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[MUSIC INTRO]

David Solomon: Hi everyone. Welcome to Talks at GS. I'm excited to be joined today by my good friend Jim Citrin who leads the North American CEO Practice at Spencer Stuart, a leading global executive search leadership consulting firm. Jim joined Spencer Stuart back in 1994. He has worked at McKinsey. He's worked at Reader's Digest. You've worked at Morgan Stanley. And you've worked at Goldman Sachs. And he is the author of eight books on career management, on leadership, including his latest, which if you haven't taken a look at, *Leading at a Distance: Practical Essence for Virtual Success* that he co-wrote with Darlene DeRosa. Glad to be here with you, Jim.

James Citrin: Thanks David.

David Solomon: You discuss something called the 20/80 principle of performance. We're all focused on performance. Performance matters a lot in everything we do. What is that? And how can that be relevant to the people at Goldman Sachs?

James Citrin: We did a study of what the differentiators were between the average performers, the strong performers, and the top one percent performers. And we did a huge amount of survey research. We did a lot of interviews. And we were looking for the differentiators.

And probably the most surprising differentiator was what we call the "20/80 rule." Obviously, a flip on the popular "80/20 Pareto rule." But what we found is that most average performers are described by their bosses or their peers as they achieve their objectives. Most people in the world define their success or their jobs as you have objectives, and your job is to meet your objectives. That's what creates average performance.

Very strong performance are those who exceed their objectives. On average across those cohorts, the strong performers, this is like the 20 percent, on average achieve their objectives by 20 percent, whether it's a revenue generation, cost reduction, cost of borrowing, whatever it was across.

But the top 1 percent, they actually redefine their job. They don't just do more of the same. They actually meet their objectives. But then they think about what can I do that will actually add value to the organization in a way that I know better than my boss might know or the organization? And then they initiate that in order to add value in unexpected ways.

And there are examples from the summer intern all the way up to the CEO. And it's just so applicable because, again, if you're a summer intern and you volunteered to do the training program, then that's not necessarily on your job. Or if you're the CEO candidate and you create a DE&I initiative and you're leading that for the form, or if you're on a board of directors, that 20/80 principle absolutely goes.

And so, it's not just doing more of what you're being asked to do. Do what you're asked to do. Meet your objectives. Go beyond that. But rather than just take that little discretionary time, and then apply it.

I mean, Google, systematically tried to implement that with their 20 percent discretionary time for their engineers. They smartly knew that doing the job, you have more creativity, more ideas than kind of the top management telling you what to do.

David Solomon: Google took that approach, are there other companies that have taken that approach? And is there any empirical evidence to show that that 20 percent was super productive for the business? It might have been productive for the people. Is there any empirical evidence that using that construct - I completely get what you've laid out about this 1 percent who meet the objective and then go find a way to add more, I see that all over Goldman Sachs, people that are really driving performance by finding a way to do something that was unexpected, for going that bit more for a client. That bit more in a particular circumstance. But is there a framework, that 20 percent framework that you refer to, does that work? Or is there another way? How do you motivate your people to want to be a part of that high-end performance framework?

James Citrin: First of all, it's important if you believe that to give the permission, it doesn't have to be like Google truly institutionalized it with a flexible day--.

David Solomon: I was going to get to the permission paradox. I mean, talk about that. Talk about the permission paradox.

James Citrin: But let me just finish this. I can't say that there's empirical evidence having studied it at the company level. But anecdotally, there are some, if you think about innovations and where innovations come from, I can think of our friend John Donahoe has talked about where some of their surprising innovations come from. Their sub-two-hour marathon in their innovation lab. That came from a concept of someone who wasn't asked to do that. Or 3M, you know, before Post-Its were invented. The guy who created Post-Its, that was out of a mistake and him thinking, like, hmm, what can we do differently out of this adhesive that actually didn't do the job of being strong enough, but it was permanent. And then how he marketed that. So, I think we could probably do a study to find that.

But I think it's more a cultural expectation setting and educating folks to say, yes, do your job. Do what's expected. Do a little more than expected. But rather than just doing more of the same, try and think creatively about what you can do that would add value to the organization in a way that brings other people along. That's one of the other parts of the five patterns. That you can't do it alone, you have to work in teams. And you have to have the comradeship and the followership based on a real core belief. I know you believe it. I believe it. And I think a lot of people at Goldman Sachs believe it. Which is success is defined not only by your personal success, but by the people who you're working with. And if you can focus on the success of those around you, then you actually get a lot of permission to do other things like that, as long as you deliver on your objectives.

