

FIELD NOTES

School of Civil and Environmental Engineering

Georgia Institute of Technology

Ep. 2: Leadership in 3 C's – Connections, Context, Characters

SUZANNE SHANK: I look at my success and I don't see Suzanne Shank, the only African-American female CEO on Wall Street or one of the 50 most powerful women in business or a founding partner of the nation's leading muni-bond firm. I only see connections: the people, the places, the events and the opportunities that brought me here.

JOSHUA STEWART: Leadership as a living, breathing web of connections and circumstances. For this second edition of Field Notes, we bring you Suzanne Shank, perhaps the most-powerful woman on Wall Street.

<THEME MUSIC>

STEWART: Welcome to Field Notes, the podcast of ideas and conversations from the School of Civil and Environmental Engineering at Georgia Tech. I'm Joshua Stewart, and today we have a guide to leadership from someone who started her working life as a civil engineer and now leads the largest minority- and woman-owned municipal bond firm in the country.

Suzanne Shank has been called one of the 75 Most Powerful Blacks on Wall Street, one of the 50 Most Influential Black Women in Business, and one of the top 25 Women in Finance. Some just say she's the most-powerful woman in the American financial industry. But it all started when she was a civil engineering student at Georgia Tech.

Shank visited campus in February to deliver the spring lecture for the Hyatt Distinguished Alumni Leadership Speaker Series. We're going to listen to her talk for this episode of our podcast — and Shank started by connecting her work in finance to the work of civil engineers.

SHANK: Thank you so much. I'm so pleased to be here today in front of so many dynamic students. If you're a Georgia Tech student, you are hardworking and talented, so I appreciate you taking out the time to join me here today. So some of you may be wondering why a Wall Street stiff in a suit is giving a lecture to a bunch of out-of-the-box, problem-solving civil engineers. It's a fair question and I'll tell you why. My firm is a financial institution that assists municipalities and corporations access the financial market.

The financing for municipalities, in particular, fund major infrastructure projects throughout the country. I will say, here in Atlanta we do a lot of work for Hartsfield

International Airport. I think we did the largest airport deal done in 2014 for them. We do water and sewer projects. We worked on the Atlantic Station financing, you probably have enjoyed.

So in essence, we connect entities that need to raise capital with those investors who are willing to provide it at the lowest cost. I'm very proud to say that my civil engineering degree prepared me not only to be an engineer but put me on a path to be an investment banker, an entrepreneur, and ultimately, a CEO. You may be focused right now on engineering, but the beauty of what you're learning is it can open doors to so many fields and areas of exploration and innovation for you, too. Your ambition and talent has already shown you to be leaders. To have applied to and been accepted to a school of this caliber and to be pursuing what I think is the most fascinating and important areas of study in our time takes resilience, perseverance, ingenuity, and most of all, patience. I recall vividly how hard differential equations and many of my other courses were, so it takes a lot of patience.

But what you do with it all is still a great question mark, of course. So today, I'd like to speak to you about the characters, with an S, and context that move you upwards. Because one thing is for sure, for the rest of your lives, people will talk to you about your character as the driving force of your success. Indeed, when we think of leadership and leaders, we automatically think of the personality traits that propel them to great heights. The vision of Steve Jobs, the compassion of the Dalai Lama, the diplomacy of George Washington, the courage of Sheryl Sandberg. When people in positions of power ask what makes a great leader, we often here about the need for integrity, persistence, passion, equilibrium, generosity.

But I'm not here today to tell you about characters. I can't tell you who to be, and I can't accurately predict whether your character will indeed make you a great leader one day. I am here to tell you about something else that I believe is significantly more important when thinking about leadership. At Georgia Tech, the civil and environmental program teaches its students grid thinking. It teaches us that society is a living thing. It thinks, it breathes, it moves. And the nerves that connect its vital organs are the grids and networks designed, reinforced, and reinvented by people like you to improve the human condition. Here you learn about building infrastructure by nonlinear thinking, by understanding that everything is connected, that our lives are built on a web of highways, tunnels, passages, towers that affect the very air we breathe. Now, if this is sounding very familiar, I admit, I stole it all from a YouTube video on the Georgia Tech website.

