

Parable of the Talent

Recruitment, readiness, retention: How banks of all sizes are winning the talent wars.

BY EVAN SPARKS

Several years ago, as part of a bid to stay ahead of the competitive curve in talent, Zions Bank set out to reinvent a robust but fairly traditional bank employment culture. The regional bank is now finding that those investments in talent are making it possible for the company to compete as the bank talent wars heat up.

With unemployment down to 4.1 percent—a level that historically equates to full employment—and wages beginning to rise, banks are finding that they need to compete at a higher level to recruit and retain the best talent. This is amplified in many of Zions' markets, including California and the Salt Lake region, where tech companies and other market leaders set stratospheric wages for top-skilled workers.

Zions is competing thanks to several key initiatives, including its switch from performance reviews to a "coaching culture," its embrace of remote work and its commitment to developing high-potential employees. The \$66 billion Salt Lake City-based company, which operates under several distinct brands across the West and Southwest, is just one of many banks that are rediscovering how to win at the "three Rs" of talent—recruitment, readiness and retention—as they work to thrive.

Recruitment: Creating unique appeals

Zions Bank started out by "rebranding our landing page for recruitment to make sure our messaging is inclusive of all the kinds of roles that we now have," says Leeanne Linderman, EVP for enterprise retail banking at Zions. "It's a lot more than [traditional in-branch roles]. We need people who can code. We need HR professionals. We need trainers. We need janitors and property managers. We need everything!"

ABA Chief Member Engagement Officer Jim Edrington echoes Linderman. "Banking is a very attractive career, but it can't be marketed in the same manner as in the past," he says. "Technology, data science, marketing analytics, community service, digital and social media are the buzzwords in banking—and, if positioned correctly, can help you connect with a new type of candidate."

Zions also optimized its application process for mobile devices, and the application rate went up almost overnight. And it makes it easier for tech-savvy employees to use their skills wherever they are. With Zions' headquarters region also the home to a thriving tech scene, the company's CIO has hired IT talent from as far away as Massachusetts. "There are things you can do full time for Zions and not have to move," Linderman says.

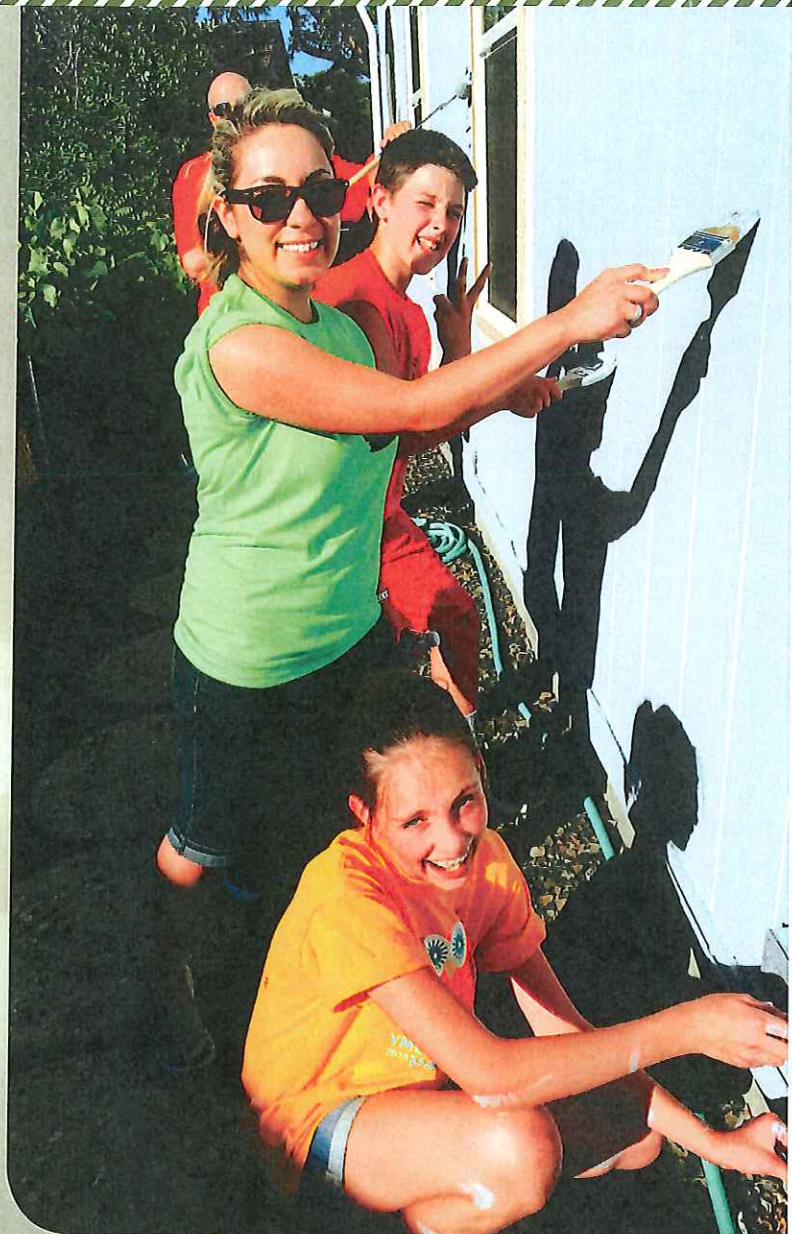
Offering remote work opportunities has helped Zions diversify its contact center workforce. After joining the bank, if a contact center employee is performing well with high customer-satisfaction numbers, he or she may choose to work remotely. "It's really helped us recruit moms, and recruit back moms who left us to start their families and want to spend full time with their kids until they're in school," says Linderman, who also chairs ABA's Professional Development Council. This flexibility appeals to these potential new hires, but it also provides an operational benefit to Zions, since remote work makes it easier for the company to offer extended call center hours.

