

EMERGING LEADERS

Developing our next generation of bank executives – breakout session

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What do we know about leaders?

- **Strong leaders have a big impact on:**
 - Employee engagement – from **9%** up to **50%**
 - Employee retention – from **25%** to **70%**
 - Bank profitability – **2.8x**
 - Customer satisfaction – **4.6x**
 - Productivity – **4.7x**
 - Quality of services we provide – **4.4x**
- But we have very little bench strength
- Most of us have an almost non-existent developmental program for emerging leaders in our bank

You have to be ***“fast”!***

- How well a leader can spot problems or trends early
 - How did we perform during the recent economic meltdown?
- How well a leader can respond to problems quickly
 - Good executives and BODs responded quickly and decisively
- How swiftly can a leader make needed changes
 - They didn't hesitate to make tough decisions and changes to their organization

So what are we doing today?

- Taking a deep breath?
- How are we dealing with new competitive threats?
- Are we challenging our old processes?
- Why are we bankers?
- What's our purpose in the communities we serve?
- Do we ask the question “why” often enough, or are we too content with the status quo?
- Who is demonstrating the personal courage to challenge our old processes, to assemble world class expertise and create a shared vision and strategy that is absolutely clear to their employees, shareholders and customers?

What do we rely on today?

- Various developmental programs available to us such as:
 - WBA's
 - Executive Development Program
 - Management Development Program
 - Retail Bank Management Development Program
 - Commercial Lending Development Program
 - Small Business Banker Development Program
 - Credit Analyst Development Program
 - Graduate banking schools
 - PCBS, and others
 - Other Training options
 - RMA, etc.

But what are we doing internally?

- Research is showing nationally our leadership development effectiveness dropped down to **29%** from a high of **33%**, but now we're back up to **34%**
- What would your performance rating be if your effectiveness on the job was **34%**
- **Bottom line is we are failing at developing the next generation of bank leaders!**

Joe...how can you say that?

- When more than half **51%** of new leaders are regretting taking the promotion
- When in their first two years on the job male employees report losing **10%** of their self-confidence
- Women employees on the other hand report losing a staggering **50%** of their self-confidence!!!
 - HBR article Companies Drain Women's Ambition after only 2 years
- What are we doing differently with employees who do attend one of the developmental programs mentioned earlier? How are we building on their new found knowledge? **More on this later in the presentation!**

Four Central Elements

- **Assessment**

- Measuring an individual's readiness. Are you ready? What are your strengths? What gaps do you need to develop? Is anyone sharing this information with you? Generally not!!!

- **Acquire**

- Do you have a written development plan to address how you will acquire the skills to fill your skill gaps?

- **Apply**

- What is being done to have you immediately apply the skills you have learned?

- **Support**

- What sort of organizational and management support are you getting?

Assessment

- How is your readiness being assessed?
 - Succession planning
 - High level discussions by bank executives about you...do you know what they're saying?
- Is this information being shared with you, our emerging leaders, and those we think are possible candidates?
- My experience was knowing my name was on the list with little or no feedback or written development plan
- Likewise with my employees who I identified as future leaders. If I didn't develop them myself it wouldn't happen because there was no formal program. It was up to me to mentor and develop them and provide them the learning opportunities they needed to move to that next level of management

Acquire

- Do you have a written developmental plan in place for yourself?
- How often is it reviewed?
- Does it include the two most important skills of:
 - **Managing relationships**
 - **Guiding interactions**
- Are you being given enough opportunity to practice these skills, and are you being given immediate feedback?
- How fearful are banks of losing an “up in comer” if they provide them with constructive criticism? **89%** of us have one blind spot or more...how honestly are you being coached about them? You know where you need to improve, is the coaching you're receiving match up to that?

Application of newly acquired skills

- Are you being given a chance to immediately apply skills you have learned?
- What is going on today with our recent PCBS, EDP, or grads of other developmental programs?
- When talking with this group of students the reality is their newly acquired skills generally wither away because they aren't called on to practice and strengthen them
- If you have been or are in one of these programs how actively is someone participating in enhancing the new skills you are acquiring, especially if its in an aspect of banking where you are not working? How proactive are you being in your own professional development?

Support

- What level of managerial and organizational support are you receiving?
- I'm not just saying, you participated in one of the developmental programs and have been given time off from work to attend the classes, more importantly **how is what you learned being reinforced?**
- What we are seeing is **less than 10%** of employees are receiving the level of support they need to truly become the outstanding leaders they can become.
- **Most feel they are all alone** in their development because they are not getting sufficient attention or support from their manager or their organization.

What am I seeing?