David Solomon: And so, is that the framework of the permission paradox?

James Citrin: No. So, the permission paradox is classic. Again, it's true at the intern level coming out of college. It's true at the CEO level. Here it is. You can't get the job without the experience. But you can't get the experience without the job. Really, it is a conundrum. And how do you break that down?

So, I'll give you three examples of how that applies, one extremely personally. So, as I said, it's now 1985. I'm interviewing for Goldman Sachs security sales, private wealth management. And--.

David Solomon: You don't have the experience.

James Citrin: I didn't have the experience. And I'd never had

sales experience. That was the thing. In that business, they wanted people with sales experience. And they said, "No, you're not going to make the final round." So, what did I do? I went up to Harvard Square and I signed up to be a salesman for a Square Deal, which was this penny saver kind of thing. And I spent a day, only a day, selling little fliers in Harvard Square. One day. It's like a nothing. But I came back in my next round and all I did is I talked about that. So, it was enough to let them believe, at the time that, okay, he has some sales experience and maybe a little bit of chutzpah to go for it.

So, one of the searches I'm leading right now at Spencer Stuart is for the CEO of the US Ski and Snowboard Association. So, if anybody is a skier or a snowboarder or Nordic combined person--.

David Solomon: I'm interested. Second job.

James Citrin: You have to move to Park City. Okay. So, one of the candidates, on the spec it says, "CEO experience." And by the way, having studied the permission paradox, all the way up to doing research, and my two partners, Hannah Ford and Maddi Conlin are in the audience, they've done a study to show that first time CEOs outperform experienced CEOs. And so, I know that this permission paradox is really important all the way up.

David Solomon: Great example.

James Citrin: So, how do you actually advise a CEO candidate who hasn't been a CEO how to try and get this job? I said, look, there are the three objectives in the spec and in his board briefings. They need to create an athlete-centric culture about the skiers and the snowboarders and how they perform. So, have a credibility with athletes. They need to raise more money for new business models and philanthropy. And they need to build a strong organization with a culture of diversity and inclusivity. Those are the three priorities. This particular individual, I said, "Break down your career. And you've done all of those things. Just link all of your experiences to different things. And then acknowledge to the board," which he did yesterday, it's like, "Look, I've never been a CEO. But I've done the core aspects of this." So, piecing it together. And that - we'll see if he gets the job. But that's the key principle, that there are components of the job that you can do that allow the decision maker on the other side to look at it differently.

David Solomon: To look at it differently. That's great. That's well articulated.

So, let's talk about your recent book *Leading from a Distance*. Were you planning to write it before March 2020?

James Citrin: So, this is pretty funny. A year ago January, we hired a new colleague at Spencer Stuart named Darleen DeRosa. She came into the firm from a boutique advisory firm. And when I met her, I asked, you know, "Tell me your story." She said, "Well, I have a PhD in a very specialized topic." I said, "What's that?" She said, "Virtual teams." I said, "Virtual teams?" She said, "Yeah, remote work." I said, "Oh, well that's the most obscure PhD in history." Literally. And so, two months later when the world started to shut down, Darleen started giving seminars to our Spencer Stuart colleagues about how you actually conduct meetings virtually. Can a board still operate virtually? Can a recruitment process happen virtually? Everybody knows now how that works. But a year and a half ago, people didn't know if it would work.

So, anyway, last summer she had written one book on virtual teams about eight or ten years ago. Didn't sell many companies. Although, there was one remnant company on Amazon, kid you not, for \$1,000. But she was approached by the publisher. And she asked me because I'd written all these books and know how it works and had all the access to top CEOs. And so, we started it only in August. And this was unlike the other seven, David, because every single one of us, everyone in the world has been living this. And everyone can talk about what's your experience with remote work? Or what's your experience with going back to the office? Everyone can talk about it. So, I had a 100 percent response rate of interviewing CEOs and people across industries. We surveyed 600 virtual teams. We surveyed 1,000 CHROs around the world. And we put together this book. And we applied a lot of the learning to our client work, because some of the searches, some of the processes, I wrote in the book, you know, we did the eBay CEO. We've done a lot of searches. But in the heart of the pandemic, in March of 2020, the eBay CEO search was at a critical point. And the board was like, "Do we call it off?" And we said, "No, here's how we can actually go through it." And they went through. And they hired Jamie Iamnone. And it's been fantastic.

