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# Jamie Dimon Eyes The Door

Lauren Tara LaCapra, [The Street](#) | Dec. 17, 2010, 12:59 PM | 3,272 | 11

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NEW YORK ([TheStreet](#)) -- Jamie Dimon is approaching an important milestone leading **JPMorgan Chase (JPM)** and it may suggest the time to move could come in 2011.

Dimon is at the 10-year mark as CEO of one of the country's largest banks; seven years at JPMorgan and three years at predecessor **Bank One**. Management experts, and JPMorgan's board, consider it high time to plan for life after Dimon.

"We have redoubled our efforts to ensure that we have people in the pipeline who are capable of assuming senior levels of responsibility three, five or even seven years out or right away if necessary," Dimon said. "This is true for my job as well."

Dimon, JPMorgan's 54-year-old chairman and chief executive, is a force to be reckoned with on Wall Street. He successfully steered his bank through an unprecedented financial crisis and acquired two crippled competitors in the process, without losing a dime. JPMorgan has earned nearly \$30 billion, or \$6.47 per share, for stockholders since the crisis erupted and remained profitable in every quarter.

Dimon's shareholders have other bragging rights, too: JPMorgan is one of two large financial services stocks that have held up relatively well since the start of 2008 and still manage to pay a dividend, which is expected to increase as soon as April.

JPMorgan is down 7% over the past three years, trading around \$41 in recent sessions, with a quarterly dividend of 5 cents per share.

**Wells Fargo (WFC)** has fared better, down just 1% over the same period, with the same dividend level, though it's a smaller, less-diversified bank; other large competitors are down 20% to 85%.

**Citigroup (C)**, the worst of the pack, is still struggling to reach the \$5 mark, having wiped out its dividend years ago.

Dimon's long career in the financial sector has bittersweet bookends: He took a risk to follow Sandy Weill into an era of giant, "supermarket" banks, only to be ousted from Weill's inner circle at [Citi 12 years ago](#). Dimon moved on to thrive during an era where the **Walmarts (WMT)** of banking were brought to their knees.

While JPMorgan shareholders are lucky Weill gave Dimon the boot, his shoes have grown in tandem with JPMorgan's balance sheet. The



Jamie Dimon  
Image: ap

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<b>JPM</b>	Mar 18 2011, 06:40 PM EDT	<b>45.74</b>	Change <b>+1.18</b>	% Change <b>+2.65%</b>
<b>BAC</b>	Mar 18 2011, 06:40 PM EDT	<b>14.04</b>	Change <b>+0.06</b>	% Change <b>+0.43%</b>
<b>WFC</b>	Mar 18 2011, 06:40 PM EDT	<b>31.83</b>	Change <b>+0.47</b>	% Change <b>+1.50%</b>
<b>C</b>	Mar 18 2011, 06:40 PM EDT	<b>4.50</b>	Change <b>+0.05</b>	% Change <b>+1.12%</b>
<b>GE</b>	Mar 18 2011, 06:40 PM EDT			

company will face a huge challenge in filling them when the time comes.

"Jamie Dimon is a 'one of a kind' leader in the model of a Jack Welch," says Patricia Lenkov, CEO of Agility Executive Search, referring to **General Electric's (GE)** beloved former CEO. "At GE, they're sort of still trying to catch up and reestablish themselves in the way that he was a leader."

## LEAST HATED AND MOST LOVED

When President Obama was on the campaign trail, there was rampant speculation that Dimon, a lifelong Democrat, might be named Treasury Secretary. Instead, Timothy Geithner got the job and, since then, the president's anti-Wall Street rhetoric created a rift between Obama and Dimon, which only recently began to heal.

The two reportedly met earlier this month to discuss economic issues and improving the administration's ties to the business community. The fireside chat - which was private, unannounced and as of yet unconfirmed by either party - stoked rumors that Dimon might again be a top pick for a cabinet role.

Though the frost on their relationship may have melted, there's no clear sign that Obama will offer such a position to Dimon - at least not the Treasury job. Though Geithner has come under fire several times - most notably over [his role in the AIG \(AIG\)](#) bailout and most recently the [failure of his foreclosure-prevention program](#) to help homeowners - the president has remained supportive.

Obama has a few other policy roles to fill, including the Director of the National Economic Council, which Larry Summers is now leaving. But it's even less certain that Dimon would settle for a lower-ranking job.

"That's a tough one for a CEO who is accustomed to being in charge," says Phillip Swagel, who was a top official in the Treasury Department under Henry Paulson.

