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Corner Office

Lessons Learned at Goldman

Interview by ADAM BRYANT

This interview with [Lloyd C. Blankfein](#), chief executive of [Goldman Sachs](#), was conducted, condensed and edited by Adam Bryant.

Q. How did your leadership and management style evolve during the financial crisis?

A. I think I had a lot of the principles in place, but clearly over that period, communication, teamwork, and driving and promoting this sense of partnership in our firm was a very, very big deal for us. Making sure that everybody, at every point, understood what was going on meant that the organization very often would get to the right place, and sometimes we'd get to the right place first.

Q. What did you find yourself doing more of, or less of, in these last couple of years in terms of day-to-day management particularly when the company was under such intense scrutiny?

A. What I did more of — and then I kept doing more and more of it as it sort of got validated as a strategy — is that I talked to the firm very frequently.

So in the last year and a half, and particularly in periods of peak stress, when people were wondering what was going on, when the press was as bad as it was, when they were talking about chaos in the markets, almost every day I would send a voicemail to the whole firm.

I'd walk around the firm. I'd answer people's questions. I'd get e-mails and respond to them. And generally this firm has a walk-around culture. It's a very flat organization. But I really emphasize that.

And the dialogue was not necessarily just up-and-at-'em, let's-feel-good kind of dialogue. But it was really

being quite open and honest at the challenges we were facing, and what our strategy is.

Q. What lessons did you draw from the experience that will be useful if we ever go through a crisis like this again?

A. I learned about the importance of making sure that everyone in the organization interprets his job or her job expansively. That everybody's looking at his or her neighbor. Because what you want to get is a lot of opinions.

People can get trapped by their context. The nature of the bubble is that people who are in it can't see or else it would never have occurred. But other people can exercise a critical faculty based upon their different contexts or their perspective.

So asking people's opinions, getting a lot of information, establishing a culture where people think — it's not only extra credit, but it's their duty to give you opinions about things that they think, what they're worried about or isn't right. And we encourage that.

Q. Have the last couple of years changed, even in a small way, the kind of people you hire?

A. I don't think so. We want people who are institutional people, people who view their responsibilities broadly. A person who wants to live or die from his or her own performance, regardless of what anyone else in the organization could do, can have a great career. It just won't be a great career here. We want people to respond to the overall needs of the firm. And that screens out a lot of people.

Q. What other qualities are you looking for?

A. Well, I look for two things that may sound a bit inconsistent, but they're reconcilable. I look for people who are willing and able to get very deeply involved in something. And at the same time I like people with broad interests, so that they're well-rounded and interesting people, and are interested in a lot of different things.

On the issue of depth, we're looking for somebody who has the experience of digging in and mastering a topic. If you can master a topic, you can master another topic. On the other hand, if all you're good at is survey courses, it's not that useful to us.

I'd give a job sooner to somebody who'd shown that he or she could really dig down deep in something — and give that person a job in an area of totally different content — than take somebody who had superficial experience across a broad swath and no deep experience in anything.

Q. Stepping back, what were the most important leadership lessons you learned over the course of your career?

A. I remember the first time I was put in charge: I was put in charge of the foreign exchange business, including sales and trading. And of course, you know the way bread always lands on the buttered side down. In the first minute, the business is going through something where we start losing money. And by the standards at even that time it was probably a piddling amount of money. But it meant a lot to me, and I was nervous as hell, and I went in to my boss at the time. And I said, "You know, we're losing money." And he said, "Well, what would you do?" I said what I would do, and he said: "That sounds right. Why don't you do that?"

I would remember that always. His validation made it my idea if it worked, and his problem if it didn't. So he took a lot of pressure off me. He took weight off the scale for me.

And I remember a second lesson in that same meeting. I turned to walk out of the room, and he said: "Lloyd, just one second before you go. Why don't you stop in the men's room first and throw some water on your face, because if people see you looking as green as you look, they'll jump out the window." And that was a second thing: I learned in general about how important that kind of symbolism is and how you can inspire or defeat confidence.

Q. Before you even worked at Goldman, do you, looking back over your life, recall some really formative experiences that laid the foundation for your leadership style?

A. I remember my first job, when I got my working papers at 13, was as a vendor at [Yankee Stadium](#) — the old Yankee Stadium, with very steep stairs in the upper decks. It was all commission-based. And I think a soft drink was 25 cents and I think you got a 10 percent or 11 percent commission.

