

Raising Human Capital

Strong employee morale and initiative is an often overlooked but essential ingredient to future business success

By Kristi Miller

For the past few years, regulators and the economic recession have been causing community banks to pay close daily attention to their institutions' financial capital, particularly the performance of their loan and other asset portfolios. While focusing on managing through the tough economic times and a harsh regulatory environment, however, often many community banks have

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paid too little attention to managing their other critical capital—their human capital.

That is the view of several workforce performance consultants who have helped community banks prepare their staff for the changing competitive and workforce dynamics shaping all industries, including the financial services industry. When asked which workforce trends will most influence how well American businesses will perform in the near

and long term, five workforce experts that *ICBA Independent Banker* contacted each answered "employee engagement," meaning how emotionally and mentally committed and enthusiastic workers are about their jobs, their work environments and their employers.

Workforce surveys also back up those views, showing that many American businesses, which inevitably include some community banks, have work to do. According to the 2013 Gallup State of the American Workplace Report, for example, over 70 percent of employees are not emotionally or mentally engaged in their personal job performance. And even if your community bank's staff lands well above that corporate average, those numbers suggest that there could still be room for improvement in managing what many community bankers tout as their "best asset."

After all, what percentage of your bank's staff salary and compensation costs can your community bank afford to waste? Probably very little.

"Culture is the leading predictor of growth and

profitability," says Roxanne Emmerich, the president and CEO of The Emmerich Group, a marketing and sales training firm in Eden Prairie, Minn. "The best current research shows conclusively that investing in a



positive dynamic, engaged workplace culture provides a greater ROI and a more powerful impact on the bottom line than any other investment you can make.”

Rick Wemmers, the principal at Bankmarketingpros, an executive coaching and business development firm in Atlanta, adds that training and motivating the next generation of workers and managers to thrive and perform at high levels in the increasingly collaborative and diverse work environments of the future will require new approaches. “The [management] style and techniques that may have worked well a generation or two ago need to be revamped,” he says.

Wemmers says strengthening a community bank’s employee morale, initiative and work performance can involve adopting both employee mentoring and so-called reverse

mentoring programs—where younger employees formally help more senior co-workers learn and grow. Done right, such mentoring programs can foster an exchange of knowledge, skills and ideas between employees of all ages and backgrounds. For example, younger workers can coach older employees on technology, and older workers can relay to younger employees their knowledge of leadership and running organizations. Everyone should be learning on the job, and everyone should feel positively connected to their employer’s overall efforts.

Regina Barr, a former financial services marketing executive and the founder and CEO of Red Ladder Inc. in Inver Grove Heights, Minn., agrees. The author of the “Leadership Gap Study,” a book that focuses on how community banks can prepare their up-and-coming leaders, Barr asks, “How well does your staff understand your company’s mission or vision? Do they understand where they fit in the big picture? The more disconnected they feel, the more likely they are to feel disenfranchised.”





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Bob Grace, co-founder of The Leadership Effect LLC in St. Louis, is an organizational psychologist; and he emphasizes the importance of senior management communication and feedback with employees. “The lack of a clearly articulated strategy—whether the staff doesn’t know what it is or doesn’t know what it means—can be a key contributor to employee disengagement,” he says. “And simply stating it, or sending it out in an email, is not enough. This should be explained and reinforced through training, development and coaching.”

Dale Biron, the co-founder and principal of Core Action Association Inc., a San Francisco Bay Area executive coaching company, says that community bankers often underestimate their abilities to improve employee engagement in their organizations. “The key is to leverage your natural strengths, handle your challenges, and then simply trust and lead from your inside,” he says.

Biron says that the process of improving employee morale and performance starts at the top of the organizational chart. The most effective corporate leadership, he says, develops from the inside out, rather than from the top down. “Community bank leaders should focus on themselves as role models,” he says. “If your own feet align with what you’re saying, your people will follow accordingly.”

Biron asks leaders to think from their employees’ points of view. He says how favorably employees answer the following three questions about their jobs and their bosses is a good gauge of constructive employee engagement: Does my work have value and meaning? Do I trust my supervisors? Do they believe in me and my growth?

Barr points out that employee surveys, interviews and focus groups can provide valuable feedback on how well community banks are doing to fully motivate and engage their staff. Wemmers and Barr also advise community bank leaders to take a look at their hiring practices to ensure that they’re placing the right people with the right attitudes in the right jobs.

Grace says that repairing or improving employee initiative and morale is often not as complicated as some business executives may think. “In most cases, management already knows what they need to do,” he says. “Employees want to know they are doing their jobs well, feel good about being a part of the team and have the opportunity for growth.”

Kristi Miller is a writer in Minnesota.



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5 Steps to Workforce Leadership

Workforce improvement experts agree that formal employee assessments can be useful resources for determining how well your community bank is motivating its employees to high performance. However, they also highlighted five actions that all community bank managers can take on their own, right away to lead their organizations to higher performance.

[1] Recognize co-workers (including those up, down and across your organization) when they are doing good work. Expressing personal praise and appreciation for good performance—whether for big projects or less visible ones—goes a long way in motivating employees, both directly and indirectly.

[2] Take responsibility by learning more about how to become a better manager.

[3] Commit to being part of all of your bank’s solutions, not part of its problems (there is no middle ground).

[4] Welcome and ask for feedback on how you can improve as a manager. Such feedback also makes it easier to coach others to higher performance.

[5] Set the best example with your work performance—for the benefit of customers, coworkers and the organization. Be the change you hope to see in your community bank’s workplace culture. Engage!