Welch, who may be in the best position to read the tea leaves on Dimon, also received friendly gestures from President Bush and faced speculation that he could take over a policy position. But he [recently told the Harvard Business Review](#) that he can't imagine why any corporate titan would want such a job.

"You have to understand, the reason CEOs don't often make great cabinet officers is they've been the chief executive for the last, in my case, 21 years," said Welch. "Going to be a staff man for somebody else's policies is not something that appeals to me in any way, shape or form."

Dimon first became chief executive of a big bank at the start of this decade, when he took over the reins of Bank One in March 2000, following his ouster from Citi in late-1998. JPMorgan acquired the Chicago-based retail banking giant for \$58 billion in 2004 and Dimon became head of the combined company.

Though he was young, Dimon had already become a darling of the investor community and financial press and touted a resume chock-full of financial services experience: A Harvard Business School degree, a short stint at **Goldman Sachs (GS)**, years at **American Express (AXP)**, his time leading a Citi division that included Salomon Brothers and Smith Barney and the traditional banking experience and management skills he picked up at Bank One, which was having difficulties when he joined.

<b>19.25</b>	Change <b>+0.03</b>	% Change <b>+0.16%</b>
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**GOOG** Mar 18 2011, 05:20 PM EDT

<b>561.06</b>	Change <b>-0.30</b>	% Change <b>-0.05%</b>
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**PFE** Mar 18 2011, 06:40 PM EDT

<b>20.18</b>	Change <b>+0.30</b>	% Change <b>+1.51%</b>
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**CSCO** Mar 18 2011, 05:20 PM EDT

<b>17.14</b>	Change <b>+0.14</b>	% Change <b>+0.82%</b>
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**HON** Mar 18 2011, 06:40 PM EDT

<b>55.86</b>	Change <b>+0.65</b>	% Change <b>+1.18%</b>
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**INTC** Mar 18 2011, 05:20 PM EDT

<b>19.93</b>	Change <b>+0.03</b>	% Change <b>+0.15%</b>
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**GS** Mar 18 2011, 06:40 PM EDT

<b>159.96</b>	Change <b>+4.21</b>	% Change <b>+2.70%</b>
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**AXP** Mar 18 2011, 06:40 PM EDT

<b>44.17</b>	Change <b>+0.75</b>	% Change <b>+1.73%</b>
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Leading a so-called "supermarket" banking behemoth like the combined JPMorgan franchise seemed like a natural progression. During his time at the helm, Dimon has had remarkable success.

He's managed to integrate enormous operations quickly and relatively seamlessly, from the Bank One merger to Washington Mutual. JPMorgan is now the third-largest U.S. bank, whose consumer franchise is expanding at home and abroad while Nos. 1 and 2 are shrinking. It's also a top player in global investment banking, duking it out with Goldman Sachs and other heavyweights for the top spot in league tables.

Dimon has also managed to keep the firm's head - and morale - above water during one of the roughest times in history. As capital and confidence were sapped from the broader banking system, JPMorgan's balance sheet remained strong and it attracted new customers from weaker competitors. And while Wall Street became the most hated thoroughfare in mainstream America, Dimon was recently labeled "America's Least Hated Banker" by the *New York Times*.

Though he's thin-skinned when it comes to criticism, Dimon has tackled these challenges with a mix of righteousness and humor. He acknowledges that the industry has made mistakes, but [doesn't appreciate JPMorgan being painted with the same brush as poorly-run institutions](#). He's quick to point out that, while the U.S. government lent money to banks, banks have lent even more to the U.S. government, by buying trillions of dollars' worth of Treasury debt.

The native New Yorker captivated an audience at a recent financial services conference with his ability to switch from somber to spirited in a moment's time. In the middle of a frank presentation on JPMorgan's financial and operational challenges, Dimon clicked to a slide showing a tangled web of regulators that the Dodd-Frank financial reform bill created - with multicolored lines and labels strewn all about.

"I put this slide and the next one in for fun," Dimon said to chuckles. "This is our regulatory system. It says 'strengthened but not simplified.'"

Dimon has become the "least hated" banker to those who hate bankers and most loved banker to those who love bankers largely because of who he is. His combination of candor and playfulness not only endears him to people, but engenders trust - a rare commodity on Wall Street in the post-subprime era.

"In this day and age, every firm is dealing with a crisis of confidence and trust issues," says Mindy Diamond, who runs a consulting and executive search firm for the financial-services industry. "Jamie Dimon, by and large, has a great reputation and has been credited with a lot of success. A lot of the reason JPMorgan has come out ahead in this Wall Street crisis is Jamie Dimon."