The push toward flexible work arrangements is a broader workplace trend not specific to banks. "In general, there's been such a massive move toward employees valuing and expecting a reasonable amount of flexibility in how they get their job done," says Alison Green, an author and workplace advice columnist (see sidebar on page 24). "It's getting increasingly hard to attract and retain the best people if you're rigid in that way."

There's a saying that A players hire A players, while B players hire C players. It applies to coworkers, too: top talent likes to work with other highly skilled peers. This works to the advantage of Live Oak Bank, a \$3.5 billion bank based in Wilmington, N.C., that focuses on high-tech delivery of small business loans in specific industries on a nationwide basis. To accomplish this, the bank hires for "very specific areas of expertise in industry verticals that we focus on," says Live Oak President Scott Custer. "We hire people who are very much subject-matter experts in their industries."

Live Oak's industry verticals can be broad (such as healthcare, hospitality, education and agriculture), but they can also be highly specific, with focus areas that include veterinary care, auto mechanics, funeral services, self-storage, family entertainment centers and craft beverages. "The business model helps us attract the best and brightest in the niches we choose to play in," explains Custer. An extensive interview process helps new hires get to know the company well, and the company gets people engaged in their teams quickly.

Banks already have high levels of compensation, with average total compensation for the industry in 2016 reaching \$100,000. And while banks are already known for offering more generous benefits than the average business—with medical insurance, 401(k)s and tuition reimbursement serving as "table stakes," notes Rich Rausser, SVP at Pentegra, which ABA endorses for retirement plan services—banks can still stand out in the talent marketplace with unique or especially attractive benefits.



A TEAM OF ZIONS BANK EMPLOYEES AND FAMILY MEMBERS DURING A PAINT-A-THON EVENT IN TWIN FALLS, IDAHO.

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Managing in an Industry Where Trust Is the Currency



Advice columnist Alison Green, author of *Ask a Manager*, offers suggestions on where employers in a high-trust industry like banking can focus when recruiting and managing.

Do reference checks—period. It's really important to talk to people who managed the candidate in the past, preferably more than one of them, and ask very probing questions about the person's work and habits. It's surprising to me how often employers treat references as a perfunctory rubber stamp at the end of the hiring process, after they've already decided whom they want to hire. If you use them correctly, references can give you so much more insight about a candidate that you would never get from a resume or from interviewing them.

Do reference checks better. Don't just rely on the list of references the candidates provide. You should really be rigorous about how you assess that list. And when you get references on the phone, really probe into how the candidate operated, and look for patterns across the references too. Describe the things that are most important for the person to do well in the job and some of the specific traits you're looking for. Then say, "Can you tell me about the times in the past when you've seen that person need to do something similar?" With ethics and integrity perhaps being a more important consideration than otherwise, an example of a good question is: "Can you tell me about a time this person's integrity was really put to the test?"

Little white lie = dealbreaker. Even small lies are a pretty big deal because they go right to integrity. If an employee is willing to lie about small things, that means you can't take them at their word. You can't have an employee whose word you can't rely on; you'd need to be checking up on everything they tell you because you don't know when the lying might be kicking in! That's not practical. You have to be able to trust that the people working for you are not setting out to deceive you.