And I remember walking along, and somebody in the upper part of the upper deck would raise a hand and say, "I'd like a soda." And I'm thinking, "This tray is unbelievably heavy," and the lids didn't work so well, and I'm going to walk all the way up there for 2 3/4 cents. And guess what? I walked all the way up there for 2 3/4

cents. It's character building for yourself, but you also know what people go through in the world who don't grow out of that, but that's what they do for a living.

There's another lesson I remember from that. You would be a vendor and you'd have to cross over from the main part of the stadium to the bleachers, and you'd have to go through the bullpen. The baseball players would be hanging out there. And I could tell you 40 years later, I remember which of the baseball players would hold the door for you and be nice to you.

And so 40 years later, think of the leverage. A 10-second nod or hello — less than that — echoes 40 years later for me. And that's a little bit of a lesson. I try to take those 10-second opportunities so I can get the reverberations over time.

Q. What other leadership lessons have you learned?

A. You have to, in your own life, get people to want to work with you and want to help you. The organizational chart, in my opinion, means very little. I need my bosses' goodwill, but I need the goodwill of my subordinates even more. Because they can make it easy for me to get information. They'll come to me and say: "Look at this. Do this." Or they can give it to me begrudgingly, if they're hostile.

Now why would they be hostile? Why would they be negative? Why would they be slow to give me information? Because they thought I wasn't good for them. They thought I'd be bad for them.

Life is always about contracts that you make with people. Very few of them are written. Most of them are implicit, and most of them evolve out of a course of dealing and understanding. And if you are good for your people, they'll be good to you, and help you and help propel you up in your career.

By the way, being good to them doesn't mean you pay them more or you're more liberal, or you let them get away with things. Most people, what they want is to be better. They want to work for a great organization. They want to feel good about themselves. They want to not so much get promoted, as be promotable. They want to evolve. And if you're the kind of person that they think will help them do that, they'll give you a loyalty that's the most sincere kind of loyalty.

Q. What advice do you give people about managing their career?

A. I started out as a lawyer and came in laterally to Goldman Sachs. So I learned myself that life is unpredictable. That you really should, in terms of your career, try to be excellent at what you're doing.

I think if you focus on your job, and you focus on being broad in the context of your job, the next jobs follow from that. If you live the next job, it's a lower likelihood that you'll get it. And if you whine about it and that becomes the way you're known, then it may be hopeless.

Q. What would you like business schools to teach more of, or less of?

A. Look, I think it's very important to teach people to have a healthy respect for facts and information. And you know, to paraphrase Keynes, "to change minds when facts change." That's why I think certain careers — and maybe not intuitive careers — do very well. There's a lot of lawyers floating around Wall Street. There's a lot of engineers. A lot of people who deal in facts and have an appreciation for facts. A quantitative thing is very helpful. I was a social studies major, but you need to be numerate. If you have those good quantitative skills, it's very, very helpful. Remember, I didn't go to business school. I went to law school. And I mean, law school would characterize its job as not to teach you law, but to teach you how to think like a lawyer. How do you think like a business person so that when you go in deep, you understand? Presentation skills, marketing skills, communication skills to me are as important — maybe more important — than the content of a particular discipline within the business school curriculum.

Q. And what's your version of a two-minute commencement speech?

A. Don't be totally obsessed about getting everything right. In my own experience, I plotted and planned my life when I was getting out of law school to know by what year I'd make it to the [Supreme Court](#). That didn't work out the way I planned. You don't know what the environment is. You don't even know yourself. So I would take some of the pressure off and think about what I wanted to do, what I liked to do, what I wanted to be for the next two or five years and suspend your faculty beyond that. Because by then, things might be totally different anyway. The world will have changed, and you might have changed. It may not turn out, but you're just as likely to get to a good place as if you were calculating about it. And if you're doing something that you like,

you'll have a happier life and you'll be better at it.

I remember when I was getting out of high school, I had no pretense as to where I would go to college. I had applied to very simple schools like [Brooklyn College](#) and state school, and I applied to a few [Ivy League](#) schools. And I got accepted to [Harvard](#). And I was just the happiest guy around. I never expected it. I spent no time being miserable the day before, and I was just elated the day after. When I went to Harvard College, I was applying to law school, and suddenly I knew what the stakes were. I understood it better. I had different expectations. I was killing myself with anxiety about getting into Harvard Law School. I got in and it worked out, but it resulted in me not enjoying my senior year in college as much as I enjoyed my senior year in high school. I think the point I was making about not being worried is that it not only relaxes you, but it's like a golf swing — the easier you hold onto your career and all your expectations, you actually get a better swing and you'll be a better player.

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