However, the Dimon era may soon be coming to a close.

## UP AT BAT

In his 2009 letter to shareholders, Dimon indicated that he and the board have an "intense focus" on succession plans. They identified a few candidates "who could do my job today," Dimon said, and those executives would be rotated through positions at JPMorgan to get exposure to different business lines and responsibilities.

"You can rest assured that your board members are on the case," said Dimon.

Part of the executive shuffling came last year, when Dimon [pushed longtime friends and confidants Bill Winters and Steve Black out of co-CEO roles](#) at JPMorgan's investment bank. Dimon selected JPMorgan veteran James E. Staley (known as "Jes") to take over the role; he fired Winters and moved Black to a vice chairman role to help with the transition through the end of 2010.

Staley is thought to be the top contender to replace Dimon. He has worked his way up the ranks over the past few decades, having joined JPMorgan in 1979. Prior to his current role, he spent time in Latin America, led trading desks and transformed the bank's asset-management business into a powerhouse. He did that by convincing the famously risk-averse Dimon to take a big step into alternatives by purchasing Highbridge Capital Management - a strategy that

paid off.

But Staley isn't alone in the running and the outcome is far from certain. Other names most often floated include senior JPMorgan executives Heidi Miller, Doug Braunstein and Mike Cavanaugh, whose roles were shifted in [a management overhaul last June](#).

Dimon appointed Miller to president of the bank's international business. Before heading abroad, Miller spent years bolstering JPMorgan's Treasurys and Securities Services (TSS) division and was cited as one of the most powerful women on Wall Street in various financial publications.

Cavanaugh, who had been CFO, took over Miller's role at TSS; Braunstein moved into the CFO position from head of JPMorgan's investment bank in the Americas. Other high-profile JPMorgan execs who stand a chance of becoming CEO include Charles Scharf, head of the retail banking division, and Mary Erdoes, who now runs asset management (which Dimon recently referred to as "one of God's great businesses.")

"When execs know they may be running another part of the business someday, it drives them to work together toward having the sum of the parts greater than the whole," says Janice Ellig, who works with top executives on succession planning as Co-CEO of Chadick Ellig and previously held senior human resources roles at **Ambac**, Citigroup and **Pfizer** ([PFE](#)).

The executive chair shuffling is part of a succession strategy known as the "horse race," made popular by General Electric's Jack Welch in the 1990s. Welch put three executives - Jeff Immelt, James McNerney and Bob Nardelli - up against one another in a public battle to gauge which one was best prepared to lead the industrial giant.

Immelt won, though his performance has been lackluster enough to warrant [tacit criticism from Welch](#). The horse-race approach itself has come under fire, particularly after high-profile disasters like what occurred at **Bank of America (BAC)** last year. Then-CEO Ken Lewis abruptly announced his resignation after enduring months of litigation and public bashing regarding the **Merrill Lynch** acquisition. His year-end departure followed a shareholder vote that stripped him of his chairmanship. It also left top executives scrambling for attention, the board begging **Bank of New York Mellon (BK)** CEO Robert Kelly to consider jumping ship, and just a few months to tie up all the loose ends.

"That was a fiasco of bad succession planning because it was so obvious that Ken Lewis was going to be changed out or change himself out - which he did - and there was just nobody," says Lenkov. "That was a very good example of a bad situation."

Ultimately, BofA's board chose Brian Moynihan, a young up-and-comer who did a whirlwind tour through various divisions during the crisis. Moynihan still seems a little green and has had apparent difficulties handling enormous legal and operational challenges that BofA faces. Shares of the Charlotte, N.C.-based banking behemoth have fallen 16% since Moynihan took charge.

For his part, Dimon seems content to knock horses out of the race early if they aren't thoroughbreds: Winters and Black were once thought to be leading contenders for the CEO spot. After a high-profile feud between the two, Dimon canned Winters, deeming him incapable of running the entire bank, and decided that Black, 58, was simply too old. (Staley is younger than Dimon by months.)

In his typical "real-talk Dimon" manner, the New York native has indicated that he and the board are working hard to prevent a catastrophe like what happened at Bank of America, or earlier in his career with Weill.

"Poor CEO succession has destroyed many a company," Dimon said in his annual letter. "CEO and management succession often seems more like a psychological drama or a Shakesperean tragedy than the reasoned and mature process it should be. It is in our interest to avoid such drama."

