

Upheaval Lets Ohio Bank Shake Up Senior Ranks

By Matthew Monks



Robert Voth,
Partner

Stephen Steinour, the chief executive of Huntington Bancshares Inc., has faced some big problems throughout the recession. Finding top executives eager to help return his Columbus, Ohio, company back to profitability has not been one of them, though.

Less than 10 months on the job, Steinour has been busy shaking up the senior ranks at Huntington, naming a chief credit officer and a head of corporate communications in the past two weeks alone.

"It's a very good time" to hire senior people, Steinour said in an interview. "There is a lot of flux in the market, and that's always helpful."

New CEOs often surround themselves with their own people after taking over. But industry experts say Steinour has been unusually active, appointing at least six new senior executives in the past seven months, including new heads of commercial real estate and strategy.

Steinour's moves illustrate how even the most challenged companies have an unusual opportunity to upgrade their ranks thanks to the upheaval in the financial markets, said Thomas Watkins, a partner in the executive search firm Chartwell Partners.

"It's the exception — not the rule — for organizations to be this aggressive in their human resources planning," Watkins said.

The latest hire was announced Tuesday, with Daniel J. Neumeier named executive vice president and chief credit officer, a position he most recently held at Comerica Inc. His predecessor at Huntington, Richard Witherow, was let go earlier this year, a spokeswoman said.

Steinour has spent most of the year rescuing Huntington from the brink after it was nearly done in by its exposure to subprime loans. It lost \$2.6 billion during the first six months of the year, compared with a \$228 million profit a year earlier.

But Huntington's challenges may actually work in its favor when it comes to attracting new people, as there are great financial and personal rewards in steering a company back to success.

For one thing, Watkins said, many top executives at large banking firms are holding stock options that are underwater, given how financial shares have taken a beating in the past 18 months. That means a company like Huntington does not have to spend to buy people out of their old compensation packages, he said.

Also, the options or grants they receive at Huntington will be worth a great deal more in several years if the company's fortunes improve. At least three of Huntington's new hires were granted restricted stock awards as part of their new compensation.

"Now is a great time to get options and grants," Watkins said. "The incentive for someone to trade teams in this environment is that their stock, their equity portfolio, is underwater. They can go to Huntington, reprice their options."

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There is also professional glory in helping fix a troubled institution. Steinour, for instance, is getting high marks for stemming Huntington's exposure to a money-losing subprime lender it inherited through an acquisition a few years ago. He has also bolstered Huntington's capital base through a series of aggressive equity offerings.

"I really have been impressed with what Steve has been able to do," said Anthony Davis, an analyst with Stifel, Nicolaus & Co.

Robert Voth, a partner with executive search firm CTPartners, said many executives are eager for a shot to make their mark.

"You can be a hero," he said. "Many senior executives have spent the last 18 months locked in survival mode. When the call comes in offering the opportunity to innovate, to grow, to lead — that's a hard call not to return."

Randall Stickler, Huntington's new head of commercial real estate, said he could not resist the call. Stickler was head of the Ohio region of Citizens Financial Group Inc.'s Charter One before joining Huntington in April. He worked under Steinour before Steinour left Citizens last year.

Stickler described the jump to Huntington as a tough decision, given its recent track record. But he said the company has great potential thanks to its strong retail base and Steinour's management skills.

"I felt that Huntington had a tremendous opportunity, a lot of upside potential," he said.

Elizabeth Heller Allen, who started as director of corporate public relations and communications Monday, said she actually took the job for its challenges. "Status quo situations are not interesting to me," she said.