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## GoalKeeper: John R. Hall keeps directors focused on the end game

Hall was a key player in driving the decision to hire Jamie Dimon as CEO at Bank One

By Leslie Werstein Hann

**J**ohn R. Hall was one of the smallest, swiftest and best offensive guards in the Southeastern Conference. He was also smart and feisty. While on a football scholarship to Vanderbilt University, he majored in engineering and became the university's first Academic All-American. "In football," Hall says, "you learn the importance of having shared goals and of working with others on a team."

Fellow directors say Hall's ability to apply this lesson to the boardroom is what makes him an Outstanding Director.

"He handles tough situations very well, and because his manner is so easygoing, it's easy to underestimate him," says John B. McCoy, the retired chairman and CEO of Bank One Corp. "John has a steel-trap mind encased in velvet," says David A. Jones,

cofounder and chairman emeritus of Humana Inc. "He might act like he's from the back woods of Tennessee, but don't ever be fooled by it." For evidence, colleagues point to the role Hall played in driving the decision to appoint Jamie Dimon as CEO at Bank One.

Bank One was formed in 1998 by

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a merger of equals between Banc One Corp. and First Chicago NBD. The merger created a dominant Midwestern bank and national credit card powerhouse. McCoy was president and CEO of the merged company, and Verne G. Istock, the former chairman and CEO of First Chicago, was chairman. Each bank brought 11 board members to the table.

But that merger hit some bumps. By late 1999, Bank One's stock was battered by repeated profit warnings. Mismanagement and slowing growth in its credit card business sent shares plummeting 47% between the first earnings warning in August 1999 and McCoy's retirement four months later. When a portfolio manager told a newspaper, "I don't think this bank has another year of life," he spoke the fears of many investors. Amid this tempest, Hall was named interim chairman and head of the CEO search committee. Knowing what lay ahead, he and his wife, Donna, packed up and moved into a Chicago hotel for three months.

Wall Street analysts were pressuring the company to act fast, and many of the First Chicago board members wanted to give the top job to their man, Istock. He had taken over the president's title from McCoy in the fall and was now acting CEO. Hall pressed for a comprehensive national search that would enable the board to choose "the best person we could find in the financial services industry who could be a good leader for the future."

Hall crisscrossed the country meeting about 15 candidates, including some of the biggest names in banking. "All people who chair search committees take it very seriously, but the degree to which he worked it was unusual," says Andrea Redmond, former managing director and co-head of the CEO/board service practice at the recruiting firm Russell Reynolds Associ-

ates. "It was a difficult time in the life of that institution. He had the vision to see what the problem was and what kind of leadership was required."

The situation required a director who could drive a challenging process forward and build consensus amid so

gan board. "He is incredibly inclusive, which, in situations that are difficult, makes a huge difference."

More than a year after being cast out of Citigroup following a fall-out with Chairman Sandy Weill, Dimon seemed a natural. This was particularly true

**DIRECTOR'S SNAPSHOT**

**Born:** November 30, 1937, Dallas, Tex.

**Education:** BS, Chemical Engineering, Vanderbilt University

**Career Highlights:** Chairman and CEO of Ashland, Inc., rising through various positions after starting as a chemical engineer in 1957

**Hometown:** Raised in Knoxville, Tenn., currently lives in Lexington, Ky., and winters in Naples, Fla.

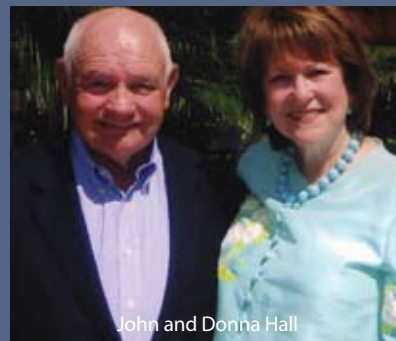
**Family:** Married to Donna S. Hall; one son, John L. Hall

**Most Memorable Summer Job:** Working on the section gang of the Norfolk-Southern Railroad

**Most Recent Book Read:** *Marley & Me* by John Grogan

**Most Recent Movie Seen:** *The Queen*

**Favorite Composer:** Andrew Lloyd Webber



John and Donna Hall

**Something Most People Would Be Surprised to Know About Me:** "I passed on the chance to try out for the Los Angeles Rams and Green Bay Packers."

**Won't Leave Home Without:** A hat—"when the sun is shining or the weather is cold"

**Most Recent Vacation:** Winter trip to Paris for the birthday of a friend

**Current/Recent Public Company Boards:** GrafTech International, USEC, CSX (2003), Humana (2006), Bank One (2004), Canada Life (2003)

much dissent. Hall did so by keeping the process open, laying all the facts on the table, and never allowing professional disagreements to become personal.

