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WELCOME to the latest edition of InterContinental Finance & Law magazine

Greetings.

Fear in the workplace. The finance and legal industries are two renowned for being rife with fear. Consultant clinical and organisational psychotherapist Joan Kingsley believes scared people spend a lot more time plotting their survival than working productively. In her take on the subject, she says a fear-free organisation has zero tolerance for bullies, vicious gossip, undermining behaviours, hijacking tactics, political jockeying for position, or favouritism. Instead, she says, it works on inspiration – and she has scientific evidence to back this up. A must read for those in decision-making positions looking for that cutting-edge factor when it comes to balancing business success with employees who feel a part of that success.

Financial services is one of the world's oldest institutions. Yet, even this firmly-established sector is experiencing radical changes, thanks to the arrival of digital media. Abhay Kumar, analyst at technology consultancy Priocept, offers tips on how others in the financial services sector can use online technologies to mimic the extraordinary success of Fundsmith, which has outperformed 200 rivals in the Investment Association's global equity sector and has now almost become a byword for the democratisation of financial services. One of the main ingredients in this enviable recipe for success is, of course, Fundsmith's smart investment strategy. Its secret weapon, however, is its smart use of online technologies to create a fully-featured, yet simple, investor portal.

Plus, many more thought-provoking comments and analyses from people who are champions of their trade – be it business, finance, or law.

Enjoy the read.

Isaac Hamza - Editor



Isaac Hamza

Face off

Overcoming fear in finance and legal industries

The finance and legal industries are two that are renowned for being rife with fear. Senior staff need to learn to appreciate how fear may be ruling their organisations and how this is affecting their teams, thereby leading to prohibiting the development of new ideas, creativity and unlimited potential.

Having successfully built an investment bank and accrued billions in the process, Brazilian investment banker André Esteves has fallen from a great height. Esteves is described in the Wall Street Journal as an 'emerging market icon'; he is handsome, charismatic, charming, and cunning.

The 47-year-old billionaire has just been released from prison and put under house arrest in his luxurious home in Sao Paulo. He is charged with various crimes including obstruction of justice, bribery, and corruption. Esteves is vigorously defending himself and the jury is out on whether he will be convicted of any or all of the charges against him.

Many leaders and managers in the world of finance and in legal organisations seeking a quick killing make decisions that involve 'ethical shortcuts'. Pursuing ever-greater sums of money as quickly as possible in highly-competitive markets can create a perfect storm for the destructive forces of fear.

Fear based cultures in finance and legal organisations

In fear-based business cultures decisions may be driven solely by delivery to bottom-line goals – 'do whatever is necessary to generate profit' – rather than by aligning organisational values with individual values – 'do the right thing'. Running an organisation on fear is a choice that carries human costs in terms of physical health and emotional wellbeing. Fear kills creativity and stops people in their tracks.

The world of work is all too often riddled with anxiety and fear is one of the most powerful forces in our working culture today. Many organisations run on fear in the mistaken belief that fear motivates. But fear tactics are counterproductive – they weaken individuals and weaken the structure

of organisations. Management tactics that result in extreme levels of fear leave people feeling threatened and vulnerable. Fear is not motivational – it is paralysing.

People running on fear are drained of energy, consumed with watching their backs, looking for ways to please the boss, and suffering from stress-related psychological problems and physical ailments. Eventually many people choose to find a new job.

In January 2013, Fortune magazine wrote that despite the significant increase in bonuses throughout the top US law firms, turnover had also risen.

"According to the National Association for Legal Professionals Foundation, in 2010, firms with 251 to 500 attorneys lost 19 per cent of their associates, with the top reason for departure listed vaguely by firms as 'work quality standards were not met'."

Financial experts and lawyers may be good at doing the work they do but have little or no skills to manage people. As people move up the organisational ladder the pressures to perform increase, along with having to take on more responsibility for leading and managing.

While some people are naturally good at getting the best out of their teams, most managers find themselves floundering. The emotional stakes get higher, tempers flare and great investment bankers, hedge-fund managers, and lawyers morph into angry, frustrated leaders making unreasonable and unrealistic demands. The result is a culture of fear and ultimately the loss of good people.

Fear and the brain

The bad news is fear creates devastating changes in the human brain. Fear is easily learned. Bullying, humiliation, and physical

or verbal abuse are examples of learned fear stimuli that results in changes in the brain's wiring.

Buried deep inside the brain is an almond-shaped interconnected structure called the amygdala. The amygdala is the storehouse of emotional memories. The amygdala takes in information from the external world, processes it, and produces neurochemically driven fear responses. Additionally, the amygdala stores fear laden information it for later use.