[laughter]

So while you guys were watching Beyoncé and Adele at the Grammy's going viral, I was the geek watching videos about civil engineering preparing for today. And I

can't help it; I'm a proud Tech alum. The reason I refer to this video, though, and its ideas about nonlinear networks is because I very much believe that, like the networks, you work so hard here to innovate and improve. Leadership is too, a living, breathing network. Just as society has an infrastructure of water supply, energies, and systems of transportation, leadership cannot thrive on character alone. In my mind, it is not defined by an individual and his or her followers, but rather, by the characters and the context that facilitated his or her ascension to a position of power. And the characters and context that will inevitably result from his or her leadership. Put simply, leadership, to me, is about connection rather than isolation. And I learned that right here at Georgia Tech. I'm honored to be deemed a distinguished leader by the school and perhaps, even by my industry. But I would argue that I am only the leader I have become because of the mentors who inspired me, the teachers and classmates who supported me, the clients who hired me, the protégés to whom I hope to pass on the lessons I've learned, and the circumstances that forces me to make the decisions that got me here today.

I am no more a leader than any of you, and I don't say that to be modest. I say this because I am Georgia Tech graduate, and I, too, know the power of the network. Warren Bennis, the revered American scholar and preeminent voice on leadership studies, once said, "The most dangerous leadership myth is that leaders are born. That there is a genetic factor to leadership. That's nonsense," he goes on to say. "In fact, the opposite is true. Leaders are made rather than born."

This is certainly true in my case. I was not predisposed to reading at 3 years old. My mother taught me. I wasn't destined to be a geometry geek. My geometry teacher, Mr. Avilla, inspired me. Like many of you, I bet my love of reading and math were gained through nurturing and circumstance. My parents were my earliest champions and first mentors, the very foundation of my network, you might say. And they're here today, so I am going to spend a few minutes talking about them and embarrassing them. They drove up from Savannah, Georgia, to be here to support me once again. But they've had a huge influence on my life. To this day, I am in great awe of the upward career path of my father. He rose from the labelling of "negro laborer" on my birth certificate, to being the first black bus driver in Georgia, to an administrator for the Savannah Chatham County Transit Authority. He showed pride and integrity in everything he did at the Transit Authority, even as a bus driver. And it was this exceptional work ethic that propelled him all the way to the position of Director of Transportation, the first African American to serve in that role. Similarly, my mother, a whip-smart Spelman graduate in 19—had the same focus. She became a teacher at 19 and rose up the ranks of our local school system to become the assistant superintendent for both gifted and special needs students. She also obtained her master's and six-year education degrees while working more than full time and taking care of a family. We were the absolute definition of an upwardly mobile family, who rose to the middle class. And I saw

firsthand how hard work and integrity paid off. And I also knew because my parents made clear after graduation, I needed to move out and get a job. [laughter]

Now, I know we all have different experiences of home life. Some of you might be here thanks to your families. Some of you might be here in spite of them. The important thing is you are able to recognize what you have learned because of them. That your ideas and decision-making skills were not created in a vacuum. Relationships, the positive and the negative, are how we come to understand other people and understand ourselves. If a leader is not connecting with the people around them, then who are they really leading? And what can they really achieve? Now, like all of you, I excelled in many areas in high school. I was the editor of the school newspaper. I loved writing. I was the only student in my junior high school to take algebra in 8th grade. Now, I know you're all laughing because you probably took it in the 5th or 6th grade, right? [laughter] But at that time, everyone else was taking it in 9th through 12th grade.

