

## Reliability in times of crisis: An interview with LSEG's David Schwimmer

**The CEO of London Stock Exchange Group highlights the affirming power of organizational purpose and offers insights into decision making, talent, and leadership in times of crisis.**

**Global financial markets** are often associated with volatility, innovation, disruption, or any number of other rousing traits before a more staid characteristic such as *reliability*. But for David Schwimmer, CEO of London Stock Exchange Group (LSEG), the COVID-19 crisis has reinforced LSEG's critical role in helping the economy function through ensuring resilient, reliable, and uninterrupted access to financial markets. In this recent conversation with McKinsey's Dana Maor, Schwimmer reflected on his "CEO moment" and discussed the affirming power of organizational purpose, the promise and perils of a rapid shift to remote working, and what the organization of the future might learn about human connectivity from "snow days" in 1970s New York City.

**The Quarterly:** *Has this unusual time challenged the purpose of the organization, or has it reaffirmed it?*

**David Schwimmer:** In the first email I sent to our entire group, right in the midst of the heightened volatility in March, I said that our purpose has never been clearer than during this time. We are relied upon—by our customers, government, and various other stakeholders—to keep the market infrastructure running and to help the economy continue to operate. During the market disruption, and even panic, in March, we were very focused on making sure that we continued to operate in a resilient manner. It was very affirming, for us and for all our stakeholders, to see just how important it was that, we continue operating to support the economy as a whole.

Periodically, there has been this tension: Are we market infrastructure, where we value resilience and reliability, or are we cutting-edge fintech, which is super agile and super

innovative? We value the agility, we value the innovation, and we certainly value the aspiration to continue to drive in that direction. But this time has been clarifying: we've seen that at our core there has to be this sense of reliability and resilience.

**The Quarterly:** *Have you shifted how you make decisions?*

**David Schwimmer:** We moved to a very small group for key decisions. Things were moving fast. Our [original] crisis-management team is a large team that covers many constituencies. We realized that, for some key decisions, there were issues being raised that this group had not dealt with before. [So] we pulled the right people into a very small group and made some of these decisions very quickly, and I think that, while it was somewhat ad hoc, it was also very effective.

**The Quarterly:** *How did the organization react to the crisis?*

**David Schwimmer:** One of the first challenges we faced was the resurgence of a historically siloed culture. Some people wanted to have their own communications and to make decisions within their silos and business segments. We had to make clear—early—that we were not going to do that, that instead we had to have a unified, coordinated approach across the group, particularly with communications and with issues affecting people's health. We are in a cultural transition from being a collection of leaders running a collection of businesses to being a leadership team running a company. The crisis has been helpful in drawing people together and making people realize how much we benefit from working together.

**The Quarterly:** *Have you seen a shift in priorities, and in where value would come from as a business going forward?*

**David Schwimmer:** We've spent a lot of energy over the years being supportive of the SME [small and medium-size enterprise] sector through our various platforms. For us, that has always been about having a social value, more than for its financial value [to the group]. I would say it has probably been accentuated. It's an important part of what we do for the broader economies in which we operate—especially now, as these businesses seek to recover.

**The Quarterly:** *Have you learned any lessons about talent during the crisis?*

**David Schwimmer:** One lesson I would draw is that you may find out that you have some people who are very good on the substance but not good at either dealing with a crisis or communicating through a crisis. It's really important to get the substance right, but you might need to put it in a different vehicle to deliver the message. And then there are people who may be good at communication but might not have all of the substance. That is a really important pairing.

**The Quarterly:** *Do you think we will have more people working remotely?*

**David Schwimmer:** I think we will. We have to do it in a thoughtful way, but I think that over the medium term we will see a very significant change. This COVID-19 situation removes the stigma that existed around remote work. We've all demonstrated that we can work from home productively. And people have really appreciated the lack of commute, the opportunity to spend more time with family.

It's going to be different for each job function and for each generation. If you've been working at LSEG for ten years and you've got your established network, you can pick up the phone and say, "Hey, let's get together on FaceTime." It's no problem. The current environment is fine for people who already have the connections; it reinforces the connections.

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That, of course, highlights a challenge. If you’re a new employee, you need to be able to connect with people, too. How do you communicate with someone you don’t really know, particularly if there’s a significant gap in terms of seniority? Are you comfortable doing that? It’s a challenging dynamic that can also exist in the office, but I think it is exacerbated a bit by how we’re operating remotely now. We have to think through all those things very carefully.

**The Quarterly:** *Are there other capabilities that you want to focus on building—either in people or in the organization?*

**David Schwimmer:** We want to make sure that everybody is able to work and function in this new work environment. We have the technology and the organization for that. But if you look a few levels deeper than that, there’s this question: How do we encourage the right behavior and actions in an environment like this—one that exacerbates the notion that the squeaky wheel gets the oil? If someone is quietly and competently working away and not making much noise, a remote working environment is even more of a challenge than an office. How do you manage for those kinds of issues in a thoughtful way that’s best for your people and best for your business?

**The Quarterly:** *How do we teach large numbers of people remotely? How do we build capability at scale?*

**David Schwimmer:** We’ve typically thought about it as sort of a cascade from me to the people I directly interact with, and then in turn getting to their people. On the one hand, that sounds hierarchical, but, on the other hand, I think that so much of communication is about ensuring that there are direct personal connections. In the days before email and instant communication, if it was snowing in New York and the school had decided that it would be a “snow day”—in other words, class was canceled for the day—they had what was called a “snow chain.” And the school would telephone the class reps for each classroom, and they would then call X number of people on their list, who in turn would call Y, and within just a few minutes you’d gotten to everybody. I’m dating myself, but I think it’s an interesting analogy. We can use technology now to communicate learning to everybody effortlessly and seamlessly, but we can’t realize whether someone is getting it and absorbing it—because we don’t necessarily have the personal connection.

**The Quarterly:** *Has your role changed during the COVID-19 crisis?*

**David Schwimmer:** My role has changed.

People are looking to me for a different kind of leadership. In a normal environment, it's about business leadership and setting up strategy, as well as culture and people decisions. In this environment, it's about helping people maintain morale. It's about people being prepared for whatever may come in the face of uncertainty. And it is about encouraging people and helping them to stay focused on our objectives in a very worrying global environment. That's just a totally different leadership model, and it's going to stick. It's going to change how I operate and the expectations of how we communicate across the group.

I have formed a different kind of connection with our people because of this, and I mean the team of 5,000, not the team of 12 or 13. Some of it is showing a little bit more of my own personal side. I've asked my assistant to schedule in blocks of free time during my day—sometimes so I could just call someone in an unscheduled way, in the same way that I once would have popped into someone's office. Modern communications technology is powerful and useful, but it's critical that the organization of the future maintains that direct human connectivity. Q

This interview was conducted by **Dana Maor**, a senior partner in McKinsey's Tel Aviv office.

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## David Schwimmer

David Schwimmer is the CEO of London Stock Exchange Group. Before joining LSEG, in 2018, Schwimmer spent 20 years at Goldman Sachs, where he served in various senior-leadership positions, including, most recently, global head of market structure and global head of metals and mining. He is a graduate of Yale University and holds postgraduate degrees in law (JD), from Harvard University, and international affairs (MALD), from the Fletcher School of Law and Diplomacy.