"John had some intramurals to play to because you had different constituencies on different sides of this issue," says Laban P. Jackson Jr., a former Bank One director serving on the JPMor-

given his success building the banking giant out of a string of acquisitions. But, in addition to the faction that still supported Istock, there was considerable concern regarding Dimon himself. A 2002 Fortune profile tagged him as "an insanely demanding, emotional manager who often drives his troops crazy." Plus, he was the quintessential New Yorker. "Some of the people were

afraid he was going to be too brash, break too much china,” Hall says.

Hall recognized the value Dimon could bring and deftly shepherded the search committee, evenly divided between Bank One and First Chicago board members, to a unanimous recommendation. Winning support of the full board took more of the same kind of artistry, but Hall focused on the facts. “By putting everything forward and being very open, he allowed the committee to come to the conclusion that Jamie Dimon was the right guy,” Jackson says. “No one felt threatened or angry, and that takes real artistry.”

After considerable debate, the board elected Dimon chairman and CEO, and Istock stayed on as president through the transition, retiring later that year. “Jamie Dimon’s business experience, management skills and strategic thinking will lead our outstanding franchise in the new century,” Hall said at the time. “Jamie’s fresh perspective and his ability to galvanize employees also set him apart from an exceptional field of candidates from around the country.”

Over the next few years, Dimon did break a lot of china, but he more than paid for it. He replaced most of the management with trusted colleagues, slashed expenses, increased credit reserves, diversified its risks, and streamlined a patchwork of systems. “After I was selected, John became a tremendous supporter, an excellent sounding board and a trusted friend,” Dimon writes in an e-mail message while traveling in Asia. “He supported me through several difficult decisions in 2000, including cutting the dividend in half and reducing the size of the board of directors by five. He often checked in on me—helping ensure our company’s progress and my own success in the role.”

That success included turning a \$511 million loss in 2000 into record \$3.5 billion profits in 2003. Then, in 2004, Dimon helped engineer the larg-

est-ever merger of U.S. banks, selling Bank One to JPMorgan, which sought to balance its volatile investment banking and trading businesses with Bank One’s more predictable consumer and credit card businesses. The \$58 billion deal allowed Dimon to return triumphant to New York first as president and COO, and then succeeding William Harrison as CEO in 2006. He was elected chairman earlier this year. Hall stayed on one year beyond his mandatory retirement of 70 through completion of the merger. With JPMorgan reporting record results, the ef-

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David A. Jones, chairman emeritus, Humana Inc.

fort Hall put into the search has obviously paid off. When Dimon started in March 2000, Bank One shares sold for about \$28; today, JPMorgan shares trade around \$52. Factoring the 14% premium JPMorgan paid, the investments of Bank One shareholders have more than doubled—not accounting for dividends.

“You couldn’t even really put a value on what the decision to get Jamie Dimon has meant for shareholders,” Jackson says. “He’s only 50 years old. We’ve got another 15 years to watch this unfold.” Colleagues attribute Hall’s success with the divided board to his reputation for integrity and the way he kept the process open. “John was probably the only person on the board who could have led them to the consensus they reached,” says Humana’s Jones. “There are not that many people who have the ability never to get exercised regardless of what is going on around them, to truly keep their eye on the ball, to be evenhanded and follow where the facts lead rather than where emotions would take them.”

For Hall, candor in the face of crisis has always made sense. In 1988 during his tenure as CEO at Ashland, Inc., an Ashland fuel storage tank near Pittsburgh collapsed, spilling 700,000 gallons of diesel oil into the Monongahela and Ohio rivers. Though environmental critics found failings in Ashland facilities over the years, Hall’s handling of the spill has become a business case study that earned its way into a book on crisis management.

Hall took full responsibility for errors in the use of the tank, went to the spill site and pledged to clean every-

thing up. He hired the respected Battelle Institute to study why the tank failed and had the findings—which faulted Ashland—announced publicly without seeing them first. “A lot of people, even some in our own organization, didn’t agree with what I was doing,” Hall recalls. “I said, ‘it’s our oil and it’s in the water, so let’s get in there and try to be fair to people and do the right thing.’”

Hall’s championship of transparency and skill at propelling his team toward making difficult but necessary decisions comes as no surprise to those who know him well. “John is very good at helping reach consensus because of his open mindedness and because he never lets it get personal,” sums up Jones. “You don’t get to be captain of the Vanderbilt football team without demonstrating the ability to deal with adversity,” adds his younger brother Jim wryly. ■

John Hall will speak about “Balancing Compensation: A Herculean Task” at **ODX New York** on June 14, 2007. Please call Ajay Bhambri at (212) 542.1229 to attend.

AGENDA PROFILE BAR