And then when I was put in the gifted program, in 9th grade, I was separated from all my friends, which was at the time rather isolating. But then I realized, I have a responsibility to show those who believed in me that I could succeed in this new challenging environment. And so I graduated valedictorian as I understand many of you. When my guidance counselor suggested I apply my gift for the math and sciences to an engineering degree and showed me the data on post-college employment, that engineers were getting six to eight job offers at the time, I put aside my thoughts of being a social worker, which was my original desired profession. So I'd love to say I applied to Georgia Tech because I wanted to save the world through clean energy solutions, but I really wanted to get a job. [laughter]

And I thought, hey, I'll totally be able to do that because I'm the top of my class. Well, it was here at Georgia Tech that I learned one of the most important lessons about leadership. It was here that I learned the importance of collaboration. Now, the school was a little different then. Tuition was only \$250 a quarter for in-state students. I think that was 300-something for out-of-state students. And we took the Stinger shuttle around campus. I don't know if you still have that. Now, the most dreaded class at the time was midnight calculus, which was actually wasn't at midnight, but it was at 6 to 7:30, I think on Mondays, Wednesdays, and Fridays. So it just as well could've been at midnight.

But the intellectual ferocity this school demanded of us was the same. The first couple of quarters I wasn't sure I would make it. I went from being at the top of my high school class of about 200 students to every freshmen class having 200 students. And professors from abroad, I sometimes struggled to even understand, because I didn't—they didn't share my deep Southern drawl. I went from having a wonderful relationship with each teacher to my teachers not even knowing me. And academically, Tech was a huge challenge. My first semester, I was introduced to

science and calculus courses that seemed to far exceed my preparation or intellect. But I wasn't alone in the feeling of being out of my depth. So after overcoming initial trepidation, we found solidarity in the challenge. Everyone complained about the intensity and complexity of the material, especially diff EQ and mechanics of deformable bodies. They confused everyone, I might say, except Gary May, your current Dean of Engineering, who I overlapped with a couple of years here, and it was all a piece of cake. Gary walked around the campus with a smile. [laughter] But it was in this period of my life, I learned, for the first time that I was much stronger when I reached out and relied on the support of my peers. I realized I could only go so far on my own. And here at Tech, my classmates and some of the upperclassmen and sometimes people like Gary May who could help us became invaluable allies. Because we were all working towards a common goal. I learned the power of study groups, of pulling each other up instead of competing, and the value of working with students from cultures, to whom I had never been exposed. To this day, I still have those two books from diff EQ and mechanics of deformable bodies, which I have kept as I move around the country from city to city to remind me about the people who helped me understand. And I could get my head around those courses, well, anything is possible.

Contemporary theories on leadership are beginning now to talk about leaders being only as good as the people who surround them. My success is 100 percent because of the people I met right here at Tech and the people I continue to work with. Yours will be, too, no matter your position or rank. Don't forget that. When I transitioned into the finance world, I don't think even I knew how important those connections would continue to be for me. My firm structures deals to finance infrastructure. But really, we're in the people business. We have to make our clients look good by providing the best financial solutions for their needs and then executing on that plan. Our clients must be accountable to either taxpayers or shareholders, so they bare a huge responsibility to their constituents. Gaining that trust and confidence requires relationship building through superior performance. Similarly, we build strong relationships on the buy side of the business with large institutional investors who buy the products we're marketing, stocks and bonds. These relationships are built, also, by providing valuable market insights, taking bonds back into inventory, sometimes at risk, if they need to unload them, and having well-placed deals rather than sloppy ones. Every client, sell-side and buy-side, has someone in my firm who is their relationship manager. And my job as CEO is to make sure those relationships are fostered and grow. In essence, I have to hire people I trust to manage those relationships effectively, grow the firm's client base, and grow penetration with each client, always asking what can we do better?

