Book Review – *John Ellis*

Impact Banker:

An eleventh generation view from the partners' room

By Alexander Hoare

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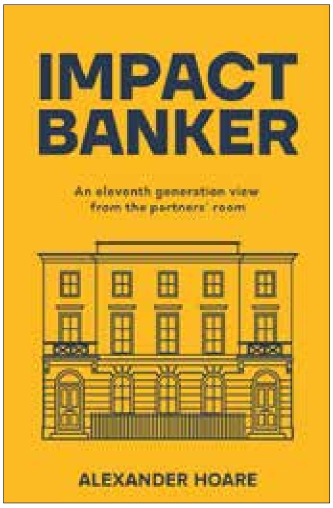
Impact Banker is an inside story of Hoare's Bank. The author has been a partner of this niche private bank since 1990, its Chief Executive for a decade and is currently chairman of the partners. The bank has a separate official history; this memoir is offered for 'anyone curious about thriving without selling their souls' (p7).

The book is eccentric. There are numerous completely blank pages; lengthy old emails are reproduced in full; sometimes it feels as if the reader is eavesdropping on the conversation at a good lunch rather than working through a systemic study. One of the four chapters is simply entitled 'Anecdotes': we learn that a staff member was once hit on the head by a frozen chicken.

I suspect the author would be totally unconcerned to be thought eccentric, if by that we mean someone who cares nothing for fad and fashion and backs his own judgement. The bank has remained independent and profitable for 350 years because the family has made good calls repeatedly down twelve generations. Alexander describes how, with panic all around the City, his first reaction to the banking crisis of 2008 was 'to drink more' (p54). By this he means putting more effort into socialising with his depositors and reassuring them that their money was safe in Hoare's.

Crucial to the bank's whole ethos is the personal touch. Any potential new customer is vetted face to face and Alexander believes this has successfully kept out the dubious element amongst the very rich. Once accepted as a customer, there are many examples of exceptional care. He admits 'We do not compete on price' (p180) but those who need not worry about cost clearly value the service and the bank continues.

It also becomes evident that, despite seeming to skip lightly through all sorts of challenges, the author is a steely businessman. He is very clear what the bank does (and does well) and what it is not trying to do and therefore will not allow itself to get drawn into. There is no evidence of fools being suffered gladly and if staff numbers have to be cut by a third, so be it. Deliberate efforts to foster a family atmosphere amongst the staff complement the business but do not cloud it.



The book is definitely not a lament for the good old days, despite the importance of tradition in the bank. Alexander knows that longevity in business requires creative responses to many unplanned challenges, and in banking in his lifetime none more so than the transformation of processes brought by IT. He is candid in writing 'The truth is that we are wholly dependent on IT for everything the bank does' (p105). That of course is also true of much larger banks than Hoare's and some of the most interesting material is his grappling with how to reconcile a traditional bank based on personal contacts with the anonymous IT world.

The impact of the undoubted Christian convictions of many of the family is little explored. Their policy of giving away a tenth of their profits each year sounds biblical. At one crisis point, Alexander describes how he went to Lord's for the afternoon, ignored the cricket and decided how to deal with the issues on the basis of biblical texts that were churning over in his mind, eg to turn the other cheek and walk the extra mile.

Hoare's have ignored the experts who say a small bank cannot survive in today's financial world, have noticed the diseconomies of scale and have made being small a virtue. An obvious question is whether the disruptive financial crises of this century would have been ameliorated if more banks had followed the Hoare's approach. While it might be nice to imagine so, the reality is that most people do care about the cost of their banking, usually hoping it will be free, so very expensive personal service was not going to survive the arrival of other options. Nonetheless, if more banks had been more cautious about surging into business areas that were outside their expertise and senior bankers had been more suspicious of the latest fashions, our recent financial story might have looked different.

What can *Impact Banker* teach those of us without the option of making our career in the family bank? Certainly the importance of clarity of focus, a desire to serve and an ability to live a life that is never simply work.

I lack the wealth to be a customer of Hoare's Bank but if Alexander invited me to lunch, I would definitely accept!

__John Ellis__ is a former senior official of the Bank of England and was the first Business Ethics Adviser to the Governor. He is also a past Moderator of the General Assembly of the United Reformed Church.