Treat employees as if you trust them. The solution to the fact that there are some untrustworthy employees out there is not to treat everyone with a lack of trust. That kind of lack of trust and treating employees like children plays out in lots of ways: requiring doctor's notes, writing people up for being two minutes late to work if they're in a job where precise time of arrival doesn't really matter. Your best employees are not going to want to work in that environment for long. You will not retain your best people if you treat them that way.

Read our full interview with Green at aba.com/BankingJournal.

One growing benefit in the banking world is student loan repayment. With seven in 10 millennial college graduates holding an average of \$29,000 in debt, an employer-paid repayment benefit can be a big appeal. Numerous banks have signed on with Gradifi, a subsidiary of First Republic Bank that the latter acquired after it adopted Gradifi's solution for its own employees and was impressed with the program. (ABA endorses Gradifi for student debt repayment.)

Chesapeake Bank, a \$781 million institution in Kilmarnock, Va., recently launched Gradifi's student loan benefit, and 10 percent of its employees signed up right away. "We got it really as an attraction tool, but there were 27 existing employees who took advantage of that, so it's also become a retention benefit," says Jeff Szyperski, the bank's chairman, president and CEO.

Some banks go even further. Live Oak offers an on-site, full-service, subsidized restaurant. "I was skeptical at first," says Custer, who joined Live Oak in 2017 from another North Carolina bank. But he says the restaurant fosters a sense of teamwork and the sharing of best practices—not to mention productivity, with employees getting back to work more quickly without having to leave the office for lunch.

Live Oak also gets attention with its full-service gym, on-site trainers and canine-hospitable policies. "What we do here would frighten your traditional bankers," Custer chuckles.

Readiness: Welcoming into a distinctive culture

At Norway Savings Bank, a \$1.2 billion mutual community bank based in Norway, Maine, with 24 branches across southern and eastern Maine, the first priority when onboarding new employees and getting them ready to succeed is communicating the bank's culture: a "high-achievement, high-support" environment that president and CEO Patricia Weigel calls "the culture of the can-do."

Part of this effort is communication; the bank offers an optional quarterly call with senior management that employees can join to hear a presentation on a relevant cultural topic, and Weigel meets each quarter with a group of employees with no agenda but to discuss whatever's on their minds. She's also found that communicating about the bank's financials helps, too. "We didn't used to share our financial performance with employees," she explains. "Now we have a simple financial scorecard that has eight or 10 financial metrics on it."

Norway Savings also taps its culture steering committee every few years; this group gathers feedback from across the bank on corporate strengths and weaknesses and selects three to five themes or priorities for management to focus on.



"WE ARE A VERY ACTIVE COACHING CULTURE," SAYS ZIONS BANK'S LEEANNE LINDERMAN.

Chesapeake Bank provides each new employee with a mentor who is outside of their reporting structure or who might even be at a different site—someone who can help with questions about the bank, connect the new hire with internal resources and generally be a welcoming face. "It just gives them another ear in the organization to make sure they're getting everything they need when they start," says Szyperski.

Zions provides an onboarding program that includes necessary information both from the corporate office in Salt Lake City and from the local division's leadership. But LeeAnne Linderman adds that banks need to sweat the small stuff when it comes to onboarding, even down to seemingly small things like proactively setting up systems access.

"Logins, for heaven's sake!" she exclaims. "It's really boring stuff, but when you're excited about your new job . . . and you have to wait two days to get onto the system to do your job, that's really disheartening." (The suggestion came from participants in Zions' 90-day internship program, she adds—the interns didn't want to lose two of their limited learning days waiting for access.)

Another key element of successful onboarding is getting employees set up to enjoy and access their new benefits. Pentegra's Rich Rausser suggests banks consider doing more to automate the retirement plan selection and setup process. He notes that Pentegra conducted research into what employees would think about a company taking a more proactive approach, with an opt-out available, to selecting a diversified retirement portfolio for the employee's 401(k). Surprise: "It turns out that younger generations fully endorse this... They said they would be more disappointed if the bank *didn't* do this." (This might not be a surprise to

readers of behavioral economics tomes like Cass Sunstein and Richard Thaler's *Nudge*, which points to the social and economic benefits of more paternalistic practices.)

Retention: Illuminating a path and a purpose



Once employees are recruited and onboarded, what keeps them around? As with recruiting, benefits play a role here. David Shoemaker, managing consultant at Equias Alliance (which ABA endorses for bank-owned life insurance portfolio solutions, benefits consulting and risk assessment and administration of BOLI/non-qualified benefit plans), notes that banks are offering non-qualified deferred compensation plans to a broader range of people.

"These plans used to be for more C-suite people and they were more retirement-oriented," he says. "In the last five to seven years, we've been doing a lot more of these for 30-year olds. We had banks saying, 'We need to retain these people, what can you do?' And we started these plans and they've been a hit."