Now, on Wall Street, it is rare to hear people talk about connections. You're most likely to find individuals who believe in the leader and follower structure. It's an every man or woman for him or herself environment. And often very competitive, even within firms. People vie to be the smartest, the shrewdest, the most cutthroat. So

they can take all the credit for the deal. We recently were hired along with another firm to complete a \$1.4 billion water utility financing plan. We had \$700 million of tax-exempt bonds to sell. The other bulge bracket firm had \$700 million of taxable bonds, but it was one financing plan. So I put my best talent in the firm on the deal. The regional banker for the other firm chose not to do that. He wanted to grab all the credit and not bring in the best talent from New York or Chicago. So what happened? Our firm stole the glory at every step of the financing and were given the primary responsibility for structuring the deal, all the heavy lifting, and developing the investor strategy.

We ultimately came out on top. And because of our success as a team, I get invited to Tech as a distinguished leader. I don't see the other guy's name on the board out there. So you may have all gotten here on your own merit, and no one can take that away from you. But what you take away and what you're able to achieve as you move forward and go out into the world will depend on your ability to share your vision, your expertise, and your challenges with the people around you. There's a wonderful quote from George Bernard Shaw, a man of the arts rather than the sciences, that captures this idea of collaboration. I'll paraphrase: If you have an apple and I have an apple and we exchange apples, we each still heavy one apple. But if you have an idea and I have an idea and we exchange ideas, then we each now have two ideas. When you understand this, I believe you don't just understand collaboration; you understand leadership. I've had many mentors and collaborators in my life: my parents, of course, my Tech and Wharton friends, and then, of course, my first two business partners, Muriel Siebert and Napoleon Brandford.

But I wouldn't have connected with them if the circumstances hadn't steered me into their path. You may have read Malcolm Gladwell's 2008 book, *The Outliers*. Gladwell talked about success as a result of environment and context, if not more than a result of an individual's personality or character. He repeatedly stated, "It is only by asking where they are from that we can unravel the logic behind who succeeds and who doesn't. He cited Bill Gates's rare access to a computer at a time where regular people didn't have that access.

And he looked at why a disproportionate number of elite Canadian hockey players are born in the first few months of the calendar year. The reason, he concluded, was, since youth hockey leagues determined eligibility by calendar year, those born on January 1, played the same league as those born on December 31st. The older kids are bigger and more mature than their younger competitors and often identified as better athletes and get preferential extra coaching and, therefore, have a higher likelihood of being selected for elite hockey leagues.

In other words, circumstances create the leader, not the other way around. But we also know from studies about leadership what connects the stories of many leaders

is what they're able to do in these situations. You might hear about the moments in which leaders are born. These transformational experiences sometimes demand a confrontation and challenge to adversity while others come from experiences of inspiration, an "Aha!" moment or the positive influence of the person on one's life.

Being aware of those moments is what will determine how you move forward. What you choose to do with those experiences. I certainly believe context played a big part in making me who I am today. So two months after I began working on Wall Street, armed with my MBA in Finance from Wharton, Black Monday hit. Now that was in 1987, most of you weren't born. But it happened to be the largest one-day market crash in history. The Dow lost \$500 billion and global markets were turned upside down. Now I'd been to two of the country's top schools, but nothing could have prepared me for my Wall Street initiation. It was brutal.

Firms started cutting staff—any of my peers who had started working, like me, two months earlier. And they cut whole divisions to compensate for the losses. It was a chaotic time. But from the challenge, I learned so much about opportunity in crisis. I happened to go work at a small boutique firm and we pulled several all-nighters as we took advantage of a market inefficiency to save our clients millions of dollars, and, in turn, derived substantial fees. That may be one reason Muriel Siebert approached me to start a municipal bond firm along with Napoleon Brandford. Yes, I was good at my job. Yes, I was determined and ambitious and all those complimentary terms that people throw out to describe effective leaders. But would I have been able to dig in and prove my mettle if I had just been given a sweet job out of school and there had been no crisis? And would trailblazers like Muriel Siebert and Napoleon Brandford even have noticed me? We'll never know, of course. But as much as I like to take credit for my success, I think it's much more complex than that.

