

Last Man Standing

CFO Tim Tookey was in the midst of taking a new job when Lloyds asked him to become CEO. Now the new chief is facing the toughest months of his life.

By Steven Arons

Seldom does it happen that you tell your employer you've signed a contract with a competitor – then only a few weeks later, he appoints you as CEO. Lloyds Banking Group announced in September that CFO Tim Tookey was heading out the door to join Friends Life, an insurance company. In early November, however, Lloyds' relatively new CEO António Horta-Osório said he was taking a medical leave of absence. Mr Tookey was asked to step up.

No time to prepare

The CFO takes on the role at a time when leadership is of the utmost importance. A painful downgrade of two notches by rating agency Fitch in October, coming on the heels of a similar move by Moody's, was followed by Mr Tookey initially announcing his departure. Then, at the presentation of the quarterly results in his first appearance as acting CEO and CFO, he repealed the profit goals for the year previously set by Mr Horta-Osório, on account of the gloomy European outlook.

Mr Tookey showed no signs of nervousness or anxiety as he spoke. But nobody expected Mr Horta-Osório to cave in either. The new CEO's reassuring demeanour will be perhaps his strongest asset in his delicate task of calming investors' raw nerves. A panic reaction could cut Lloyds off from funding over night.

Lack of alternatives

Convincing investors he is the right man for the job will be extremely difficult. After all, his appointment owes itself less to

his impressive skill set and more to the lack of alternatives. All his former seniors fell victim to the Herculean task of tidying up the bank's balance sheet after the ill-fated take-over of competitor HBOS in 2008. With their backs against the wall, the board went with the one man still standing. Regardless of whether Mr Tookey moves on after his CEO stint or is asked to remain in charge at Lloyds should Mr Horta-Osório decide not to return, the coming months are likely to be the most demanding of his life. ||

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