But anyway, it's been a really great experience. And it's clearly a topic that we're all talking about. You guys are leading by example and how you're thinking about it. And I know there are some topics you want to chat about.

David Solomon: Yeah. In the book, you sum up many of your observations on the RAMP model. Tell us what that is.

James Citrin: So, the RAMP model is an acronym for Relationships, Accountability, Motivation, and Process. Let me focus on the two ends of that, relationships and process.

What we found, and this has been a growing trend in leadership, is the importance of purpose and relationships. I think everybody knows that. And I admitted back in 1986, purpose wasn't high on my list. It is high on my list now. But it is important to everybody. You want to really be associated with a company, with a firm that you're really proud to be a part of that represents your values. But the relationships aspect of leadership and life is not to be underestimated. And I know we might go deeper on that.

But how a leader, when you're leading a virtual team or a hybrid team, having a relationships aspect is more important than ever before. Partially because when you were all working remotely and everybody was kind of there on screen, there is a lot of discretionary effort that goes into just getting the job done or over delivering. And people do that when they feel they're cared for, they're tapping into the purpose.

But at the same time, particularly in a hybrid world where some people are in the office, some people are outside, if you just let people do everything, run amok, then nothing can get done. And so, you actually need rigorous processes. You need the right hiring and on-boarding processes. You need the right culture building processes, performance reviews, much less planning. So, it's really important.

And in our study of those 600 virtual teams, what we found is that leaders tend to favor either the relationship side or the process side. And it's really important to keep that as like an even scale. You really care about the people, but you also need proper processes. I know we talked last summer. You onboarded 1,000 new colleagues here at Goldman Sachs.

David Solomon: Thousands. Yeah.

James Citrin: Or thousands. But coming from college. And how do you actually bring them into your culture into an apprenticeship model? And you needed process in that model to do it. And now you need process getting everybody back into the office in the right way and keeping everybody safe. But it's the relationships

and the process, that balance is really important.

David Solomon: As you know, and we've talked a lot about it. I got a bit of attention a few months ago when I was asked a question about our operating mode and the fact that we had 95 percent of our traders out of the office during the height of the pandemic. I was asked was this normal. And the answer to the question was, "It's an aberration from the norm. It's not normal."

Today, as we sit here, in some ways, and that was only three or four months, it seems like a lifetime ago, we've clearly made progress against the pandemic. The vaccines are really a miracle. And when you think about science and innovation, the fact that we've been able to get to a point so quickly that we have these vaccines and they're as effective as they are, and that's allowed us to make progress on bringing people back to the office. Last Monday, in the United States broadly, particularly here in New York, we basically encouraged people to come back in. And you know, we basically had about 60 percent plus of our people back in the office. And the energy in this office, I was traveling a little bit last week, but I came back on Thursday. I was walking around the office. I saw smiles everywhere. People felt great. People are excited. I've gotten a lot of notes from people. And so, you can really see how we can safely return to office and collaborate.

So, how do you think about the evolution of all of this as we go forward from this? It's different for every organization. All organizations have to be flexible. But talk a little bit about your thoughts on why in-person work is important. And how you see in person versus remote as we move forward in the more medium and longer term.

James Citrin: In terms of in person, I do think that it's most important to be focused on what's right for your culture. What's right for Goldman Sachs is different than what's right for Amazon and very many others. But here's the thing. Here's one of the things we've seen in our research on this topic. What's most important is for the CEO or for the chief HR officer to be clear, to have clarity, yeah, everyone wants everything, but it's important to set a standard. Here's what we are going to do. Here's why. Here's why we're going to do this. And then, at least if you create clear expectations, then people can get on with it and get to the job at hand. So, it's the clarity.

So, I actually admire it. You have an apprenticeship culture he.

And look at all the energy in the room. And all the on-boarding of your new colleagues and all the working with clients. So, that's what's right for Goldman. And if you were wishy washy about it, it would create much more anxiety. So, that's what I really believe.

David Solomon: Well Jim, we're out of time. Appreciate your insights, your thoughts. Appreciate your spending time with us today. Thank you so much.

James Citrin: My pleasure, thank you David. Thanks everybody.

David Solomon: Thank you all.

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