Staley will likely need to spend more time in front of the investor community - and the public - before being ready for the

CEO role. If Dimon stays on board through at least 2011, that gives him an opportunity to groom Staley and give him the face-time he needs to succeed. Similarly, says Ken Ducey, who advises companies on succession strategy at Fairfield Capital, moving other top executives into new operational positions can strengthen their skill sets. Even if another JPMorgan top gun doesn't appear to be the top choice today, that could certainly change in a year's time.

"What they are doing right now at JPMorgan is the right thing - putting people into different positions, seeing where their real strengths are," says Ducey. "If you take somebody like a CFO out of that and have him run a specific division, that will show the board and other people what the skill set of that individual is: Is this someone who can help us grow the company or not?"

Helping Dimon decide on his next-in-line are the three board members on JPMorgan's compensation and management development committee who appears well-suited to implement a smooth succession plan. There's David Novak, the head of **Yum Brands (YUM)**, who authored a [well-known, humorous book on leadership](#); former **Exxon Mobil (XOM)** CEO Lee Raymond, whose transition plan to put Rex Tillerson in charge moved along without a hitch; and William Weldon, who's led **Johnson & Johnson (JNJ)** for the past eight years and just promoted two executives this week as part of his own succession strategy.

"That's very comforting," says Lenkov. "If I were a shareholder of Chase, I would think that, even if Jamie Dimon is leaving, at least there's some good decision making going on at the top."

## GREENER PASTURES

JPMorgan spokesman Joe Evangelisti said Dimon wasn't available to comment for this article, while Treasury Department spokesman Mark Paustenbach didn't respond to questions. But it's clear that what happens at the top of JPMorgan depends on when better opportunities avail themselves to its current CEO - including, but not limited to, those that come from the White House.

President Obama has been on a campaign in recent weeks to win back the hearts and minds of corporate titans. He met with [Bill Gates](#) and [Warren Buffett](#), then held a meeting with 20 top CEOs this week - including leaders of GE, AmEx, **Intel (INTC)**, **Honeywell (HON)**, **Cisco Systems (CSCO)** and **Google (GOOG)**. But his meeting with Dimon - which was private, unannounced and as of yet unconfirmed by either party - came first.

Dimon's meeting with the president might have been special simply because their relationship was so fractured. The Wall Street CEO stuck his neck out to support Democrats and accepted bailout funds at the request of the government - only to be passed over for the Treasury role and get lumped in with the rest of the ["fat cat bankers"](#) Obama referred to on national television last year.

Swagel points out that it would be a risky political move for Obama to put one of those fat cats behind the wheel of an organization that oversees banks - no matter how relatively little Americans hate him.

"It seems to me that Mr. Dimon would be great for a policy position; he's smart, public-minded, and effective," says Swagel, who now teaches business and economics at Georgetown University. "But it's hard to imagine which one in this administration given the President's unfortunately antagonistic rhetoric about Wall Street."

And while the longevity of current Treasury Secretary Timothy Geithner has [come into question](#) several times, Swagel doesn't think he will exit the Treasury position any time soon. The NEC director job is wide open, but being one of many advisors on arcane policy matters is unlikely to appeal to someone like Dimon, who's accustomed to being solely in charge of a \$2.1 trillion balance sheet.

"Not a great time and place for Mr. Dimon," Swagel concludes. "The start of a second term -- if there is one -- would make more sense."

Whether or not Dimon moves from Wall Street to Capitol Hill, it's certain that he won't fade into the background.

Dimon, who's a strong advocate of diversity, higher education and drug prevention, may decide to take up a lead role at a large charity or pet project.

It would seem those lofty goals would appeal more to a guy like Dimon - who talks a lot about serving a higher purpose, "doing what's right" and reaching for the stars - than sucking up to the president would. After all, other corporate titans like Gates and Buffett are devoting their time and wealth to global causes like fighting disease and poverty or overhauling education - and calling on other multimillionaires to do so.

"On Wall Street, as in life, you're only as good as your last deal," notes Mindy Diamond, of Diamond Consulting. "Sure, he's done well up until now, but what is he going to do next?"

-- Written by Lauren Tara LaCapra in New York.

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Jamie Dimon

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Summary

Jamie Dimon is the Chief Executive Officer of JPMorgan Chase since December 31st 2005. He also became chairman of the board on December 31st 2006. Dimon had been Chief Executive Officer of Bank One Corporation, the... [More »](#)



JP Morgan

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Summary

JPMorgan Chase & Co. is a global investment banking and securities firm. It is a major provider of financial services with assets of \$2 trillion, and the largest market capitalization and third largest deposit base U.S.... [More »](#)



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