When Muriel and Napoleon insisted I be CEO of a new company, I was astonished! But when Mickie Siebert asks you to be chief executive of a company, it's hard to say no. For those of you unfamiliar with Muriel Siebert, which I'm guessing may be many of you, I can tell you that Muriel's achievements in the financial world had a profound impact on the women's movement. And if there was ever an example of a situation creating a leader, she is it. Not only was she a woman in an industry that was notoriously sexist, but she was also Jewish at a time when Anti-Semitic rhetoric over a lunch meeting was common place. She was only one of the best equity analysts on Wall Street but she had nothing going for her. And she was never going to get anywhere at her firm, so she decided to work for herself and purchase a seat on the New York Stock Exchange in 1967, the first woman to do so. She couldn't succeed at her job any other way. The circumstances turned her into a groundbreaker and she paved the way for all women on Wall Street, including yours truly.

Muriel's legacy shows the power of connection in leadership. 13 years after we formed our firm, another crisis—I know you're going to say there are many crises on Wall Street—the financial crisis of 2008. I hope you remember that. The mortgage crisis presented us with an opportunity. It was mayhem, but we took advantage of the turmoil within the large bulge bracket firms whose mortgage-backed securities were turned upside down. As they were downsizing, we hired several top flight bankers who were displaced by the upheaval. It was a risk, but a calculated one and it paid off. We grew dramatically, nearly doubling in size and pretty soon made history by being the first minority-owned and women-owned firm to break into the top ten. That means that now, I can hire the best talent in the business. I can empower them to be successful and thus propel the success of the firm.

And that also resulted in me attracting great new partners after Muriel's death and Napoleon decided to retire. So you see, I look at my success and I don't see Suzanne Shank, the only African-American female CEO on Wall Street or one of the 50 most powerful women in business or a founding partner of the nation's leading muni-bond firms. I only see connections. The people, the places, the events, and the opportunities that brought me here. And when I look ahead, I am only searching for ways to make more connections. That's why mentorship is important. That's why teaching my daughters what I have learned is important. That's why coming here and talking to you is important to me. Not because I'm important, but because we just made a connection in some way that will affect you, I hope, when you leave the room.

Your character got you here, but you have a huge job to do. The work being done by each of you now and in your careers will have an indelible impact on our communities. You are finding solutions to complex problems in society. We rely on the engineering community to invent life-changing technological innovations and tools to accommodate the needs of a growing population and reduce the demands placed on our infrastructure.

And we have a real dilemma on our hands. Will we have the infrastructure to take advantage of the innovations you create? According to the American Society of Civil Engineers, as you may know, the back log of infrastructure needs for just the essential projects is 3.3 trillion through 2025. And the Trump administration has stated financing infrastructure to be a priority. Well I certainly hope it is. Driverless cars cannot operate on most existing roads because the pavement conditions and lane markings are not of sufficient quality. America's power grid is straining under current demands. Our water pipes and sewer lines are operating past their useful lives. Instead of providing a pathway to innovation, our infrastructure is struggling to keep up with the changing world. That's what you are all here to solve and this is not the work of an individual. Now some of you will go on, leave to build business and invent technology. Others may go on to do research. Some of you might go on

to tackle these problems from a different angle as I have in finance. No matter what you end up doing with your education here at Tech, you have taken the first step to becoming a leader. You are already building relationships and examining solutions to problems. You are already making connections. You are already grid thinking. You are they every embodiment of great leaders. Thank you.

[applause]

JOSHUA STEWART: That's Suzanne Shank, a 1983 civil engineering graduate from Georgia Tech and the spring 2017 speaker in the Kenneth Hyatt Distinguished Alumni Speaker Series.

You can watch previous lectures in the series on our website at <http://www.ce.gatech.edu>. That's also where you can find the first episode of our Field Notes podcast all about helping high school seniors understand life in our School. And we'd love to hear your feedback or questions about our podcast. Email us at communications@ce.gatech.edu.

I'm Joshua Stewart. Thanks for listening — we'll see you soon.

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