responsible for the balance sheet at a troubled financial institution in recent years. A Hartford spokeswoman declined to comment.

**Write to** Susanne Craig at [susanne.craig@wsj.com](mailto:susanne.craig@wsj.com) and Joann S. Lublin at [joann.lublin@wsj.com](mailto:joann.lublin@wsj.com)