"The ability to offer well-defined opportunities for professional growth and development can help banks retain key staff, educate their teams to respond to the new opportunities today and develop that next generation of leadership."

— ABA Chief Member Engagement Officer
Jim Edrington



ABA Resources for Recruitment, Readiness and Retention

ABA offers a variety of resources to help bankers stay ahead of the talent competition.

ABA Professional Development

- Conferences and schools, including the ABA Stonier Graduate School of Banking
- Professional certifications
- Online and onsite training offerings
- Free Frontline Compliance Training for ABA members

Learn more at aba.com/training.

ABA Endorsed Solutions

- Equitas Alliance: BOLI portfolio solutions; executive and director benefits consulting; risk assessment review of BOLI/non-qualified benefit plans; and administration of BOLI/non-qualified benefit plans
- First Advantage: employment background screening and fingerprint services
- Gradifi: student loan paydown plan
- Pentegra: retirement plan services

Learn more at aba.com/endorsed.

ABA Member Tools

- ABA Job Bank for posting banking job listings
- ABA Newsbytes: Human Resources
- ABA Training Network discussion forum

Learn more at aba.com/tools.

LIVE OAK BANK WELCOMES EMPLOYEES IN WILMINGTON, N.C., TO A MODERN AND ELEGANT LAKESIDE CAMPUS. PHOTO BY EDWARD ORDE.



There's a saying that A players hire A players, while B players hire C players. It applies to coworkers, too: top talent likes to work with other highly skilled peers.

For example, a 30-year-old up-and-comer with no kids might be offered a 10-year plan with 10-15 percent of compensation deferred, at an advantageous interest rate. Meanwhile, a 35-year-old with two young children might find a deferred comp plan that pays out when the kids reach college age more appealing.

Shoemaker recalls sitting next to a woman for whom he put together a deferred compensation plan at a dinner about a year later. "She said, 'Look, I really appreciate the bank doing that for me. I get calls from a lot of banks.' If you're a revenue producer like she is, people want you," he notes.



CHARITABLE ACTIVITIES ARE A BIG PART OF WHAT ATTRACTS EMPLOYEES AT CHESAPEAKE BANK AND NORWAY SAVINGS BANK.

"She said, 'I used to go meet with these people or talk to them on the phone. But I really don't take those calls anymore. I'm taken care of.'"

But retention is more than a matter of dollars and cents, and it's more than providing a career ladder. It's also a matter of culture and personal investment, and in this, Zions has been leading the way. "We are a very active coaching culture," says Linderman—but that was a conscious choice. Zions several years ago ditched its annual performance review and moved to monthly in-depth coaching sessions with supervisors.


"Very often, employees will hear the word coaching and have a negative connotation," Linderman says—even though in sports, coaching is a benefit. It was also a hard sell to managers, who found the initial coaching conversations very long, and run as if they were following a checklist. But "as the employee knew what to expect, they came into those conversations prepared," Linderman explains. "They just morphed pretty quickly into something the employees really looked forward to, as did the managers. And managers became more comfortable doing on-the-spot coaching."

The result, according to Forbes.com: in one year, Zions' employee engagement score rose by 11 percent, more than double what a typical company would see in a great year. The bank soon rolled it out to the 10,000 employees company-wide.

"As the coaching culture progresses and there's trust, so much of that coaching ends up in a developmental conversation," Linderman adds. Zions, like many other banks, has a high-potential/high-performance program for about 250 employees at any given time. Participants "commit to developing the skills needed to become a C-suite contributor in the future"; they go through ABA's interactive Business of Banking School program and have the opportunity to attend ABA's Stonier as well as other graduate schools of banking.

Banks of all sizes can invest in career development. "Training continues to be a strong benefit," says ABA's Edrington. "The ability to offer well-defined opportunities for professional growth and development can help banks retain key staff, educate their teams to respond to the new opportunities today and develop that next generation of leadership."

At Norway Savings, the retail business offers an apprentice program that allows employees to get assignments in other departments for a three-month period, taking advantage of the seasonality in some of the Maine markets. Any employee can participate in a formal mentoring program, and more than a quarter of the bank's 300 employees currently are. "Hiring from within is a big priority for us," says Dan Walsh, EVP and senior commercial banking officer.

"The retention rate for employees here is the best I've ever seen in terms of the industry," says Live Oak Bank's Scott Custer. "The founders of the company had a fundamental belief that if you take care of the employees and treat them the right way, they'll take care of the customers and shareholders will ultimately win." 

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