- Today's emerging bank leaders are
 - **Hungry** – they want to learn as quickly as you can feed them
 - **Intelligent** – their basis for knowledge acquisition is immediate so we need to feed this almost insatiable quest for knowledge
 - **Want to think outside the box** - but we keep forcing them to stay within it – what worked for us as leaders is not necessarily the skills they need to prepare for the onslaught of competition that is right around the corner
 - **Aren't afraid to challenge the status quo** – this makes many of their leaders uncomfortable and can give us the mistaken feeling they aren't respectful enough of us or the potential hazards of their ways...nothing is farther from the truth!
 - **Need more coaching than they are aware** – this group of leaders can be overconfident and unaware of their blind spots as earlier noted so we owe it to them to be honest and clear with our feedback and constructive criticism

A recent meeting with EL's

- Recently we met with a group of EL's who were all grads of WBA's EDP
- The purpose of the meeting was to ask them what we could do to assist them in continuing their learning and development
- We did this because it occurred to us this group of future bank leaders was eager to keep growing
- We also understand the challenges they face in trying to do this alone so we asked them what we could do to assist them and their banks
- I wish you could have been there to see the **energy, enthusiasm, and passion for learning** that was exhibited by this group of talented young bankers

The challenges of today

- In today's world of banking we have more silos than ever
- Because of this, giving our ELs a chance to work in each of the critical areas of banking is darn near impossible
- We hope that by sending them to different developmental or educational programs this will provide them with some of the knowledge they need, but it's never enough!
- We are still hiring more leaders based on technical skills vs. those we've groomed for leadership – **20% vs. 11%**
 - Some of the worst branch managers I ever saw were great commercial lenders who were promoted to managers because of their lending skills
- So what do we do?

Step #1

- The attributes of a successful leader are:
 - Engaging and inspiring others
 - Sustaining a positive outlook and approaches challenges with confidence and optimism
 - Has a strong achievement orientation and drive for success while caring for the rights of others
 - Exhibits a high work and ethical standards
 - Demonstrates a continuous learning orientation
- **Who in your organization has these attributes?**
- Are you and your leadership team in agreement that you're one of these individuals?
- If not what are you doing about it?

Step #2

- Self-assessment:
 - **Current knowledge levels** of the organization's products, services, customers, business processes, strategy, competition, financial metrics, and other key factors agreed to by your executive management team.
 - **Experience levels** in leading cross functional teams, effectively managing the performance of others, coaching and developing others, providing support and feedback to their direct reports, and exemplify solid working relationships with their peers
 - Have you demonstrated your **ability to put the needs of your employees and that of the company before your own**, in other words are you a selfless leaders?

Step #3

- **Meet with your boss or mentor:**
 - Ask them to **assess** your:
 - Strengths and skill gaps that need to be developed
 - You do likewise
 - **Request** a 360 review
 - Concisely **state what developmental needs** have been identified by the two of you and what your 360 review has revealed
 - **Jointly create** a written developmental plan with your boss/mentor to address how you will acquire the needed skills identified through the above steps
 - **Ask for the opportunity** to apply the skills you are developing
 - **Have specific time frames** for assessment and measurement of your development progress

Step #4

- Be sure to include measurement of the key attributes of successful leaders which include:
 - **Engaging and inspiring others** – how are you accomplishing this?
 - **Sustaining a positive outlook** and approaching challenges with confidence and optimism – **not just to the face of executive management but to all employees**
 - **Demonstrate a strong achievement orientation** and drive for success while maintaining the respect and admiration of those in the organization – are you a win at all costs individual or do you elicit the support and understanding of your peers and associates
 - **Exhibiting high work and ethical standards** – and are you demonstrating a good work life balance
 - **Demonstrating a continuous learning orientation** – are you passionate about learning new skills and eager to apply them

Step #5

- If you are involved in outside the bank developmental programs then be sure to discuss with your boss/mentor:
 - **What you're learning as soon as you return to work**
 - **Ask what the bank can do to reinforce the learning you obtained from the external program/class**
 - **Teach what you learned to other employees of the bank. One of the best ways to reinforce new learning is to teach it to others!**
- This is the bank's opportunity of **testing your ability** to retain and apply learning in areas that are outside your comfort zone
- **Ask for assignments** to lead cross functional teams to assess your ability to oversee the development of new ideas and include the thoughts and ideas of others in the process

It's not an easy task!

- In reviewing these five steps it's not easy is it?
- **What do you want if you are the employee being developed?**
 - Honest and candid feedback and assessments
 - Someone who you could trust
 - Someone you know sincerely cares about your personal and professional development and wouldn't hold back on providing both positive and constructive feedback
 - Someone who believes in you and your abilities
 - Someone who would hold your feet to the fire when necessary to help you develop mental and emotional discipline
 - A leader you would never want to let down
 - A positive role model

Summary

- As you have seen the development of “**Emerging Leaders**” is not an easy task
- It is a multi faceted and complex objective
- Requires consistent monitoring and joint exploration of the best learning methodologies for the EL and the bank
- Is a joint effort by the EL and executive leadership
- There are risks involved, but better to examine and identify them early on in the developmental process
- Requires commitment and dedication by the organization and the EL
- Is a necessary step for us to take to prepare the next generation of bank leaders
- **It's the right thing to do!**

Questions