The old adage 'once bitten, twice shy' is true. The signals from the brain tell us to avoid at all costs people who incite fear. Anxiety creates changes in the brain and it is challenging and difficult to undo the negative effects of fear and anxiety. People who work in reigns of terror are unable to do anything but focus on survival.

Using fear as management tool is a costly business. In his book *Anxiety: Using the Brain to Understand and Treat Fear and Anxiety*, neuroscientist Joseph Ledoux cites an Australian study that found that 'anxiety and affective disorders resulted in 20 million work impairment days annually, mostly involving absences'.

In the US, it is estimated that the economic cost of fear and anxiety disorders exceeds \$40 billion annually. According to Personal Social Services Research Unit, a Labour Force Survey



By Joan Kingsley

*Joan Kingsley is an organisational psychotherapist and together with Dr Paul Brown and Dr Sue Paterson wrote *The Fear-Free Organization: Vital Insights from Neuroscience to Transform your Business Culture* (Kogan Page). The book draws attention to the need for senior staff to appreciate how fear may be ruling their organisations and how this is affecting their teams, prohibiting the development of new ideas, creativity, and unlimited potential.*

obstacles in building relationships with local staff. At the end of six months, Janine was suffering symptoms of overwhelming stress including insomnia, anxiety, loss of self-esteem, and severe bouts of depression. She returned to London and took medical leave. Janine eventually decided to leave the firm.

Underpinning everything you think, feel, and do are the eight basic emotions. The result of eight million years of evolution, the architecture of the brain has evolved with emotions in mind.

Emotions are there to ensure survival. Without emotions, we would perish. In the hierarchical structures of the brain, emotions trump cognition. When the emotional system – the limbic system – in the brain is damaged, we lose the ability to reason, to be logical, to concentrate, and to make plans.

We have eight basic emotions. Two – joy and love – are concerned with attachment. They make life worth living. Five – fear, anger, disgust, shame, and sadness – are concerned with avoidance. They are the fight, flight, freeze emotions that take over every aspect of our being to drive behaviours when life is at risk and our very survival is threatened. Surprise is the eighth emotion and can either be concerned with attachment – a happy surprise – or avoidance – a nasty shock. The root of the word emotion means 'to move'. The eight basic emotions motivate us to frolic, fight, flight, or freeze.

It is best practice to trigger into the attachment emotions and to avoid tapping into fear.

The antidote to fear is trust

Building a fear-free business culture is a choice. It is a commitment to building a business that will endure over the long term. It is a

commitment to employing the right people who will help grow your business. It is a commitment to employing people who share your goals and your values. It is a commitment to riding the highs and staying calm and steady through the lows. It is a commitment to developing strategies based on the wisdom that nothing ever stays the same – bad times get better and good times get worse.

John Sharp founded Sharp Management in 1972. Originally formed as a family office providing portfolio management services to family groups and high-net-worth individuals, over the last decade Sharp began providing its services to institutional clients.

Sharp is 100 per cent employee-owned by its nine partners and has cultivated many long-lasting relationships over the past 48 years. Its portfolio managers and administrative team establish genuine rapport through direct, personal interaction with clients and families.

From its inception, John Sharp made decisions about the kind of company he wanted to lead. He took view that best practice meant commitment to long-term slow and steady growth. He hired the kind of people he wanted around for all the years to come. He invested in companies that he believed in. His golden rule was 'Would we buy the whole company if we could'. He took on clients who were more interested in long-term growth than a quick killing.

Sharp Management is a fear-free organisation built on honesty, openness, trust, and loyalty. In 1996, John Sharp's son took over as president. Today, Sharp manages approximately \$8 billion. It continues to adhere to the founder's mission to produce sustainable long-term performance.

data suggest that 11.4 million working days were lost in Britain in 2008-09 due to work-related stress, depression or anxiety. This equates to 27.3 days lost per affected worker.

The good news is brains are endowed with Hebbian plasticity – meaning brains are capable of learning, changing, and evolving through the lifespan. Your brain is built from over 10 billion brain cells, and when you learn something new, brain cells spark and fire; signals flow forming new connections.

Neuroscience shows the benefits of managing people without resorting to fear tactics.

The best approach to counter anxiety in the workplace involves educating leaders and managers about how to tap into the power of emotions to motivate and about the destructive effects of fear when used as a management tool.

The emotional underpinnings of the human brain

Janine was sent to Tokyo to oversee the opening of a new branch of her London-based law firm. Her firm was very good at rewarding billable hours but very poor at delivering quality management training. Janine had not been given any training about the cultural differences between the UK and Japan. She made numerous gaffes and encountered insurmountable

